

In English:

## Despite losses in the corona crisis: The demand for art is increasing

American galleries are seeing increased demand. The loss of earnings is less than predicted. Two new studies show the trend towards more gallery and private sales.

Barbara Kutscher



### *Playground for collectors and art consultants*

At trade fairs like the ADAA's The Art Show, not only are exhibited works of art sold, but private deals are also brokered.

*(Photo: ADAA, Scott Rudd)*

**New York** As bad as forecast in May 2020, it didn't turn out. A study carried out by the [Art Dealers Association of America \(ADAA\)](#) in June 2021 on the effects of the Corona crisis on American galleries even paints an unexpectedly optimistic picture in many respects.

The survey, to which 81 dealers responded, offers not only a look back at the survival strategies of 2020, but also a glimpse into the future: two thirds of those surveyed plan to expand their artist base and 76 percent would like to take part in art fairs with an audience again. The survey also suggests that nearly half of those surveyed had gross sales higher than expected in the first quarter of 2021.

"While galleries have clearly not yet reached the pre-Corona level in their activities, the ADAA report from 2021 shows how flexible and innovative they are," emphasize ADAA President Anthony Meier

from the art dealer of the same name from San Francisco and Maureen Bray, ADAA Executive Director in a joint statement: "Many swiftly switched to digital programs, also finding ways to keep their physical premises and support their workforce during this unprecedented period."

The prognosis for art galleries has far-reaching implications for the entire cultural community. "Galleries have key functions in supporting artists and cultural production, both economically and as advocates; they are also important employers in the cultural sector. "

In spring 2020, at the beginning of the lockdowns, the almost 60-year-old exclusive association of leading US dealers, whose almost 190 members cover a broad spectrum from Old Masters to the present, published the report "Covid-19 Impact Survey of US Art Galleries" . 168 respondents predicted a loss of earnings of 73 percent and potentially catastrophic long-term consequences for the industry for the second quarter of 2020.



### ***In the heart of Monaco***

Sotheby's latest pop-up gallery offers high-quality art in private sales. By October, the plants will travel to where the affluent clientele resides.

*(Photo: Sotheby's)*

In the follow-up study, 70 percent of the participants now confirmed loss of earnings in the 2020 tax year, but on average "only" 37 percent. But the number of employees has not yet reached the pre-Corona level. This mainly affects freelancers, the number of whom has leveled off at 31 percent below the pre-Corona level.

The state loan program for small businesses, the "Paycheck Protection Program (PPP)", which was temporarily set up last year, was also able to cushion the worst for the art trade, reducing layoffs and

reversing forced leave of absence. The study found that almost 90 percent of those surveyed applied for the loan, the repayment of which can be waived under certain conditions.

Government loan program helped survival

All but seven percent were granted a subsidy. It is based on the respective personnel expenses in 2019. 44 percent of those surveyed received up to \$ 100,000, 32 percent got less, but 24 percent of gallery owners a lot more, sometimes millions.

The specialist publication "[The Art Newspaper](#)" analyzed the data published by the US agency "Small Business Administration". They prove that mega-galleries such as Hauser & Wirth, Gagosian, David Zwirner and Pace were each able to loosen at least \$ 2 million in loans.

One of the most successful and forward-looking survival strategies in the crisis was digital expansion. 80 percent of the galleries surveyed became active, primarily with online viewing rooms, guided tours through shows, virtual studio visits and lectures by artists and curators.



### ***Christie's private sales***

rose in 2020 by 139 percent compared to 2019. And in the half-year comparison from 2020 to 2021, discreet art sales grew again by 41 percent.

*(Photo: Christie's Images Ltd. 2021)*

62 percent stated that they had clearly been rewarded with increased sales. Nevertheless, the remaining third does not yet see this increase. Not surprisingly, almost all of them, namely 92 percent, plan to keep the additional digital offers in the future.

The ADAA report also asked about future trade fair participation. After all, in 2019 almost 50 percent of sales were generated at trade fairs, according to "[The Art Market Report 2020](#)" by Art Basel & UBS. In the future, three quarters of those surveyed want to sell in exhibition halls again. However, interest in online art fairs, which emerged as a stopgap solution during the crisis, has shrunk to 40 percent. In 2020, 68 percent of those surveyed took part.

The "[Art Market Update](#)" published this spring by [Bank of America](#) Art Services on the recovery of the art market adds further aspects. The market shrank by 30 to 40 percent in 2020, so one could actually have expected falling prices. However, they remained stable because the works on offer met with strong demand. So collectors and the value of their collections came unscathed by the pandemic.

The historically low interest rates induced many top collectors to borrow rather than sell their art. Sometimes the loans were also invested in the purchase of additional art or to guarantee works at auctions. The [Bank of America](#), leader in the rapidly growing market for Art Financing, estimates that it may take another year, until the impact of the pandemic overcome.

While the general economy struggled with the coronavirus, the resilient global stock market brought additional liquidity to investors. New York market participants, including gallery owners, art consultants and interior designers, have observed increased activity again after months of lockdown since early autumn 2020.

For example, Karen Thomas, CEO of [Karen Thomas Associates](#), which represents high net worth (HNWI) and ultra high net worth (UHNW) clients on private construction projects, also describes that "the pandemic sparked deep reflections on their lifestyles. Towards the end of last summer, many of my clients began to expand and that went hand in hand with rethinking their art collection".

Art consultant [Christine Minas](#) also observed a significant increase in demand from both established collectors and newer customers looking for advice. "Instagram helped collectors expand their visual knowledge." There is a growing awareness that art is available in all price ranges. "I often hear that the media only reported on the most expensive works. It is therefore new to some that they too can afford art, support artists and participate in the art world. "

**More:** Review of the art market in the first half of 2021: [Programmed for growth: 16 million hits in one season](#)