



ART BASEL/MIAMI BEACH DAILY NEWSPAPER

# THE ART NEWSPAPER™

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The art market

## Speculators enter the scene again

*Young financiers want to build a diversified portfolio*

MIAMI BEACH. From the standpoint of a gallery, the fundamental purpose of a fair is to generate new collectors. Yet not all new collectors are equal: disposable income matters very much, obviously, but the attitude toward art buying can also vary enormously, and at the moment there is a sharp financial focus to the buying at high end fairs.

"I've never seen so many people who are clearly speculating," says one LA dealer showing at Art Basel/Miami Beach. "Whenever the name of one of my artists starts arousing some buzz, collectors begin calling me up and demanding anything available. It doesn't really matter what the work itself is."

The phenomenon is fuelled by the market track records of artists relatively unknown a few years ago. New York collector Michael Hort, for example, was reportedly offered half a million dollars for a painting by Kai Althoff that he bought at \$10,000 several years ago. Similarly market stoking, Marcel Dzama, Wilhelm Sasnal and Tal R drew strong bidding at New York's November auctions. Sasnal in particular soared—estimated at \$20,000-30,000, one painting reached \$62,000 at Phillips de Pury, reflecting the near impossibility of securing his work on the primary market. For his recent show at Zurich's Hauser & Wirth, comprised of seven paintings and three sculptures, the gallery had more than 100 offers from eager clients.

Mr Wirth uses a simple test to do the initial selecting: "When collectors ask about the artist by name without discussing the piece itself, that's a reason to stop talking," he explains. "Those are not real collectors; they're private dealers building up inventory."

Many of those seeking the next Althoff or Sasnal in Miami headed off to the Ice Palace Studios, home of the New Art Dealers Alliance (NADA) fair. Especially at booths offering work by anointed stars such as Assume Vivid Astro Focus,

Christian Holstad, Dana Schutz, Robyn O'Neil and Hernan Bas, collectors were jostling each other to get work and scurrying from

home to Assume Vivid Astro Focus and Matthew Greene, two of the market's newest shining stars. And newness is a critical attribute.

early to mid-30s, with buckets of money from venture-capitalism deals or Wall Street bonuses," says one prominent advisor. "They

in the middle between real collectors and these hedge-fund guys."

Often, such old-school collectors regard the new arrivals

money and it's not a healthy thing for the art world, but they're not really competition for me. They have no idea who Ugo Schmolz or Adolf Lozzi are." (Nor does this Art Newspaper writer, but assuming they actually exist, their market value jumped the moment the preceding sentence was printed.)

"When you go around to booths, you hear people asking how soon a work will appreciate by 30%, says veteran US collector Mickey Cartin. "Often an investment advisor is telling them to put 10% of their portfolio into art."

Yet Mr Petterson thinks it facile to blame it all on the finance types: "It's wrong to think that financial speculators are some kind of 'external' force that has suddenly arrived. This speculative behaviour is also fuelled by the art dealers themselves". And to the extent that dealers are encouraging such speculation, by implying that some artists will offer profits down the road, they may be slowly slicing their own throats. "Art may be treated as a kind of currency," points out Mr Cartin. "But it's not like gold, and the first people to exit the market will be those in it for the wrong reasons."

Fearing the financial exposure such an exit would trigger, many galleries fight back against speculation by engaging in a sort of cooperative intelligence service. "We keep a list of people who buy with other motives, which we pull together by talking with other galleries to figure out which collectors resell work and how they handle it," says Zach Feuer of

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### Queenie psychedelia



Drag queens on stilts in the Derraindrop performance, "Riddle of the Sphinx", sponsored by Deitch Projects in the Collins Building at the Miami Design District party last night

booth to booth, making the scene reminiscent of some of the notoriously competitive action at the Barney's sample sales in New York. "One collector explained to me that he sees the works of art in NADA as high-risk investments," says Marisa Newman of Suite 106 gallery in New York, sounding mildly shocked at the bluntness. "But he said if you buy 10 of these artists, one will take off."

Similarly, the action at Art Positions, aka the beachfront containers anchored at Collins Park, has been hot and heavy, especially at the booth of Peres Projects,

Anders Petterson, founder of London's ArtTactic art-market specialists, whose offerings includes analyst-report-style evaluations of the market for various artists, says, "There is a sense of market euphoria, where everything labelled 'young art' seems to be selling, regardless of the risks attached."

Not surprisingly, many of the people approaching the artworld from a return-on-investment perspective hail from the halls of high finance.

"These new market players you see running around the fairs are usually in their

want to build a diversified portfolio but they don't have any sort of art knowledge."

Another advisor, equally prominent, says the speculative frenzy has queered things for his more serious collectors. "It means they have to do a lot more work in building their collections," he explains. "There's much more hysteria about access and suddenly people are being forced to make instant decisions about whether particular works fit their collection, because they're competing with speculators who just want anything with the right name. The galleries and consultants are getting stuck

with a certain disdain. "These people are not of the same ilk as collectors like me," says Miami's Martin Margulies. "They're only interested in

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# Speculators enter the scene again

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New York's Zach Feuer/LFL, whose artist Schutz, among others, has been seen as a prime target for speculators.

While such frenzies give dealers the opportunity to be highly selective in the placement of the pieces and to resist deep-discounting demands, they sometimes also create an unwelcome, ephemeral buzz. "Many of the really interesting collectors are scared off by hype," explains Mr Wirth, "I have to convince them that Sasnal's a serious artist despite the hype."

Things get even trickier for the dealer

when the artist's market has not taken off. Sometimes, dealers just grit their teeth while selling to known speculators, anticipating having to clean-up secondary-market messes down the road as works get flipped. "When you're a small business, it's noble to turn down that money," observes Oliver Kamm of 5BE Gallery. "But you can't always afford to prioritise long-term over short-term issues like paying rent. What you can never do is let one of those guys have five works at same time; it just gives them too much leverage."

**Marc Spiegler**