

U.S. Art Galleries Project 73% Loss in Second Quarter Revenue Due to COVID-19 Developments

Galleries Report a 74% Reduction in Employment of Contractors and Freelancers

205 Lexington Avenue
Suite #901
New York, NY 10016
telephone: (212) 488-5550
fax: (646) 688-6809
e-mail: adaa@artdealers.org
website: www.artdealers.org

BOARD OF DIRECTORS

Andrew Schoelkopf
President

Justine Birbil
Vice President

Anthony Meier
Vice President

Frances Beatty
Secretary

John Van Doren
Treasurer

Claudia Altman-Siegel
Matt Bangser
Stefania Bortolami
Susan Dunne
William Griffin
Susan Inglett
Andrew Kreps
Wendy Olsoff
Sukanya Rajaratnam
Andrew Witkin
Lauren Wittels

EX-OFFICIO

Past Presidents
William R. Acquavella
Richard Solomon
Roland J. Augustine
Lucy Mitchell-Innes
Dorsey Waxter
Adam Sheffer

ADMINISTRATION

Maureen Bray
Executive Director

Jo Backer Laird
Counsel

The Art Dealers Association of America (ADAA) reports that art galleries across the U.S. project an overall gross revenue loss of 73% in the second quarter of 2020 and have already seen an overall 31% loss in revenue for quarter one, as a result of developments from COVID-19. While 85% of full-time gallery staff have retained their positions, 74% of the contractors that galleries had regularly engaged prior to March 13, 2020 are no longer employed.

The data is drawn from a survey of leading galleries across the United States, conducted by the ADAA between April 15 and May 4, 2020, to assess the impact of COVID-19 on art galleries—the art world’s core group of small businesses—which play a critical role in the cultural vitality and economic health of the arts and culture ecology in the U.S. and globally. 168 galleries across the country participated in the survey, spanning members of the industry’s leading organizations of national and regional art dealers, including the ADAA, Gallery Association Los Angeles (GALA), Houston Art Gallery Association (HAGA), New Art Dealers Alliance (NADA), San Francisco Art Dealers Association (SFADA), and Portland Art Dealers Association (PADA).

Providing insight into the effects of COVID-19 developments on the art world’s small business community, the results have both near- and long-term implications for the thousands of art dealers across the country, as well as the vibrancy, diversity, and economic vitality of the national arts ecology in which galleries play a central role. Galleries’ devastating revenue losses, reduction in business activity, and closures of their physical spaces not only financially impact their employees and vendors, but artists and creative professionals around the world. Artists rely heavily on galleries for income from art sales, and as a major force in fostering their careers by sponsoring the creation of new work; helping to place their works in collections of major institutions; and developing exhibitions and scholarship about their practices through gallery programs, publications, and other platforms worldwide. Prior to March 13, 2020, respondents employed more than 1,035 full-time staffers and 521 contractors, and they currently represent 2,421 living artists and 340 artist estates.

The financial impact of COVID-19 lockdowns was swift and immediate for respondents. In addition to the revenue losses that have already occurred and are projected for the rest of the quarter, a pressing concern for galleries is the overhead for their physical spaces.

- A majority 80% of respondents rent their spaces.
- Only 51% of respondents had received accommodations from landlords, such as deferred payment plans or rent reductions, at the time of the survey.
- Of those that have mortgages, only 14% had received accommodations from their lenders, such as deferred payment plans, at the time of the survey.

Galleries report enormous uncertainty regarding revenue projections for the rest of 2020 and are reducing or foregoing participation in art fairs, which represented nearly 50% of galleries' annual sales in 2019, according to *The Art Market 2020* report by Art Basel and UBS.

- 28% of respondents do not plan to participate in any art fairs for the remainder of 2020.
- Only 47% of respondents plan to participate in at least one art fair for the remainder of 2020.
- 25% are undecided about whether they will participate in any art fairs for the remainder of 2020.

“The survey results underscore the enormous role that galleries play in the well-being of the arts and culture economy and landscape in our country, not unlike the role of small businesses across every industry. While the survey is focused on near-term impact, the implications are far-reaching and long-term for art galleries and the even greater number of employees and artists they support, both financially and as key partners in fostering their practices and careers. Such immediate and devastating revenue losses will undoubtedly have a ripple effect on these small businesses and the broader arts community for the next 12 to 18 months if not longer, and it is still uncertain how long such losses may continue. It is essential that federal, state, and local governments take further action to ensure that the small business community, including art galleries, have access to the critical support that is needed if they are to sustain their businesses for the long-term and continue their essential contributions to the nation’s vibrant arts and culture landscape,” said Andrew Schoelkopf, President of the ADAA and Founder of Menconi + Schoelkopf, and Maureen Bray, Executive Director of the ADAA.

