

Good evening everyone. I would first like to start off by saying thank you to Judith and Richard for organizing this panel and what I'm going to share with you, as the previous thing mentioned, is just some of the research from my upcoming book. Its title is self explanatory, but in the context of what we're talking about today – going further and say it really does focus on contemporary art, but the discussion today will extend beyond just that. The book is designed to help dealers strategize with the changes of in the art markets since I wrote the first book, which was about the fundamentals of opening and running a commercial art gallery. One chapter in particular that defines a big part about what has changed since 2008, when I wrote the first book, is the chapter: The Rise of the Art Fair. I've read a lot of the literature as well as interviewed some of the directors of major art fairs in the world as preparation for the book, and this part is what I am going to share right now.

Since 2002, despite the quote you'll see at the top supplied by Georgina Adams, the number of art fairs in the world has exploded, and there's a number of quotes throughout the presentation that I won't read out, because they're really there for flavor. I think I do want to read this one just to set the tone. The numbers here do tell the story. In 1970 there were just three main events – Cologne, Basel and the Brussels-based Art Actuel. The number has mushroomed in the past decade from 68 in 2005 to 189 in 2011. Georgina [Adams] wrote that in 2012. I'm currently counting every art fair in the world, and among contemporary fairs only – that's fairs that show contemporary art – I'm up to 220 and I know I haven't counted them all. If I add in the fairs that I know that exist that don't include contemporary art, the number is close to 300 at this point. So, even from the time that Georgina wrote that, the numbers are continuing to rise. And they are showing no signs of stopping just yet. Why the explosion?

I point back to what happened at the NADA Art Fair in Miami in 2002 as the beginning of this notion that the world needed more art fairs. If you were in Miami in 2002, you'll know that Nada was a satellite to the Art Basel Miami Beach Fair, and a very roughly organized fair by a group of young dealers. It didn't cost very much to participate but within the four days the fair that took place, those dealers generally sold their booth out one, two, or three times over, and brought in perhaps more money than they would see through their galleries in the space of the six months previous to that. So the perception, as word trickled out, that the galleries had just made boatloads of money at that one weekend in Miami, started to change about what an art fair could be, how much it would cost to produce one, who was qualified to organize one, and eventually more and more people started beginning their own fairs, because demand just exploded.

In 2002 roughly 48 to 60 galleries participated in the NADA in Miami. The applications for the 2003 fair were four or five hundred range. So many more galleries were immediately interested in participating in that fair. Another thing that happened, though, was in response to the recession in 2008. If you'd asked any dealer at the time when they were looking at how the financial crisis impacted their ability to participate in art fairs, they would have expected the number of fairs to start dwindling. We were already having a conversation similar to this one in 2007–2008. There were so many fairs and people expected the recession to start knocking them down.

But one of the interesting things that happened was a shift in perception of who was responsible for getting collectors to the fairs. One of the people I interviewed for my book is Annette Schönholzer, the director for new initiative for Art Basel, and she said it was a surprise for her, when in 2008 and 2009, galleries started to come to her saying: "Where are the big collectors that we're used to? They're not here. You have to bring them here." And Basel was saying: "We produce the fair, we put the best galleries and the best art in the fair, you've always been responsible for

bringing the collectors.” So, being the fair that they are, Basel said: “Okay, this is what you want us to do we will go out, we’ll increase our VIP program. We will do whatever it takes to find the new collectors that are available, as well as make sure the existing collectors you know and love come to the fair.”

One of things that started to happen, though, is when they would reach out, as they would increase their VIP programming, they would send every participating gallery a package of VIP cards, and those galleries would send their cards out to all of their VIPs. Not surprisingly, some collectors would receive twenty or more VIP cards in the mail. And because they had so many extras, they would distribute them to their friends, and their friends were very often not VIP collectors. So, what you would see in the VIP lounge or at the VIP events were some of the people that the program was targeting, and then a lot of people that it was really never designed for.

So, the fairs start telling the galleries: “You give us your list of collectors and we’ll send out the VIP cards so that they’re not all getting multiple copies. That practice, in and of itself, shifted a huge amount of the power to the fairs. The fairs now had the quintessential collectors list. They had every person who has gallery’s VIP list in the world. And rather than see art fairs start to dwindle, in response to the recession, we started to see their power grow, and their numbers grow.

The other thing that is critical is that during all this time, 2002–2014, we systematically as dealers started to train collectors – that you will see the very newest, the very best, the most exciting work by our artist at the fairs. And even if they were buying them in advance, collectors started getting accustomed to the idea that this is where I purchase art. And this is where I can get an overview of the best art in the world. So, why am I spending as much time going around to all the various galleries? Now some collectors of ours have been collecting for 30 years will willingly admit that they have gone more and more to fairs and less and less to galleries individually because of this.

So, that’s the longest I am going to spend on any one of these slides, but I think that’s important for the background here. So the bottom line in terms of money out, the TEFAF Art Market Report is generated once a year. It’s commissioned by TEFAF. It’s released in conjunction with their fair in Maastricht, and it’s perhaps the best accumulation of data and statistics on the market.

