
PRESS RELEASE
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Art Basel and UBS today published a 2020 mid-year survey 'The Impact of COVID-19 on the Gallery Sector' written by renowned cultural economist Dr. Clare McAndrew, Founder of Arts Economics. The survey findings present an analysis of how the COVID-19 pandemic has impacted the global Modern and contemporary gallery sector throughout the first six months of 2020. The report also presents the results of a survey of high net worth (HNW) collectors, a research collaboration between Arts Economics and UBS conducted in July 2020, across three major art markets – the US, UK, and Hong Kong SAR (China) – with a particular focus on how the COVID-19 crisis has changed their interactions with galleries in the art market. The full report is free to download on the Art Basel and UBS websites.

The survey is based on responses from 795 galleries operating in the Modern and contemporary art sectors, representing 60 different national markets across all levels of turnover.

Key findings of The Art Basel and UBS 2020 mid-year COVID-19 Survey:

- **Employment:** Despite already having very tight employment structures, many galleries have had to furlough or permanently lay off staff in response to the COVID-19 crisis. Findings reveal that one third of galleries downsized during the first half of 2020, losing an average of four employees, with around half of the losses being full-time. The report predicts that more galleries may be at risk of closure before the end of the year and in a more precarious position in 2021, which could pose significant losses to the wider art economy. It also details how the financial impact of the pandemic depends in part on the level of public support available to each gallery on a national and local level.
- **Gallery Sales:** The COVID-19 pandemic has had and will continue to have a critical impact on sales in the art gallery sector, particularly given the industry's reliance on events, travel, and discretionary spending. Sales have contracted by an average of 36% in the first half of 2020 as nearly all galleries (93%) had closed their premises between January and July 1 of 2020 – findings that mirror sales across luxury goods industries. Still, a range of online offerings and new developments allowed galleries to continue making sales despite physical premises being closed. The HNW collectors surveyed continued to buy works of art through a range of both online and offline channels in 2020, with 75% of those surveyed having purchased through a gallery.
- **Online Sales:** The growth of online sales accelerated in 2020 for galleries at all levels, offering a way to continue sales efforts while physical spaces were closed or restricted. The share of online sales for the galleries surveyed was 37% of total sales in the first half of 2020, up from 10% in 2019. Despite having the lowest share in 2019, galleries with the largest turnover showed the highest increase, with those in the \$10 million-plus segment rising almost fivefold to 38%. New buyers accounted for 26% of online sales in the first half of 2020, while 74% were to regular clients of the gallery (including 29% to collectors who were new to

online buying in 2020). The HNW collectors' survey also found little difference in the price younger segments bought at online or offline in 2020.

- **Digital Strategy and Enhanced Technologies:** Dealers reported using a range of online strategies to maintain liquidity and relationships in 2020: 72% of the galleries surveyed noted an increase in the online content offered through their websites and other online channels compared with 2019, while 69% increased their social media activity. Around half of the galleries surveyed used online viewing rooms for their galleries with varying success. Some felt it was difficult to attract new buyers due to the volume of competitive online offerings, while others noted the benefits of digital forums in providing a more level playing field for smaller and mid-sized galleries. 87% of the HNW collectors surveyed had visited galleries' online viewing rooms during the first half of 2020, and 41% had used them to purchase a work of art.
- **Art Fairs:** The absence of physical events this year meant sales were significantly reduced through this channel, down from 46% of total sales in 2019 to 16% in the first half of 2020, with the biggest declines at the highest end of the gallery sector. A majority of dealers took advantage of online viewing rooms staged by art fairs, with 67% using these virtual exhibitions more than they had done in 2019. 85% of the HNW collectors surveyed had visited online viewing rooms of art fairs, and 40% had purchased works through them. Price transparency was one of the most highly valued features of these digital forums, with 81% of collectors reporting that it was important or essential to have a price posted when they were browsing works of art for sale online. Dealers reported that they plan to reduce the number of fairs they will exhibit at in 2021, with the average dropping to three fairs from four in 2019. Many galleries noted that online forums did not come close to replicating the experience of physical fairs – a sentiment shared by HNW collectors, with a majority (70%) preferring to view art for sale in person.
- **Gallery Priorities:** The effects of the pandemic continue to cause a substantial shift in galleries' current and future strategies, as well as their priorities. Galleries reported that their key priorities in 2019 were art fair exhibitions, their current artist exhibitions and widening the geographical reach of their client base. These priorities shifted markedly over the first half of 2020 to trying to boost online sales, cutting costs to maintain profitability, and maintaining relationships with existing clients who were seen to be critical to their survival.
- **Global Wealth and Art Buyers:** Arts Economics worked in collaboration with UBS to gather insights from 360 HNW collectors across three different markets: the US, the UK, and Hong Kong SAR (China). The survey found that, despite the COVID-19 crisis, 92% of collectors had purchased a work of art so far in 2020. The value of spending was relatively high across the three regions: a majority (56%) of collectors had spent over \$100,000 in the first half of 2020, including 16% spending over \$1 million. The millennial segment had the largest share of high spenders, with 17% having spent over \$1 million (versus just 4% of boomers). While most HNW collectors were actively working with galleries during the crisis, relatively few (14%) were looking for new galleries to work with, and most were sticking with those with whom they already had relationships. If this applies to a wider collector base, it could make it potentially harder for newer and younger galleries to establish themselves or gain a competitive foothold.
- **Looking ahead:** The majority of galleries expected sales to continue to decrease in 2020, with only 21% expecting an uptick in the second half of the year. There was more optimism in 2021, but even so, only 45% of galleries expected sales to

