The Art Market 2019: Global art market reaches its second highest level in 10 years, amidst further consolidation at the top end

Art Basel and UBS today published the third edition of the Art Basel and UBS Global Art Market Report. Written by renowned cultural economist Dr. Clare McAndrew, Founder of Arts Economics, The Art Market 2019 presents the results of a comprehensive and macro-level analysis of the global art market in 2018. Last year, the global art market grew by 6%, reaching an estimated $67.4 billion, with the United States extending its position as the largest market and the United Kingdom regaining its place as the second largest market ahead of China. Sales in the dealer sector increased, driven by gains at top end and marked by further consolidation overall. Equally driven by the top end of the market, sales at public auction also increased with the United States showing the strongest growth. In this report, Dr. McAndrew delves deeper into the collecting behavior of HNW collectors across five national markets, undertaken in partnership with UBS, as well as analysing issues related to artists’ representation and gender in the art market in 2018. The full report is free to download on the Art Basel and UBS websites.

Key findings of The Art Basel and UBS Global Art Market Report include:

- **Global Sales**: Showing a second consecutive year of positive growth, the global art market in 2018 reached $67.4 billion, up 6% year-on-year. This brings the market to its second highest level in 10 years, with values advancing 9% over the decade from 2008 to 2018.

- **Leading Markets**: The top three markets – United States, United Kingdom and China – further cemented their position in the market in 2018, accounting for 84% of total sales by value.
  - The **United States** was again the largest market by value with an estimated market share of 44%, up 2% in 2018. Sales reached $29.9 billion in 2018, their highest recorded level to date.
  - Despite the escalation of the Brexit crisis and widespread uncertainty regarding its future, the **United Kingdom** had a relatively strong year of sales in 2018, while in **China**, a contraction in supply of high-quality works and cautious buying as trade and debt crises loomed, led to declining values in the dominant auction sector. This mixed performance saw the United Kingdom regain second position with 21% share of the market, while China decreased by 2% to 19% and third place.

- **Dealer Figures**: Sales in the dealer sector increased 7% year-on-year to an estimated $35.9 billion, however, performance was mixed between sectors and segments. 28% of respondents to the annual dealer survey conducted by Arts Economics for this study reported positive year-on-year growth, 15% reported that sales were stable and 57% indicated a decline in sales. In 2018, on average,
dealers with turnover below $500,000 saw a drop in sales (of 10%), while those with sales above it all increased. Dealers with sales below $250,000 reported the most significant drop in average turnover, with a decline of 18%. The most improved segment was dealers with turnover between $10 million and $50 million: in 2017, these dealers showed a decline in sales of 3%, whereas in 2018 they increased by 17%.

- **Auction Figures**: Sales at public auction of fine and decorative art and antiques reached $29.1 billion in 2018, up 3% year-on-year. Works of art selling at prices in excess of $1 million accounted for 61% of total sales value in the fine art auction market in just 1% of lots. The number of lots sold in this segment grew by 9% year-on-year, while values increased 13%, providing much of the drive for the rise in aggregate auction sales over the year. Auction sales in the US had the strongest growth of all major art markets, increasing by 18% to $11.8 billion. Sales in the UK also advanced by 15% year-on-year to $5.3 billion. Auction sales in China declined by 9% to $8.5 billion. The Chinese market also saw one of its highest rates of buy-ins with 57% of the works offered on the auction market in 2018 not finding buyers.

- **Art Fairs**: Art fairs continue to be a central part of the global art market, with aggregate sales estimated to reach $16.5 billion in 2018, up 6% year-on-year. The share of the total value of global dealer sales made at art fairs has grown from less than 30% in 2010 to 46% in 2018, stable year-on-year. On average, dealers attended four fairs in 2018, down from five fairs reported in the surveys of 2016 and 2017. Attendance ranged between sectors and segments with more than 25% of the sample exhibiting at 10 or more fairs. In 2018, dealers reported spending an estimated $4.8 billion attending and exhibiting at fairs, a rise of 5% year-on-year.

- **Online Sales**: The online art market reached an estimated new high of $6 billion in 2018, up 11% year-on-year. This represents 9% of the value of global sales. Online sales gathered pace at the major auction houses in 2018, while second tier houses reported making 19% of their annual sales online, with 74% through third party platforms. Dealers reported that they made 6% of their total sales online in 2018, a stable share on 2017. Over half (52%) of them were to new buyers, up 7% on 2018. Based on a survey of five national markets in 2018, 93% of millennial High Net Worth (HNW) collectors reported that they had bought works of art or objects from an online platform, compared to a majority of baby boomers who had never bought art online before.