The COVID-19 Impact Survey of U.S. Art Galleries is an extension of the ADAA’s ongoing initiatives in support of its members and the gallery community throughout the year and during the COVID-19 crisis. The ADAA has been providing members with access to industry experts, webinars, and other resources to support them in navigating the current crisis. In terms of policy solutions, the ADAA and its members have been advocating since March that the New York State Senate pass Senator Michael Gianaris’ proposed Senate Bill S8125A that would provide rent and mortgage relief to galleries, as well as artists, freelancers, and contractors.

About the Art Dealers Association of America

The Art Dealers Association of America (ADAA) is a nonprofit membership organization that supports the economic and cultural contributions of the nation's leading fine art galleries. The ADAA includes nearly 180 members from 30 cities in the U.S., representing hundreds of established and emerging artists internationally. ADAA members have extensive expertise across primary and secondary markets and established reputations for upholding the best practices in the field. The ADAA serves as a resource and advocate, raising awareness of dealers' critical roles in the international art market and the cultural community.

The ADAA is a leader on issues pertaining to connoisseurship, scholarship, ethical practice, and public policy. The ADAA Foundation, supported by donations from ADAA members, promotes a broad range of activity in the arts and culture community by distributing grants to museums, archives, and arts organizations. Recent grantees include the Knoxville Museum of Art, the Museum of Chinese in America, the Museum of Contemporary Art Cleveland, and the Mabee-Gerrer Museum of Art. www.artdealers.org.

