

Artprice's Annual Report on the Global Art Market in 2017: a genuine alternative to financial markets, with China in first place

Our 20th Global Art Market Annual Report is once again the fruit of an alliance between Artprice, world leader in Art Market information, founded and directed by thierry Ehrmann, and Artron, its powerful Chinese institutional partner, directed by Wan Jie. The result is the only truly global art market report providing reliable insight into both the Western and the Eastern art market. By pooling their resources to analyse the global Art Market in unprecedented detail, our two structures highlight the intense competition driving the market's global growth as well as its logic and its consequences. No other organisation or team is currently capable of such high quality processing and interpreting of macro- and micro-economic metadata in a Big Data environment.

The Report contains Artprice's now-famous Top-500 ranking of artists by annual auction turnover, the market's Top 100 auction results, our brand new Artprice100® index –a must for trading rooms–, a selection of Artprice market indices, and numerous detailed analyses per country, per market-hub, per creative period and per artistic medium. Its 18 chapters provide an uncompromising and unprecedented analysis of today's global Art Market. The Report can be downloaded in pdf format free of charge at Artprice.com

<https://www.artprice.com/artprice-reports/the-art-market-in-2017>

Posting very strong growth in 2017, the Art Market has entered a new era

**Public sales of Fine Art –painting, sculpture, drawing, photography, prints and installation– from 1 January 2017 to 31 December 2017*

General synopsis

Fine Art auction turnover reached \$14.9 billion for the full-year 2017

Global turnover increased +20% versus the previous year

Measured growth in H1 (+9%) became strong growth in H2 (+32%)

Worldwide, 502,900 artworks were sold publicly in 2017 (+3%)

The overall unsold rate was 34% (vs. 36% in 2016)

Artprice's global art price index ended the year stable versus 2016

The latest spectacular all-time Fine Art auction record at \$450 million for Leonardo da Vinci's Salvator Mundi represents the beginning of a new era for the Art Market in which the next big milestone will be the \$1 billion threshold. In the meantime, we are bound to see results between \$179 million and \$450 million in 2018.

Soft Power

China remains the world's top marketplace with \$5.1 billion in turnover: 34.2% of global total

The United States ranks second with \$4.9 billion

The world's top 5 marketplaces all posted turnover growth:

China +7%, USA +42%, UK +18%, France +35%, Germany +12%

France (in 4th place) accounted for 5.3% of global turnover with \$784 million, ahead of Germany's \$256 million, but still a long way behind the three leading marketplaces. France's turnover was up +35%, but this growth was essentially generated by the Anglo-Saxon auction firms, Christie's and Sotheby's, which posted +58% and +35% growth respectively in Paris.

Christie's and Sotheby's domination of Fine Art auctions in France is getting stronger each year: the two houses now account for over half of the country's Fine Art auction turnover (54% in 2017) compared with 47% in 2016.

Christie's and Sotheby's together generate more Fine Art auction turnover in France than the other 214 French auction operators.

Christie's is the world's leading auction house with a total of \$4.4 billion ahead of Sotheby's with 3.4 billion

In China, Poly Auction (\$1 billion) beat China Guardian (\$815 million)

Phillips took 5th place in 2017 with a turnover total of \$471 million

In Europe, the two non-Anglo-Saxon leaders are the Austrian firm Dorotheum (\$78 million) and the French firm Artcurial (\$76 million).

Trends

Artprice's 2017 global Top 500 index contains 231 European artists, 162 Asians and 82 North Americans

The Top 10 includes 4 Chinese artists, 3 Europeans and 3 Americans

2017 saw new auction records for many high-profile figures in Art History including Leonardo da Vinci, Jean-Michel Basquiat, Qi Baishi, Zao Wou-Ki, Marc Chagall, Fernand Léger and Constantin Brancusi

Financial performances

Repeat sales** generate an average annual return of between 5.5% and + 8.3%

In the longer run, works purchased from \$200,000 to \$1 million generate the best annual return: 8.3%

** The same work purchased and resold at auction during 2017

Artprice100© “The Wolves of Wall Street at the gates of the Art Market”

The Artprice100® shows a progression of +360% since 2000

+360% since 2000 represents an average annual return of 8.9%

Revised annually, the new index replaced 4 artists in 2017

The new index contained 1 Chinese artist (Zhang Daqian) in 2000, versus 18 in 2017

France

Towards new regulations for France's auction operators...

Many public documents show that French Art Market players, among others the *Syndicat des Maisons de Ventes* (SYMEV) have taken a stand: against a backdrop of art market globalisation spearheaded by the widespread adoption of internet auction sales, France's share of the global Fine Art auction market – a share that was over 60% in the 1970s – fell back to a dangerously low level of less than 4% in 2016! Aware of this worrying reality, the sector's professionals via the *Syndicat des Maisons de Ventes* (SYMEV), have been sounding the alarm over the past year... and, it would seem, they have been heard.

This news was clearly expressed at the annual meeting of auctioneers that took place at the end of 2017. The French authorities are working towards a complete overhaul of the much-contested and obsolete regulatory framework that governs public auction sales in France. The *Conseil des Ventes Volontaires* (CVV) –France's auction market oversight authority– will apparently become an agency of self-regulation, closer to the realities of the market and more in tune with the digital and global issues that have transformed the sector.