- **Global Wealth and Art Buyers**: In collaboration with UBS, Dr. McAndrew was able to gather fresh insights on the collecting behavior of HNW individuals in five markets: the United Kingdom, Germany, Singapore, Hong Kong and Japan. In previous surveys of US collectors, the majority of respondents were aged 50 years and over, however, in the newer markets in Asia, a very different age profile emerged in 2018: in Singapore, 46% of collectors were millennials, and 39% were millennials in Hong Kong. Collectors from the millennial generation were considerably more active art buyers than others, with 69% having purchased fine art and 77% having purchased decorative art in the period from 2016 to 2018. Millennial collectors made up just under half (45%) of the high-end spenders ($1 million plus), underlining the importance of the spending power of this demographic. While galleries and auction houses were the most commonly used channels for purchasing, art fairs were also important, especially in Asia, with between 92% and 97% of collectors from Singapore and Hong Kong having purchased from an art fair, compared to 68% and 72% in Japan and the UK respectively.
• **Artist Representation and Gender Issues:** Gender disparities in the art market have been the subject of continued study and debate for many years. Research on the auction sector has shown that there is a gender discount of close to 50% in the paintings market at auction, and this discount is higher in countries with greater gender inequality. Statistics have also been tracked over time to show the changing share of female artists in exhibitions. Gender imbalances in the gallery market are no exception and have been brought to light in different contexts for some time, with rising debate in recent years regarding the reasons for their persistence. Highlights of research presented in this report includes:

- According to data from Artfacts.net, the share of women in global exhibitions has grown from 25% in 2000, up to 33% in 2018.

- For those galleries working in the primary market, 36% of the artists they represented in 2018 were female artists, which accounted for an average of 32% of their sales. While the gender breakdown for those artists represented by one gallery is 36% female, when the representation at galleries starts to increase, the share of female artists steadily declines. Considering artists represented by five or more galleries, the share of female artists drops to 17%, and for more than 15 galleries, just 10%.

- 63% of the total sales of galleries working solely in the primary market in 2018 came from their top three artists, with 42% of value in 2018 accounted for by one leading artist. In the primary market, 45% of the value of annual sales for those dealers with turnover less than $1 million is accounted for by one leading artist, versus 29% of those with turnover exceeding $10 million.

• **Economic Impact:** The art market directly employed an estimated 3 million people in 2018 – with approximately 310,700 businesses operating in the global art, antiques and collectibles market, relatively stable on 2017. It is estimated that last year, the global art trade spent $20.2 billion on a range of external support services directly linked to their businesses, an increase of 3% year-on-year, supporting 375,030 further jobs.

Clare McAndrew, Founder, Arts Economics said: “While we’ve seen another strong year of aggregate sales, the mood of the market in 2018 was generally less optimistic, as many wider economic and political issues continued to weigh heavily on sentiment. This drove some risk-averse buyers and sellers towards private sales in the dealer market, which saw strong sales overall. The auction market also maintained pace but with wide variations between countries and price segments. Countering this, a very positive finding of the research this year was the dynamism in collecting by global millennials. New research on global HNW collectors showed that the millennial generation were considerably more active buyers in all sectors of the art market than other generations, and accounted for about half of those collectors regularly spending at the level of $1 million or higher. It also made clear that their spending patterns and preferences had more in common with other millennials across regions than they did with collectors within their own region from a different generation. Understanding the preferences and motivations of these key global demographic segments will prove critical for the art trade in future.”

Noah Horowitz, Director Americas, Art Basel said: “This report is essential reading for arts professionals, providing a measured macroeconomic synopsis of where the art market is today and where it is headed. While overall results were up in 2018 – driven by continued gains at the top end of the market, with notable green shoots in the online segment as well as with a younger generation of increasingly international collectors – Dr.
McAndrew’s study draws readers’ attention to shifting confidence indicators as well as to a broad range of critical business challenges.”

Mark Haefele, Chief Investment Officer, UBS Global Wealth Management: said: "The art market is a fascinating reflection of economic developments and trends in wealth creation. Most notable is the growth of billionaire and millennial spending power, particularly in Asian markets. As ever, passion remains the market’s lifeblood and drives the best collectors who value quality pieces that provide pleasure and cultural enrichment.”

Please click here to download the full Art Basel and UBS Global Art Market Report for free.