COVID-19 Impact Survey of U.S. Art Galleries

Conducted April 15 to May 4, 2020

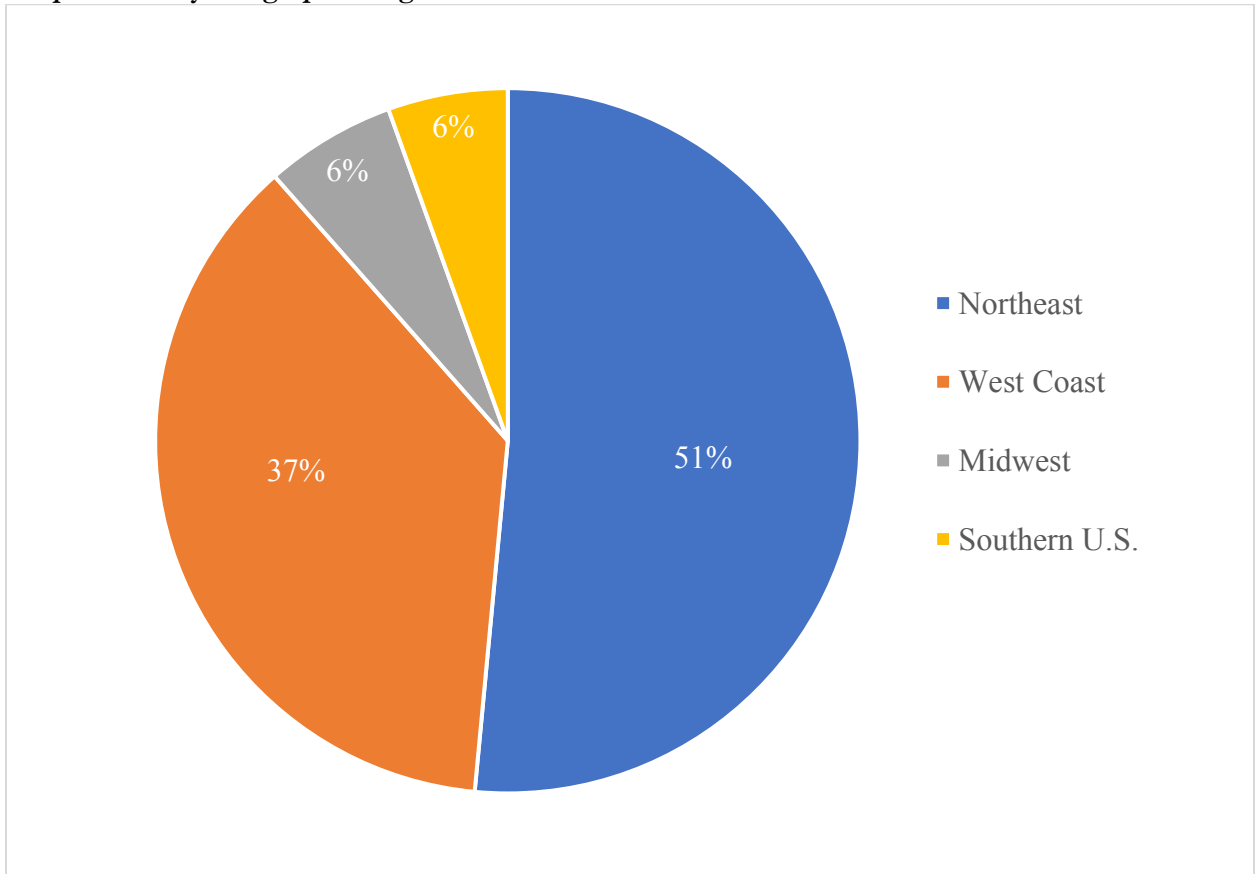
Total Respondents: 168

Respondent Profiles

Respondents are members of the following national and regional associations of art dealers:

- Art Dealers Association of America (ADAA)
- Gallery Association Los Angeles (GALA)
- Houston Art Gallery Association (HAGA)
- New Art Dealers Alliance (NADA)
- Portland Art Dealers Association (PADA)
- San Francisco Art Dealers Association (SFADA)

Respondents by Geographic Region:

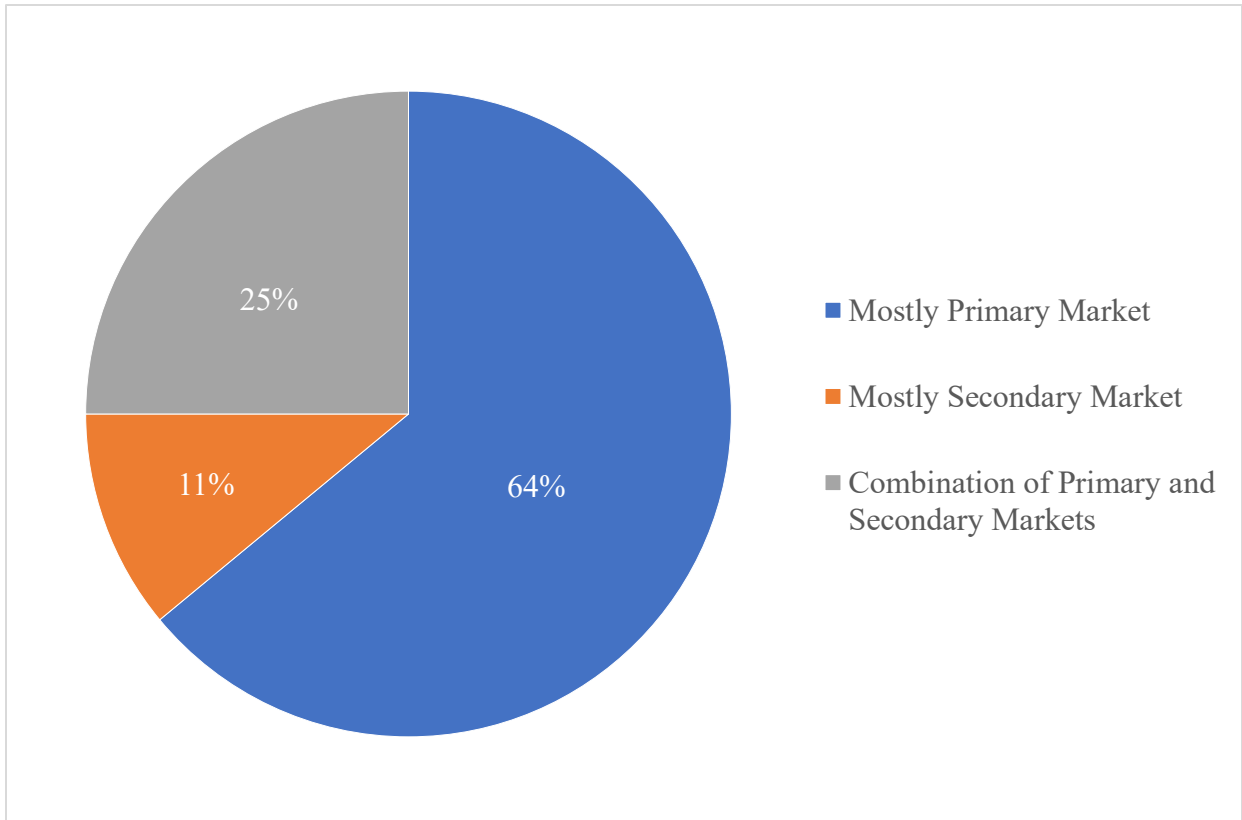


Artist Representation of Respondents:

Respondents represent a total of:

- 2,421 living artists.
- 340 artist estates.

Business Focus of Respondents:



Impact on Revenue

Respondents reported the following actual and projected revenue figures for the first and second quarters of 2020.

Q1 Revenue (January 1 – March 31, 2020)

- 31% overall decrease in actual gross revenue as compared to respondents' original projections for Q1 of 2020.
- 55% average decrease in gross revenue from Q1 of 2019 to Q1 of 2020 (reported by 60% of respondents).

March 15 – April 15, 2020

- 74% overall decrease in actual gross revenue as compared to original projections for March 15 – April 15, 2020.
- 85% average decrease in gross revenue as compared to the same 4-week period in 2019 (reported by 86% of respondents).

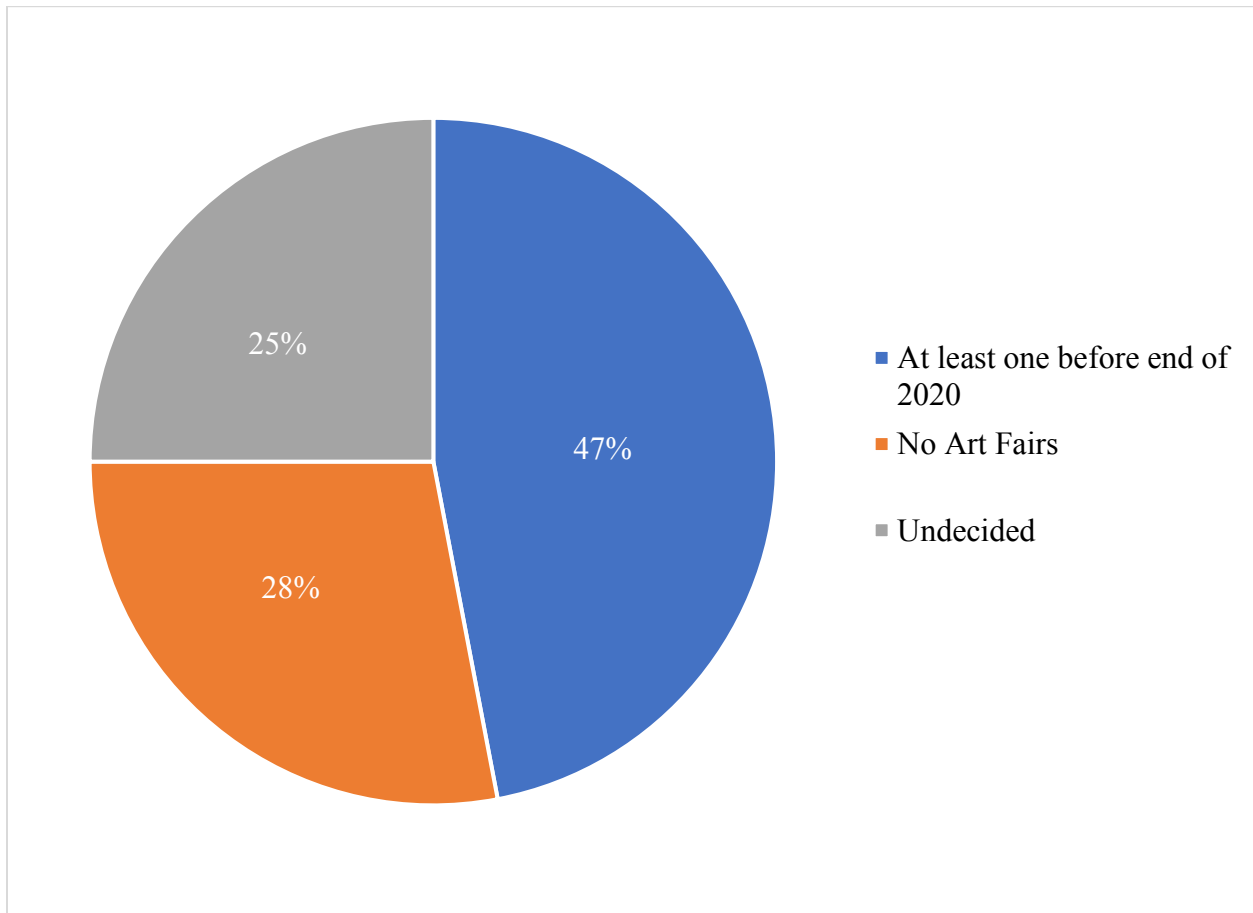
Q2 Revenue (April 1 – June 30, 2020)

