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### Frieze tests strength of art market: Slowdown in China is the latest challenge, after the summer's economic uncertainty

By Melanie Gerlis

Where one goes, will the other follow? The art market keeps an eye on China's economic slowdown

London. Once again, Frieze Art Fair opens its tent amid global economic uncertainty. The contemporary art fair faces the now familiar pressure of being the market's first test of health following a summer of discontent. While it isn't quite the dramatic downturn of 2008, the risk of recession in Europe and a serious slump in the US are unappealing realities. And now there's a new problem: a slowdown in China, the country that has been powering the global economy—and propping up confidence in the art market—for the past few years. "Evidence is building [that] the art market could pause... [Wall] Street is discussing a China hard landing," says David Schick, a market analyst with the US investment bank Stifel Nicolaus.

#### Eastern promise

For international contemporary art dealers, the Chinese market has mostly been about the promise represented by its growing class of high-spending consumers—and, boy, has the art world invested in that potential. In the past year, Gagolian Gallery (D8) opened its first Asian outpost in Hong Kong, and White Cube (F11) announced that it will open its first overseas gallery there next year. Galerie Perrotin (F7) and Lehmann Maupin (F16) are looking for staff and space. The Art HK fair was bought by Art Basel in May, and newcomers at this year's fourth edition of the fair included David Zwirner (G13), Sprüth Magers (D7), Yvon Lambert (H2) and Victoria Miro (G5).

#### Cooling the craze

So, what now? The dealers congregating in the tent this week are keeping their chins up. Those with plans in Asia say that these are still on track (although little has progressed). "It's a new economy that we're all trying to understand," says David Maupin of Lehmann Maupin gallery, which is planning a pop-up space in Singapore. Those in China say that, while confidence is still high, a cooling of the contemporary craze may not be such a bad thing. "People don't want to slow it down, but it's arguably moving too fast," says Lu Jie of Beijing's Long March Space (E20). "There are too many people who think of art just as an investment," he says (there are believed to be nearly 40 art investment funds in China).

Others accept that times are tough, but say China should be approached with a long-term game-plan. "The reality is more exciting than the hype. There is huge potential but it is going to take time and effort to build relationships," says Magnus Renfrew, the director of Art HK. David Roberts, the property developer and -contemporary art

collector, says: "While China may take a dip in the short term, it will potentially be a huge market in the future. [The galleries opening in Hong Kong] are shrewd operators."

The art economist Clare McAndrew can also see advantages of a slowdown in China. "The government will be looking to get people to spend more to help sustain growth. There is only a very small handful of rich Chinese buying art—but bring on the new middle class," she says.

Meanwhile, the rest of the world remains the immediate cause for concern. "We have a global outlook but our footprint is in the US, so we're more worried about that economy," says Courtney Plummer of Lehmann Maupin. ArtTactic's latest market confidence report, released on Monday, showed a 55% fall in confidence since June and a negative outlook for the US and European contemporary art markets for the first time since autumn 2009. But, says Plummer, "the great thing is that Frieze kick-starts the season".

Amanda Sharp, co-director of Frieze, said yesterday: "We have been blessed with good weather and there are great shows in the museums, so it feels like the right ingredients are in place." With art worth an estimated £225m on sale at the fair and a potential total of £110m coming to auction in London this week, many others are hoping the same.