NOTES TO EDITORS

About Arts Economics and Clare McAndrew
Arts Economics is a research and consulting firm focused exclusively on research and analysis of the fine and decorative art market for private and institutional clients. The company was founded by Clare McAndrew in 2005. Dr McAndrew is a cultural economist who specializes in the arts, antiques and collectibles markets. She completed her PhD in economics at Trinity College Dublin in 2001, where she also lectured and taught economics for four years. In 2002, Clare joined US firm Kusin & Company, a boutique investment banking firm specializing in art investment, as chief economist. After three years in the United States, Clare returned to Europe in 2005, and continued her work in the art market in a private research and consulting capacity for a global client base. She set up Arts Economics in 2005 to focus her efforts on art market research and analysis, and works with a network of private consultants and academic scholars in different regions around the world providing research and consulting services to the global art trade and financial sector.

About UBS and Contemporary Art
UBS has a long history of supporting contemporary art and artists. The firm has one of the world’s largest and most important corporate art collections and seeks to advance the international conversation about the art market through its global lead partnership with Art Basel and as co-publisher of the ‘Art Basel and UBS Global Art Market Report’. UBS also has partnerships with fine art institutions including the Fondation Beyeler in Switzerland, the Garage Museum of Contemporary Art in Russia, the Nouveau Musée National de Monaco, the Louisiana Museum of Modern Art in Denmark, the Deichtorhallen in Germany, the Museo del Palacio de Bellas Artes in Mexico and the Art Gallery of New South Wales in Australia. UBS provides its clients with insight into the art market, collecting and legacy planning through its Art Collectors Circle and the UBS Art Competence Center. The UBS Arts Forum convenes and connects exceptional people in the art world, providing thought leadership at the cutting edge of contemporary art. For more information about UBS’s commitment to contemporary art, visit ubs.com/art..

About UBS’s Chief Investment Office
UBS’s Chief Investment Office (CIO) oversees the investment strategy for USD 2.3 trillion in client assets across UBS’s wealth management businesses globally. CIO is headquartered in Zurich and has strategists and analysts located in major financial centers worldwide, including New York, London, Hong Kong, and Singapore. CIO’s expertise spans a full range of investments, from equities, bonds, currencies and commodities to alternative and impact investment funds.
About Art Basel
Founded in 1970 by gallery artists from Basel, Art Basel today stages the world's premier art shows for Modern and contemporary art, sited in Basel, Miami Beach and Hong Kong. Defined by its host city and region, each show is unique, which is reflected in its participating galleries, artworks presented, and the content of parallel programming produced in collaboration with local institutions for each edition. Art Basel's engagement has expanded beyond art fairs through a number of new initiatives such as Art Basel Cities, working with partner cities on bespoke cultural programs. For further information, please visit artbasel.com.

Partners
UBS, Global Lead Partner of Art Basel, has supported the organization for 25 years. As Art Basel's global network expanded, UBS increased its lead partnership to include all three shows, Art Basel Cities, and as co-publisher of the Art Basel and UBS Global Art Market Report. UBS has a long record of engagement in contemporary art with the UBS Art Collection, one of the world's most distinguished corporate art collections with more than 30,000 works created by artists from more than 75 countries, at its core. The firm actively enables audiences to participate in contemporary art through its partnerships with leading cultural organizations around the world. For more information about UBS’s commitment to contemporary art, visit ubs.com/art.

Art Basel's Associate Partners include MGM Resorts International – one of the world’s leading entertainment companies with a long-standing commitment to presenting and supporting art in public spaces; Audemars Piguet, whose expanding activities in contemporary art include the Audemars Piguet Art Commission; and NetJets – the world leader in private aviation. Art Basel is also supported globally by BMW (who has codeveloped with Art Basel the BMW Art Journey), Ruinart, Sanlorenzo and La Prairie.

Upcoming Art Basel shows
Hong Kong, March 29-31, 2019
Basel, June 13-16, 2019
Miami Beach, December 5-8, 2019

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#UBSart Twitter: @UBSglobalart Instagram: @ubsglobalart
Facebook: facebook.com/UBSart

Press Contacts
Art Basel, Sarah Norton
Tel. +41 58 206 27 64, sarah.norton@artbasel.com

PR Representatives
Sutton, Rosie O'Reilly
Tel. +44 20 7183 3577, rosie@suttonpr.com

UBS, Tamsin Selby
Tel. +41 79 433 66 06, tamsin.selby@ubs.com