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The Year Ahead

Asia's Art Collectors Are Still Eager to Buy, But Only If It's the Best

The art market outlook for 2022.

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Christie's Auction House in Shanghai.
Photographer: Peter Horree/Alamy

Fine Art can provoke or inspire, but at its essence it's also a luxury good: an expensive object that confers status. Little wonder then, like almost every other luxury sector, the art market had a spectacular 2021.

Art and collectible transactions at Christie's totaled \$7.1 billion, its highest sum in five years, and \$7.3 billion at Sotheby's, its highest ever. Galleries large and small reported selling out new inventory. Even art fairs, hobbled by collectors' reticence to participate in large gatherings, managed to produce respectable sales.

There are signs this streak may not continue. The ultrarich will always be fine, but the merely wealthy—the people who sustain the so-called middle market with art prices that range from about \$100,000 to \$2 million—are susceptible, like the rest of us, to macroeconomic pressures such as tax increases and inflation.

In the U.K., which UBS Group AG says comprised about 20% of the art market in 2020, record fuel prices and supply chain crises slowed economic growth sharply in the third quarter.

In Asia, headwinds are turning gale-force: Hong Kong's Hang Seng Index fell 14% last year. China's real estate industry is in crisis, and the government has promised heightened regulation of the tech sector. Efforts to redistribute wealth from the country's very rich have dramatically increased in scope.

And yet, Asian buyers represented 31% of Christie's sales in 2021, and they bid on, or purchased, 46% of lots that sold for more than \$5 million at Sotheby's. So none of those headwinds are slowing dealers, advisers, and auction houses from doubling down in the region.

Last July, Christie's announced plans to move into a newly built 50,000-square-foot, four-story headquarters in Hong Kong, which will be ready in 2024. Several art advisories opened Asian offices in 2021, most notably the new company founded by market powerhouses Amy Cappellazzo, Yuki Terase, and Adam Chinn. International galleries have continued to establish outposts in Seoul and Taipei, among other places.



Artist Amoako Bofo's paintings have found a following among Asian collectors.
Photographer: Francis Kokoroko

The chief cause for optimism is simple: The Asian art market is still going strong. “When you look at the performance of our top 20 lots across the [December] evening sales, we sold pretty much everything,” says Francis Belin, president of Asia Pacific at Christie’s. Equally important, the overall sales volume at Christie’s Hong Kong increased dramatically. “We had our strongest modern and contemporary season ever,” he adds.

Rich Asian collectors, it seems, are continuing to pour money into art, even as other assets fluctuate. “We’re looking at a reallocation of wealth to the art area, even if their wealth isn’t soaring,” says Philip Hoffman, chief executive officer of the Fine Art Group, an art advisory and investment company. “I was just talking to one of our mainland Chinese clients, and their feedback is: They want to carry on buying.”

What they’re buying has begun to change, though, and these shifts could have reverberations across the global art market. “The secondary impressionist markets sort of vanish,” Hoffman says. “A lot of subject matter has gone out of fashion—silver, furniture, carpets. And yet there’s a fascination with antiquities. They’ll pay huge money for incredibly rare antiquities.”

Indeed, he says, “the focus is very much on the best of the best. Clients want the best blue diamond, the best wristwatch, the best impressionist picture, but the second rate is of no interest.” It isn’t, Hoffman says, “a case of digging deep into a particular artist. It’s more about having a well-known and ostentatious collection.”

When it comes to contemporary art, “we’ve seen a lot of money flowing into Western art,” Belin says. Drilling down further, “you’ll find that artists who are colorful and joyful get more traction than ones who might be more conceptual,” he says. He cites Amoako Bofo, Loie Hollowell, Shara Hughes, Nicolas Party, and Dana Schutz as artists who’ve found a following among Asian buyers.

The success of these artists—all painters and most of whom have set auction records in Hong Kong—looms large over market participants’ plans as they look to Art Basel Hong Kong in March. “My philosophy is, if we’re consigning at auction or selling privately, we’ll get it shipped to Hong Kong and Shanghai and Beijing so the visibility is there,” Hoffman says. “It’s top of our list. We’ve sold some significant pieces to Hong Kong, and if we hadn’t taken them to Hong Kong, we wouldn’t have sold them.”