- 73% overall decrease in projected gross revenue as compared to original projections for Q2.

- 76% average decrease in gross sales revenue from Q2 of 2019 to Q2 of 2020 (reported by 94% of respondents).

Planned Art Fair Participation

Respondents reported the following regarding plans to participate in art fairs before the end of 2020, which provides insight into projected income for the rest of the calendar year and potential revenue impact into 2021. According to *The Art Market 2020* report by Art Basel and UBS, galleries generated an average of 45% of their annual income from art fairs in 2019, and participated in an average of four fairs per year.



Impact on Employment

Prior to March 13, 2020:

Respondents employed:

- 1,556 full-time and freelance/contract staff.
- 9.6 average full-time and freelance/contract employees per respondent.

Employee breakdown:

- 1,035 full-time staff.
- 521 freelance or contract workers.
 - 424 of these workers were art handlers or installers.

As of May 4, 2020:

Employment Status of Full-time Staff:

- 80% were working from home.
- 36% were continuing to receive pay while working 0 hours.
 - Respondents reported continuing to pay their employees an average of 93% of their original wages while they are temporarily working 0 hours.
 - 86% of gallery respondents reported no reduction in wages, continuing to pay their employees 100% of original wages while they are working 0 hours.
- 10% had been furloughed.
 - 76% of galleries that furloughed employees reported continuing to provide some form of benefits to those employees.
- 5% had been laid off.
 - 37% of galleries that laid off employees reported continuing to provide some form of benefits to those employees.

Employment Status of Contractors and Freelancers:

- 74% of freelance or contracted workers were laid off or had contracts terminated.
- 82% of art handlers/installers were laid off or had contracts terminated.

Staffing Projections

- 10% of respondents expect to lay off or furlough full-time employees and freelance or contract workers within 90 days.
- 53% of respondents do not expect to lay off or furlough any full-time employees within 90 days.
- 37% of gallery respondents do not know if they expect to lay off or furlough employees.

Types of Freelance or Contract Workers and Service Providers Engaged by Respondents (Prior to March 13, 2020):

- | | | |
|------------------------------------|---|--|
| • Accountants/bookkeepers | • Film technicians | • Production coordinators |
| • Actors | • Florists | • Registrars |
| • Administrative assistants | • Foundry workers | • Researchers |
| • Appraisal consultants | • Framers | • Restoration service providers |
| • Archivists | • Gallery attendants | • Sales assistants |
| • Art handlers and installers | • Graphic designers | • Scholars |
| • Catering service providers | • Interns | • Servers/bartenders |
| • Cleaning service providers | • IT technicians | • Shipping coordinators |
| • Conservators | • Local delivery agents | • Storage providers |
| • Constructors | • Mat cutters | • Translators |
| • Curators | • Musicians | • Vinyl makers |
| • Drivers | • Photographers | • Web developers, designers, and maintenance technicians |
| • Editors | • PR/marketing/social media staff and consultants | • Writers |
| • Fabricators | • Preparators | |
| • Facilities maintenance providers | • Printing service providers | |
| • Fair booth consultants | | |

Availability and Use of Federal Assistance

Respondents reported the following regarding their access to and use of federal loan programs available to small businesses, as of May 4, 2020.

Small Business Administration (SBA) Paycheck Protection Program (PPP) Loan

78% of respondents have applied for this loan.

- Of those that applied:
 - 76% received a response to their application.
 - 28% confirmed loan acceptance.

- Of those that have not applied:
 - 37% plan to apply in future, if the option is available.
 - 30% are undecided.
 - 33% do not plan to apply.

