

## Miami Event to Offer More Than \$3 Billion Worth of Art

By Katya Kazakina - Dec 4, 2013

Art Basel Miami Beach, the largest U.S. art fair, will offer more than \$3 billion of mostly postwar and contemporary works when it opens to a select group of collectors today, a 20 percent increase from two years ago.

Held at the Miami Beach Convention Center, the fair's 12th edition features 258 galleries from 31 countries, with pieces by top market performers including Andy Warhol, Pablo Picasso and Jeff Koons. Lavish dinners, boozy parties and at least 20 satellite art fairs, including Scope, Pulse, Untitled, the New Art Dealers Alliance and Art Miami, take place concurrently with the main event, which drew 50,000 visitors in 2012.

Visitors who may attend this year include hedge-fund managers Daniel Loeb, [Adam Sender](#) and James Chanos; private-equity executives Henry Kravis and J. Tomilson Hill; and entrepreneurs [Mark Zuckerberg](#) and Martha Stewart. [Warren Buffett](#)'s NetJets Inc., a sponsor since the fair's inception, has booked 210 flights in and out of Miami during Art Basel, a 17 percent increase from last year, according to Adam Johnson, senior vice president of global sales, marketing and service.

The fair is a highlight in a year that saw record prices as the wealthy chase investment yields in riskier assets amid record-low interest rates around the globe. Last month, New York auction houses sold about \$2 billion of Impressionist, modern, postwar and contemporary art. Christie's held the largest auction ever, selling \$692 million of works in less than three hours, including Francis Bacon's \$142 million triptych that became the most expensive artwork sold at auction.

### 'New Wealth'

"Postwar and contemporary art has been on fire," said Suzanne Gyorgy, global head of art advisory and finance at New York-based Citigroup Inc.'s Citi Private Bank. "There are so many more collectors globally now than even five years ago. Top tier, iconic art shows status and success. For new wealth, the fact that it's recognizable is very important."

Art prices have surged since the start of 2008, outperforming the [Standard & Poor's 500 Index \(SPX\)](#) of big U.S. stocks, according to Artnet Worldwide Corp. Global art sales, which peaked at 48 billion euros (\$65 billion) in 2007 and fell to 28 billion euros in 2009, reached 43 billion euros in 2012, according to

the latest annual Art Market Report from the European Fine Art Foundation.

Art is “now definitely considered a valid alternative investment,” said Clare McAndrew, author of the report, in an e-mail. “Therefore if financial assets become less attractive in terms of yields and prices, there are some people who would expand their allocations to alternatives, including art.”

## **China, Russia**

New buyers from emerging economies such as China, Russia and [Brazil](#) have contributed to the growth. Easy-money policies by the U.S. Federal Reserve and other central banks are another catalyst for escalating prices.

The Fed has kept interest rates near zero since December 2008 and is spending about \$85 billion a month on bonds. That has spurred an equity rally to records and boosted riskier asset classes as fixed-income investments have stagnated.

“There’s a lot of excess capital sloshing in the system,” said Todd Levin, director of New York-based Levin Art Group, who advises collectors. “It goes into various speculative assets, including real estate, diamonds, watches and art. That’s what allows people to spend \$142 million on a painting.”

AXA Art Insurance Corp. estimates that more than \$3 billion of art will be displayed at Art Basel Miami Beach. In 2011, the fine art insurer estimated the value at \$2 billion to \$2.5 billion.

## **Auction Records**

The increase is a result, in part, of record auction tallies that help drive up prices, said Vivian Ebersman, director of fine art expertise at AXA Art.

“Buyers are becoming more accustomed to thinking in higher values,” she said in an e-mail. “Works over \$10 million are becoming more normal.”

The priciest works at the fair will include sculptures by Koons, who became the most expensive living artist at auction when his “Balloon Dog (Orange)” fetched \$58.4 million at Christie’s last month.

Koons’ more than 6-foot high stainless steel sculpture “Baroque Egg With Bow (Turquoise/Magenta)” will be displayed at the booth of Gagosian gallery, which operates 13 branches around the globe. The work fetched \$5.5 million at Sotheby’s in 2009 when it was sold by Loeb, the founder of New York-based Third Point LLC.

Henry Moore’s “Two Piece Reclining Figure No. 1” (1959) is another highlight. The bronze has an asking price of \$8.5 million, according to the gallery.

# Baldessari, Warhol

First-time exhibitor **Dominique Levy** -- who opened her own gallery in New York this year after leaving L&M Arts, which she co-founded with Robert Mnuchin -- will also show Koons. His recent depictions of inflatable animals will be paired with Los Angeles-based artist John Baldessari's stark collages. Prices range from \$750,000 to \$5 million.

Warhol's 1966 self-portrait is priced at \$4.7 million at the booth of New York-based art dealer Christophe van de Weghe. Picasso's 1967 painting of a reclining nude has an asking price of \$7.7 million.

Tracey Emin, a British artist whose first U.S. museum exhibition opened this month at the Museum of Contemporary Art, North Miami, is showing her new neon signs, drawings and sculpture at the fair.

The bull market for art won't last forever, said Levin, the adviser.

"When they stop printing money and the credit starts to seize up a little, the art market will cool off faster than you can say 'Cat in the Hat,'" he said.

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