increase from 2020. However, HNW collectors had a relatively positive outlook – 59% felt that the COVID-19 pandemic had increased their interest in collecting; this boost was particularly strong among younger collectors, with 70% of millennials reporting the pandemic had increased their collecting interest. Over the longer term, collectors' confidence in the art market is advancing in all regions. Young and wealthier collectors appear to be most optimistic, with over 60% of millennial collectors being optimistic about its performance in the next six and 12 months versus 24% of boomers.

Clare McAndrew, Founder, Arts Economics said: 'The art market has often shown resilience to events in the wider economic and political environment, but the COVID-19 pandemic in 2020 has presented the market—and the gallery sector in particular—with some of its biggest challenges yet. Despite finding ways to maintain trading online, the pandemic has had and will continue to have a deep and profound effect on businesses: some galleries have already closed permanently, others have furloughed or laid off significant numbers of employees, and the effect on those that remain open is still unfolding. Along with these negative effects, crises can also be unique times of restructuring and innovation within markets. This study is a first attempt to better understand the full impact of the present COVID-19 crisis, the strategies taken in response to it, and the changes it will bring to the sector over time and across different regions of the market.'

Noah Horowitz, Director Americas, Art Basel said: 'Clare McAndrew's mid-year survey presents our industry with essential information and learnings to guide our gallery peers—and the art world at large—through a period that demands great resilience and adaptability in the face of new economic realities and consumer behaviors. These findings reflect the many and significant challenges our industry has faced through the first half of 2020, yet what is equally clear from the results of the report is the shared sense of engagement, purpose, and community that continues to define so much of the art market and remains vitally important to our future.'

Christl Novakovic, CEO of UBS Europe SE and Head Wealth Management Europe, said: 'The pandemic disrupted economies and societies, and galleries worldwide had to adapt quickly to new behaviors and realities. It has also forced the art market onto online platforms with increasing speed. Digital platforms can increase price transparency and broaden the base of new buyers at different price levels. Strengthening this digital community globally may be essential for the health of the market in the future.'

Please click [here](#) to download 'The Impact of COVID-19 on the Gallery Sector: A 2020 mid-year survey' 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 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 UBS Collectors Circle and UBS Art Advisory. 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 2.6 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 gallerists 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 new digital platforms and a number of new initiatives such as The Art Basel and UBS Global Art Market Report and The BMW Art Journey. For further information, please visit artbasel.com.

Partners

UBS, Global Lead Partner of Art Basel, has supported the organization for more than 27 years. As Art Basel's global network expanded, UBS increased its lead partnership to include all three shows, 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. UBS provides its clients with insight into the art market, collecting and legacy planning through its Art Collectors Circle and UBS Art Advisory. For more information about UBS's commitment to contemporary art, visit ubs.com/art.

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