Economic Injury Disaster Loan (EIDL)

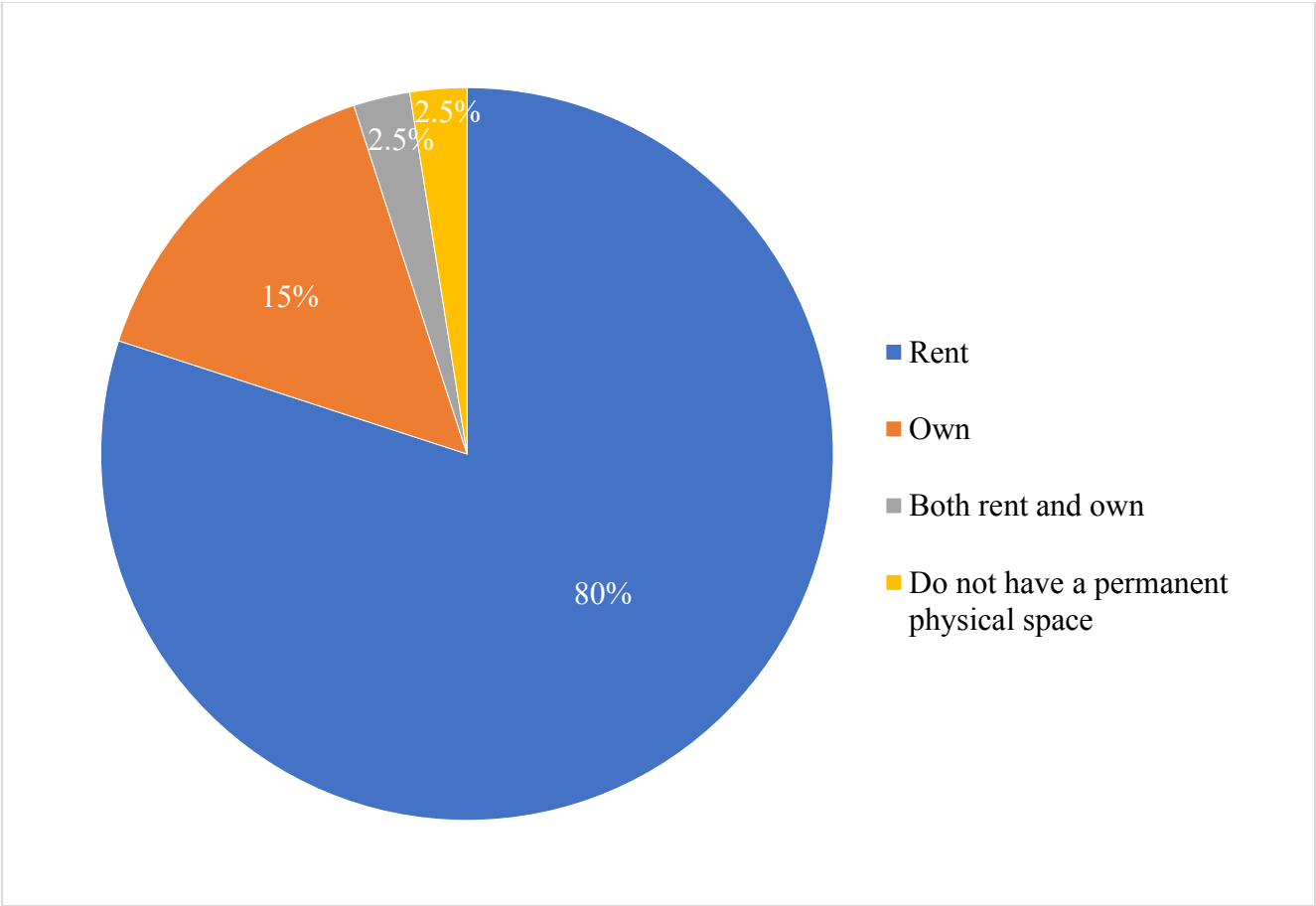
39% of respondents have applied for this loan.

- Of those that applied:
 - 23% have received a response to their application.
 - 11% have confirmed loan acceptance.

- Of those that have not applied:
 - 16% plan to apply in future, if option is available.
 - 33% do not plan to apply.
 - 51% are undecided.

Overhead for Physical Spaces

Respondents reported the following regarding the overhead for their physical gallery spaces.



Of those that rent:

- 52% reported that their landlord has allowed a delay or reduction in their rent payments.

Of those that have a mortgage:

- 14% reported that their mortgage holder has allowed a delay or reduction in their mortgage payments.