

ART Bolzano - Montevideo ? Boundaries of the art market !

8th Cologne Art Insurance Talk

Only the spoken word counts!

12 April 2019

Important sectors in Germany

- Nutrition 175 MRD € turnover
 - 500,000 employees
- Electronics 183 MRD € Sales
 - 800,000 employees
- Chemicals 194 MRD € Sales
 - 400,000 employees
- Mechanical engineering 219 MRD € Sales
 - 900,000 employees
- Automotive 406 MRD € Sales
 - 800,000 employees

Global from record to record

- Global sales of USD 67.4 billion in 2018
- Breakdown approx. 48% auction : 52% trade
- Salvator Mundi achieves USD 450 million
- Almost "365" art fairs of international importance in 2019
 - Over 1,000 local art fairs worldwide
- 40 million transactions (sales) per year
- Market shares
 - USA 44%
 - UK 21%
 - China 19%

Changing business model
Art trade auction until 2000

Work of art

Primary Market
Gallery
Artists
Collector

Secondary market
Auction house
Trade
Collector

New groups of buyers in the art market

- So far:
 - "old money"
 - "Educated middle class"
 - "old world"
 - Museums and churches

- Increasingly since 1970:
 - Art markets are changing the buyer groups
 - Reporting in the Handelsblatt for 65 years
 - Company collections
 - Investors / funds (admixture)
 - HNWI and UHNWI

Changing business model
since 2000 Separation of duties dissolves

Work of art

Trade Gallery

Auction

House

Collector

Artist

Internet

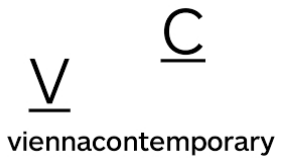
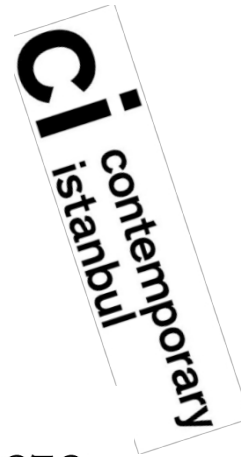
Creative industries in Germany

- Cultural and creative industries 158 billion € turnover
 - 1,300,000 employees
 - 320,000 mini-self-employed
 - 307,000 companies
- Including software/games 38 MRD € turnover
 - 370,000 employees
 - 44,000 mini-self-employed
 - 39,000 companies
- Including art market 2.1 MRD € turnover
 - 18,000 employees
 - 26,000 mini-self-employed
 - 12,600 companies

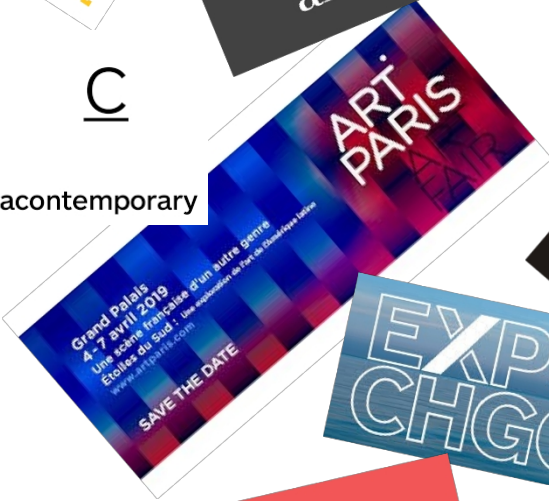
Art fairs driving globalisation

Trade fair	Foundation	Exhibitor 2018	Exhibitor 2017	Visitors 2018	Visitors 2017
Art Cologne	1967	210	204	55.000	52.000
Art Basel	1970	292	291	92.000	95.000
FIAC	1974	195	193	75.000	73.910
TEFAF	1988	278	270	68.271	70.517
Art BS Miami	2002	268	268	83.000	82.000
Frieze LDN	2003	160	160	67.800	62.780
Art Beijing	2006	160	160	120.000	100.000
Art Dubai	2007	105	94	28.000	28.000
ART BS HKG	2013	248	247	80.000	80.000

Art fairs



Frieze Masters



New opportunities and risks for galleries

Decreasing until 2000

- 3-6 exhibitions in own rooms
- 5 - 10 artists exclusively in support and set-up
- 2 - 3 rather local trade fairs
- Artists' estates
- Collector support
- Ektachrome
- Small teams
- Manageable movement profiles

Increasingly from 2000

- Own rooms ? Digital Presentation ?
- Artists change according to opportunity
- Up to 15 international trade fairs
- Travel agency
- Sale via Ipad
- Transport volume
- Large teams

Europe on the sidelines ?

- Share of sales on the global art market 2018
 - France 6%
 - Switzerland 2%
 - Germany 1% according to Claire MC Andrew
 - Germany 3% according to the Federal Statistical Office
 - Or 640 million vs. 2.15 billion.
- The share of the big three (USA, UK, China) grows from 78% in 2008 to 84% in 2018
- Sales > 10 million not in Continental Europe
- Galleries Turnover p.a. > 50 Mio. ?

Possible causes ?

- Political factors
 - Cultural Property Protection Act
 - Draft EU regulation banning the illegal import of cultural property from third countries
 - Tax legislation e.g. Germany, Italy
- Risk factors
 - Transports
 - Insurance costs
 - Range of goods
 - Buyer
 - Brexit



Thank you for your attention

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