

TEFAF Art Market Report 2013



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**The Global Art Market,
with a focus on China and Brazil**

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CHAPTER 1

SUMMARY
OF PRINCIPAL
FINDINGS



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- Slowing economic growth and continuing uncertainty in the global economy filtered down to the art market in 2012 with global sales contracting by 7% to €43.0 billion.
- A key factor in the decline was a slowdown in the Chinese market, with sales falling 24% to €10.6 billion. However, counterbalancing this, the US experienced an uplift of 5% year-on-year to €14.2 billion.
- In 2012, the global reshuffle of market share continued with the US regaining its premier position with a share of 33%, while China dropped to 25%. The UK remained in third place with 23%.
- The volume of transactions in the global art market also decreased over 2012, falling by just under 4% to 35.5 million, down nearly 30% on the boom year of 2007.
- The share of the value of the EU as a whole was fairly stagnant at 36%, and aggregate sales were down 3% on 2011 to €15.8 billion.
- Economic dynamics and political uncertainties have produced volatility in many asset markets with a “flight to safety” and a premium on blue-chip stocks and low risk assets. A similar picture has emerged for art, with the heaviest buying and best performance concentrated at the high end of the market for the best-known artists.
- Fine art dominated decorative art in 2012, but some sectors performed more strongly than others. Post-War and Contemporary art was the largest fine art auction sector, with a 43% share by value, and reaching just under €4.5 billion, its highest ever recorded level.
- The Modern art sector was the second largest with a 30% share of the fine art auction market. After peaking at €3.8 billion in 2011, sales dropped 17% in 2012 to €3.2 billion.

- In 2012, according to the survey, 36% of sales made by dealers were through local or international fairs, an increase of 5% on 2011.
- Sales in the private retail and dealer sector reached an estimated total of €22.2 billion, decreasing by 4% on the previous year. Like auctions, segments of the market fared differently, with the lower end of the market performing most poorly.
- Emerging economies have outperformed mature economies during the last few years, and have generally been able to weather the recession better. In 2012, GDP growth averaged 5.3% in emerging economies, versus 2.2% in the US and -0.2% in the EU.
- Increased wealth per capita and specifically a larger number of HNWIs has led to proportionally more consumption of luxury goods, including art. Despite the rapid growth in wealth in emerging markets, HNWIs make up less than 0.1% of their national populations.
- Despite the rapid growth in domestic sales in some emerging markets, cross-border trade is low compared to the traditional market hubs. New York and London account for the majority of trade with 64% of world imports of art by value and 62% of exports.
- World imports of art reached €14.8 billion in 2011, an increase of 18% year-on-year, although still below the peak of €16.2 billion in 2007.
- World exports rose to €14.4 billion in 2011, an 8% increase year-on-year, but still below the peak of €15.0 billion in 2007.
- Over the last five years the art market in China has been the strongest growing in the world, and the most important of the emerging markets, both in terms of the size of its domestic sales and the international significance of its buyers.

- Auctions have been the main engine of growth and heavily dominate the market, accounting for close to 70% of sales in China. From 2009 to 2011, sales values in the sector increased by over 350%, but declined 30% to €6.9 billion in 2012.
- The largest sector of the auction market in China in 2012 was Chinese painting and calligraphy, with 48% of the market by value and 50% of all lots sold. Ceramics and other decorative arts made up 27% by value in 2012 and 26% by volume.
- There are over 42,000 art, antiques and collectibles business in the retail part of the art market in China, including approximately 6,000 established galleries exclusively selling art and antiques.
- In 2011, China ran a trade deficit in art as it has since 2000, with imports of just over €10 billion exceeding exports of €589 million, reflecting its importance worldwide as a buyer of art.
- In 2012, sales in the art market in Brazil were estimated at €455 million, or around 1% of the global art market.
- It is estimated that in 2012, auction houses accounted for just 21% of domestic sales, with dealers and galleries accounting for 79%.
- Brazil's principal significance to the global art market has been through the buying power of its high net worth art collectors, who are growing in number.
- A major stumbling block in the international development of the Brazilian market has been its tax laws and particularly import regulations, which have made it very difficult for Brazilian galleries to sell international art, and for public collections in Brazil to import art or to build international collections.