It is still considered somewhat controversial because its author, Dr. Clare McAndrew, doesn’t have what some people consider the strictest methodology. Her sample sizes aren’t necessarily what somebody coming from an industry that uses reports like this as part of their business would consider that significant. But it’s the best data available. So, it does still influence perceptions. And in 2013 she reports that the total amount of money galleries spent participating in art shows was 1.9 billion Euros, and that’s money that comes from the galleries only. So, if you continue to the money – the entire art market was estimated to be 47 billion Euros in 2013, and dealers reported that 33% of their total sales were made at fairs.

I’ve done the math and I hope its right. The total money that galleries sold at fairs, and that’s not the total profit, that’s just the money they made per se, that’s just sales, was close to 16 billion Euros. So it’s more or less 8 Euros per Euro they spend at fairs. I should note that doesn’t represent the money made by every gallery at every level.

The top-tier galleries are probably making much more than that, and the lower level galleries, especially in the mid level, are quite lucky very often if they even break even. So because galleries in the emerging market or in the contemporary market generally have a 50/50 split with their artists, a gallery is probably selling twice what they are paying to participate in the fair, but they're only receiving half of that, so it's a one to one. This chart is probably hard to read from the back of the room, but it breaks down the sources of sales for galleries as recorded in 2013, and you can see that 33% is attributable to fairs. The breakdown is 19% for local fairs and 14% for international fairs. This is a chart showing where the most galleries are located.

You can see cities like Paris, London, New York, Tokyo. That's not surprising that they have the most galleries. This isn't a finalized chart, but the idea is to show the number of galleries correlates to the number of fairs that these cities also produce. So, a city with a red star on it is a city that has either a lot of fairs – or high profile fairs, very influential fairs. A city with a blue star is a city that's either going up or coming down in terms of the number of fairs, or the importance of the fairs they have. An example might be São Paulo is coming up, its fairs are coming up its fair are gaining in importance. Berlin is going down. It's either losing its fairs, or they aren't as important as they used to be.

Basel is at the bottom by itself. It doesn't have as many galleries as other cities, but it has the most important fairs, arguably. Despite that geographic dispersion of where the fairs take place, where the sales take place is pretty isolated to the United States. The TEFAF report of 2014 found that 75% percent of sales at art fairs take place at art fairs in the United States. And if you ask – and they did – the dealers around the world, 91% of them said that they needed to participate in just as many or more fairs in the United States because of those sales. If you ask galleries in New York, most will report that everything else being equal they'll do their best business in Miami.

There's something psychological about it. It's where sales happen. We cynically refer to it as it's like shooting fish in a barrel. The impact of this fair culture, this rise of the art fair on dealers includes statistics of some galleries reporting going to 15 fairs a year, that's more than one a month. The impact of that on their gallery practice – is they either need to bring on more staff or they themselves are on the road up to 90 days of the year. That's 90 days they're not in their gallery, they are not with their families, they're not as close as they need to be with their artists.

It's having both a financial and a personal impact on the dealers. And as this quote from a New York Times article about the life on the road of the art dealers illustrates, it's shifting the culture from this genteel practice where you would wait for someone to come into your gallery or you would have this leisurely conversation with them, to one where you're constantly on the road and everything is happening much more quickly.

The impact on artists is probably ten times worse in my opinion. At the fairs, the top metric of the success for any given artwork is whether it's sold or not. And that starts to influence what artists give their galleries to take to the fairs. They want to be a success. They want the piece at the fair to sell. Also, for the galleries to get into the best fairs, and to please the collectors that come to those fairs, there's an expectation that to every fair you're bringing something new.

I've had a number of collectors complain as they were walking around one of the fairs we were participating in: "I saw that at this other fair" I saw that at that gallery, at a show they had." And

the perception is that artists can't be doing very well if a piece I saw in a gallery is now at a fair, or a piece that I saw at one fair is now at another fair. And so to create the impression that all of your artists are very successful as well as to please the collectors that come to the fairs to see something new, galleries are constantly saying: "I need something new," and by saying that the artists are responding to it.

Even if an artist has a very clear head about it their still compartmentalizing their practice. They're making some works specifically for the fairs and the other work that they're compelled to make. So, the overall impact of this is something that people are now referring to as "art fair fatigue." And you'll see a number of articles and the literature about it.

There are even clever little articles on how to deal with art fair fatigue, what shoes to wear and what spot to be is forming around airports, etc. Despite art fair fatigue, though, 45% of dealer felt that they will still invest in more fairs internationally. I think it's said that there is a cultural backlash, where more and more dealers are saying: "I want you the collector to come to my galleries, instead of just meeting me at the fair." A lot of dealers are saying just that to their collectors: "Come visit me. You won't see at the fairs what we're doing at the galleries. It's important for you to be involved in the dialogue that's happening in the gallery, and for you to come to the gallery."

And some galleries in Chelsea have enough in the gallery and they don't see the need to increase the number of fairs they are participating in, but remember that 17% of the sales happening is local, and for New Yorkers, they're local for US fairs that are selling the most anyway. So, and that is it. Thank you.