At the end of November, in front of the assembled heads of France's auction sector, Sylvain Maillard, the elected representative for the Paris constituency that is home to the the famous Hôtel Drouot, and former campaign spokesman for Emmanuel Macron, clearly expressed the government's willingness to act: *“all the points you have raised have been taken very seriously by the public authorities (...) and all the possible solutions to these problems are currently being examined and explored.”*

On March 7 next, the French Senate will be chairing a session entitled *The attractiveness and legal competitiveness of the French art market*, under the twin council of the Senate's Law Commission and its Culture Commission. There can be no doubt that this initiative is part of a new reform dynamic that will lead to the adoption of a new legal framework as of 2018.

The removal of a major administrative impediment that is unique in Europe would indeed allow the French art market to begin the lengthy process of recovering the position it held for over a century in the global art market. *End of quote.*

These developments represent a major recognition for Artprice, and should lead to the resolution and satisfaction of all of Artprice's claims & demands during a long and arduous battle.

The new awareness of the sound logic of investing in art, along with other motives such as speculative buying and collecting art as a passion have coincided with an intense level of demand for big-name masterpieces from the world's new museums. Despite a generally lacklustre global economy, these market forces have boosted demand for artworks worldwide with the global auction turnover up +20% in 2017, generating a very impressive total of \$14.9 billion.

The drivers of this growth are ease of access to Art Market information, electronic sales (98% of the market's participants are connected to the Internet), the financialization of the market, a growing population of ever-younger art consumers (from 500,000 in the 1950's to 90 million in 2017) and the extension of the market to the entire Asia/Pacific area plus India, South Africa, the Middle East and South America.

The growth of the museum industry is also playing a crucial role. With more than 700 new museums opening every year, the museum industry has become a global economic reality in the 21st Century. More museums opened between 2000 and 2014 than in the previous two centuries, and demand for museum-quality works is one of the key factors in the spectacular growth of the Art Market. The Art Market is now a mature and liquid market offering returns of 8% per year on works purchased over \$200,000.

In 2017, the intense competition between China and the USA generated explosive growth in the West, but confirmed China's role as the leading global marketplace for art despite US growth of +42% and the historic new absolute record of \$450 million hammered for Leonardo da Vinci's *Salvator Mundi* at Christie's in New York. China's domination is established with just \$0.2 billion over the US. Art clearly represents an essential element in the Soft Power arsenals of the United States and China, and, on a smaller scale, of Qatar and the UAE.

China's supremacy is also once again visible in our ranking of the world's top 500 artists by annual auction turnover. Chinese artists represent 32.4% of the total number compared to just 16.4% for American artists. The rest are Europeans (46.2%) and other nationalities (5%) essentially Latin Americans and South-West Asians.

Considering the macro and micro-economic data, the last 18 years have confirmed the Art Market as a refuge against economic and financial turbulence, generating substantial and recurring returns.

In a context where central banks are effectively implementing negative interest rates, the Art Market has enjoyed insolent health with our new Artprice100® index showing a progression of +360% since 2000. This new index covers the Top 100 artists in all three major segments: Old Masters, Modern and Contemporary, from all over the world. However, this level of return is not restricted to works by star artists. Our analyses show that the average annual yield on artworks purchased above the \$20,000 line is around 5.5%.

The Internet (Microsoft estimates over 5 billion people connected worldwide) has now become the principal and definitive forum for auction operators worldwide who are using it to consolidate their market shares on all continents. Of the world's 6,300 auction houses, 98% are today present on the Internet (versus just 3% in 2005).

The Art Market is an efficient, historical and global market whose ability to withstand economic and geopolitical crises is now beyond any doubt. Over the last 18 years it has outperformed most of the world's principal financial markets by a considerable margin.

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About Artprice:

Artprice is listed on the Eurolist by Euronext Paris, SRD long only and Euroclear: 7478 - Bloomberg: PRC - Reuters: ARTF.

Artprice celebrates its 20th birthday, editorial by thierry Ehrmann, founder and CEO of Artprice. <https://www.actusnews.com/fr/ARTPRICE/cp/2017/10/04/artprice-celebrates-its-20th-birthday-editorial-by-thierry-ehrmann-founder-and-ceo-of-artprice>

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Artprice is the global leader in art price and art index databanks. It has over 30 million indices and auction results covering more than 700,000 artists. Artprice Images(R) gives unlimited access to the largest Art Market resource in the world: a library of 126 million images or prints of artworks from the year 1700 to the present day, along with comments by Artprice's art historians.

Artprice permanently enriches its databanks with information from 6,300 auctioneers and it publishes a constant flow of art market trends for the world's principal news agencies and approximately 7,200 international press publications. For its 4,500,000 members, Artprice gives access to the world's leading Standardised Marketplace for buying and selling art. Artprice is preparing its blockchain for the Art Market. It is BPI-labelled (scientific national French label).

Artprice's Global Art Market Annual Report for 2017 published in March 2018:
<https://www.artprice.com/artprice-reports/the-art-market-in-2017>

Artprice's Contemporary Art Market Annual Report for 2017 - free access at
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