

A Mutable Market

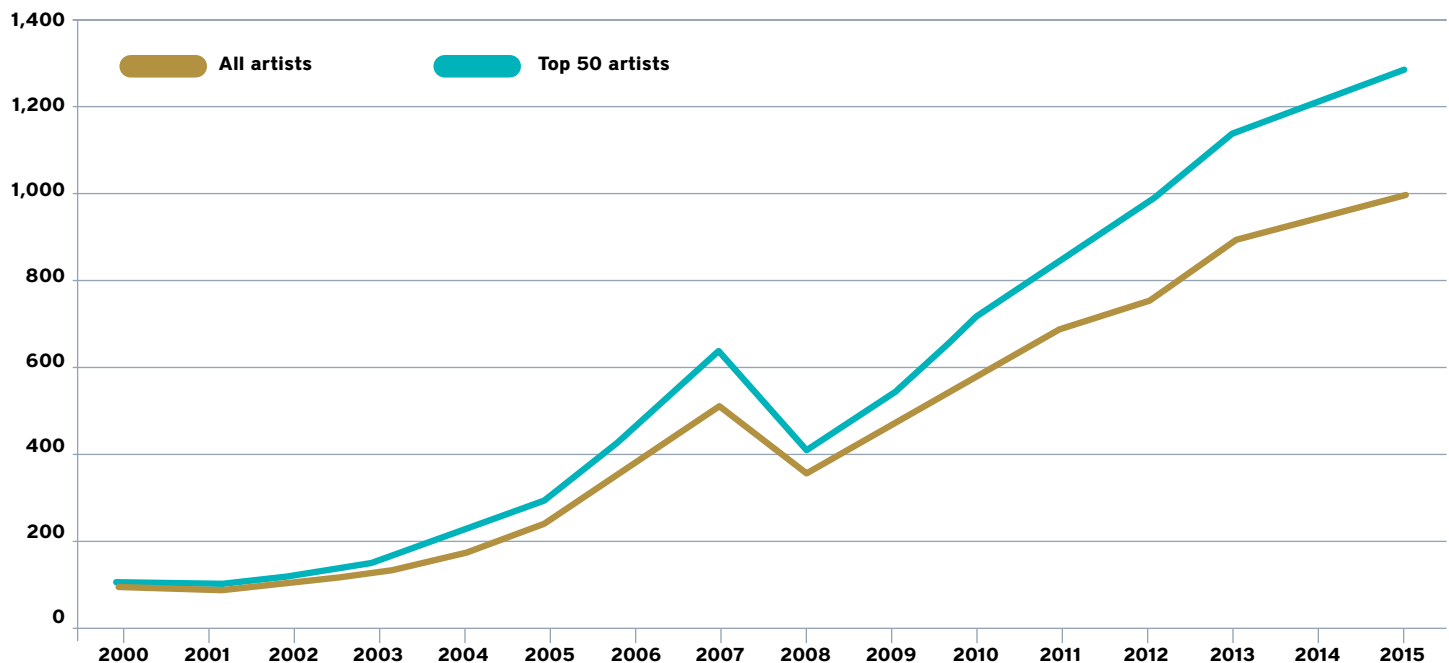
LIKE THE BROADER MARKET FOR POSTWAR AND CONTEMPORARY ART, the market for works by Chinese contemporary artists has been on the rise since the financial crisis of 2008–09. An analysis of more than 100,000 auction lots sold since the beginning of 2000 shows the same strong growth from 2009 through 2013 as was experienced in the pre-crisis years of 2005 through 2007. By 2014, it was clear that the pace of growth had begun to slow. This led consignors to withhold works, and as a result by the third quarter of 2015 we witnessed a precipitous drop in the number of works hitting the auction block—a 37 percent decline in dollar volume compared with the same period a year earlier. From our analysis, it is clear that this category correction is due largely to socioeconomic conditions within mainland China, a result first and foremost of the draconian anti-corruption regulations initiated by President Xi Jinping. Secondly, there has been a pronounced slowdown in economic growth and a drop in Chinese stock markets over the past 12 months. Yet such a correction was long overdue, given the enormous increases in asset valuation since 2005, driven by a booming population of local buyers and Western collectors and speculators, who envisioned the economic potential for what had hitherto been a largely grassroots market for Chinese contemporary art. Despite the downturn, the category is still popular with collectors. Of the top 100 contemporary artists worldwide ranked by turnover, 31 are Chinese. BY ROMAN KRÄUSSL

The Last Supper, 2001, a riff on Leonardo da Vinci by Beijing-based Zeng Fanzhi, sold for an artist record \$23.3 million (est. \$10.5–15.5 million) at Sotheby's Hong Kong in October 2013, the year of peak market growth for Chinese contemporary art.

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CHINESE CONTEMPORARY ART INDEX, 2000–15

Since 2005, when the market for works by Chinese artists began to see an increase in demand from local collectors as well as Western collectors and art market speculators, Chinese contemporary art has been on the rise, dipping only during the global economic correction of 2008, when the “All Artists” index dropped from 515 to 358. At that time, the “Top 50” index dropped from 642 to 405. Just as the decline in 2008 was felt more sharply among the top 50 artists, the rise since 2009 has been more dramatic for this group. While both indices had rebounded by 2009, it is clear that the market grew more slowly in 2014 and 2015.





MARKET FOR ZENG FANZHI, 2005-15

Born in 1964, the painter is China's most successful living artist, both in terms of the performance of his works on the block and overall sales volume. Prior to 2000, he was collected exclusively by Western enthusiasts such as Myriam and Guy Ullens—founders of Beijing's Ullens Center for Contemporary Art (UCCA). When they first purchased Zeng's work in the 1990s, canvases sold for less than \$10,000. The artist's prices began to climb dramatically in 2005 as more Chinese collectors entered the market for contemporary works by their compatriots. Since June 2007, Zeng has generated more than 120 auction sales above the million-dollar mark. More than 560 of his pieces earned a cumulative value of over \$336 million from January 2005 through mid December 2015.

