

# Art Market Q&A

## Chinese Art Market Outlook

Q&A with Larry Warsh

### **Where do you see buying opportunities in the Chinese contemporary art market in the short and long-term?**

In the short term—the next 12 to 18 months—there will be good opportunities to buy works by top-tier artists in both painting and photography. By top tier, I mean the 40 or so who have gained art-historical recognition, have been internationally exhibited, and are being acquired by museums in the West as well as Asia. Historical works by these individuals—the first generation of Chinese contemporary artists, from 1989 through early 2000s—are relatively scarce and will continue to gain value. The global downturn has yielded some attractive pricing, particularly in comparison to top contemporary artists in the West, creating smart buying opportunities. In fact, art funds focusing on Chinese contemporary art have been formed to take advantage of this moment. Museums are also acquiring for their collections.

Chinese contemporary photography is a buying opportunity. It's still undervalued relative to painting, which was the focus for collectors for many years. Quality works will become increasingly scarce, particularly as China develops as a consumer society with its own collector base. The Chinese audience with disposable income is growing, and a consistent percentage of those people will become art advocates and collectors.

The Chinese economy may be slowing down, but it is not in a recession. China will remain among the world's most attractive investment destinations, and art will continue to parallel this direction. The result is that Chinese contemporary art will weather this economic downturn and will come out as an even stronger player.

### **What do you see as the main threats to the future development of the Chinese contemporary art market?**

Quality. As in the West, in China there are tens of thousands of artists producing all types of work. The quality varies widely. It is important to pick the artists who will have historical staying power, with solid records in terms of art-historical recognition, museum exhibitions, and curatorial interaction.

In every country, the finest work by the top artists is expensive and sought-after, and it holds its value. In this, China is no exception. There are many levels of artists and art, and it's essential to know the difference between the art business and art history. Also, over the past few years some dealers took a very aggressive approach to pricing, which shot up dramatically. A shake-out was almost inevitable, especially when the quality was not there.

I think there is not enough education regarding who the important artists are. In China, this is now starting to change. There are now more collector groups, and more lectures and seminars on Chinese contemporary art. It's not enough, but it's starting. There's activity promoting education and the development of a collector base.

### **Was Chinese contemporary art just a fad in the West? Why not? What developments are we likely to see in the West with regards to the Chinese contemporary art market?**

It's not a fad, not at all. Pundits talk about it in those terms because of the speed with which Chinese contemporary art has grown and the impact it's had on the art world. That's consistent with the Chinese economy overall, which has seen rapid growth in many other sectors as well. We forget that the reopening of capitalism in China was a once-in-a-lifetime event, truly a phenomenon—a country waking up with such might in the course of 30 years.

There are also many notable curators, academics, writers, and collectors in the West who are studying, following, researching, and buying Chinese contemporary art, and were doing this years before it became a notable player in the marketplace.

One trend that I see continuing is the integration of Chinese contemporary art into Western museum exhibitions and collections. Just in New York alone, the Guggenheim, the Metropolitan Museum of Art, and MoMA have acquired Chinese contemporary works. Other U.S. and European museums are completing acquisitions as well. And while this is entirely anecdotal, among collectors I'm in contact with, interest in Chinese contemporary art remains very high, and there is a shift happening now of new collectors who are buying, as opposed to speculators.

Chinese art has also been outperforming Western and European art in the contemporary non-Chinese sales. As recently as November 2008, at the Christie's day sale in New York—which overall did poorly—14 of 16 contemporary Chinese works sold, many doing better than their Western counterparts. There was spirited bidding from absentee and phone bids, as well as activity in the room.

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**As a result of the increasing economic powers of the East, are we going to see a shift away from the power of Western art model to an Eastern (Asian) model? What implications could this have for the Chinese art market?**

Chinese culture is 5,000 years old, and national pride runs deep. China will not collect our Western heroes and icons—not widely, at least. They will create, and have always created, their own. That's where their collecting interests lie.

In art, the Chinese will adapt many of the Western business models, but they will also evolve their own dynamic approach to working with museums, galleries, and the international art market in general. We should not think that our way is the only way.

The strength of the Chinese economy has been underestimated in the West. With a population of 1.3 billion, China has an enormous pool of consumers. The Chinese middle class is now roughly equivalent to the entire U.S. population (and growing), and their collector base barely has been tapped. They may be spending more cautiously, but they still have money.

**What will be the most important event(s) for the Chinese contemporary art market in 2009?**

The Chinese government has recognized the importance of contemporary Chinese art, and has earmarked money to promote and solidify the field via the Beijing Culture and Development Fund. They are also supporting museum exhibitions in China and abroad. This is a major development.

Also, I think that in the near term, China will undergo more severe inflation than it's seen recently, making high-quality work a good haven for protecting the yuan. This will also benefit non-Chinese collectors holding this type of asset. With its broad acceptance on the international art market—London, New York, Paris, Hong Kong, China—and its performance in Western and Asian auction houses, high-quality work will be salable around the globe, yielding the respective currency of choice.

With the coming inflation, I predict that art will outperform other non-art investments, as it has done in the past. I project that within 24 to 36 months, prices will return to levels close to where they were, with some prices higher. Great work will achieve breakout prices sooner.

Asia is the future, and everyone in the West should be aware of this fact. Between China and India, the entire planet will be looking toward Asia as it leads the globe in new areas of development. The Chinese art market has tremendous opportunities yet to be realized. Chinese contemporary art is not going away.



'Family Tree' By Zhang Huan (b. 1965), 2000. Colour photographs, nos 2, 5 and 6 in a series of nine. Each: height 152.4 cm, width 101.6 cm. From the collection of Larry Warsh

*Larry Warsh is the founder of AW Asia, a private organization in New York City that promotes Chinese contemporary art through institutional loans and acquisitions, curatorial projects, publishing, and educational programs. Previously the founder and publisher of Museums Magazines, he has been an active collector of Western and Chinese contemporary art for more than 25 years.*