

WITH THE SECOND ART\$UMMIT IRELAND HAVING TAKEN PLACE IN DUBLIN LAST NOVEMBER, **TIERNAN CANNON** TAKES THE PULSE OF THE ART INVESTMENT SECTOR HERE AND SEEKS ADVICE FROM ONE ENTHUSIASTIC INVESTOR.

The art world is a realm that can prove difficult to comprehend and predict, particularly from an investment point of view. As with any form of investment, however, the more one understands a given market, the more likely

it is that there will be a better return. While the art market can be notoriously fickle, it is not without its trends and indicators that potential investors can learn to read. One needs only pay attention and learn as much as possible about the way the market functions to gain a much more solid grounding upon which to make more informed decisions.

It is this thinking that led Art\$ummit, an annual conference that merges the art and business worlds into one discussion, to take place at the start of November 2017 in Dublin. The conference aimed to provide its attendees – whether those with an art background looking to understand the intricacies surrounding wealth management issues or those with a financial background wishing to learn about investing in art through collection and wealth management strategies – with the knowledge and insight necessary to succeed in the changing landscape of the art market in Ireland today.

The conference was established by Rosanne McDonnell, a consultant solicitor and passionate advocate of Irish art collecting. After time spent travelling and attending art conferences in London, New York, Switzerland and other parts of Europe, McDonnell had immersed herself in understanding the legal and business challenges that various art markets face. Before long, she had developed a network of art experts internationally – a network which ultimately would enable her to found Art\$ummit. More generally though, building networks within the art world, she says, is in itself an essential component of success within the art investment market, as it allows one to gain the widest scope and impression possible.

“Networking and sharing of information is vital to a successful art market,” she says. “No one person has all the expertise, and this is why I decided to create [Art\$ummit]. It is a collaboration of all people within the art market encompassing tax experts, legal advisors, dealers, art economists in all aspects of wealth and collection management.”

Networking creates a strong basis of understanding within the market, and once links have been established, it allows an investor to concentrate on their personal investment strategy. An approach that McDonnell has seen to be effective in this regard is

the diversification of genres of the artworks being invested in. The benefits to this approach are essentially the same as diversifying within any market – in layman’s terms, it prevents all of an investor’s eggs from being in one basket.

“The reason for diversity amongst genres is that if one wishes to liquidate their art collection to raise finance, the market will respond better to different works of art at various times, and so the art collection will maintain a certain level of value which appeals throughout its lifetime,” explains McDonnell. “Most people who start out investing in art tend to initially focus on genres such as impressionism, post-impression, American abstract expressionism and post-war European painting. They are principally informed by global economics and sales patterns, such as the art auction results of Christie’s or Sotheby’s.”

Diversifying one’s collection and keeping an eye on the trends of the leading auctioneers is certainly a helpful way to establish a footing within the art market, however there are still no guarantees. Like the stock market, prices in art rise and fall, and can do so sharply and without much warning. Art has no intrinsic monetary value and its price is based on what someone is prepared to pay on a given day. It might be the case that a piece triples in value over ten years, or it might end up being worth less than what one initially paid for it. Given this unpredictability, there is a consistent piece of advice offered to investors by experts and those familiar with the manner of the market – invest in what you love.

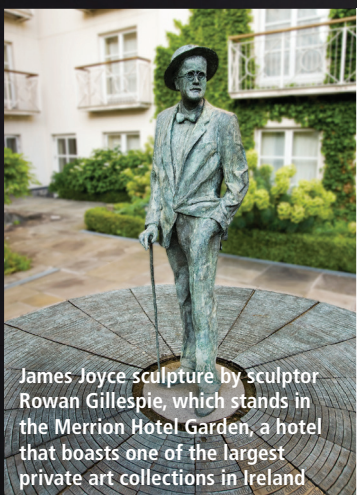
INVEST WITH PASSION

John Cunningham, who will be familiar to some readers as Chair of the Chambers Ireland CSR Awards judging panel, is a businessman who invests in art. He is currently spearheading a campaign with the Irish Museum of Modern Art (IMMA) to raise substantial private funding for contemporary artists in Ireland. The fund was established in response to the severe funding cuts to the arts sector made since 2008 and has so far helped raise over €250,000.

PUTTING ART TO THE TEST

Buying art pieces for large sums of money without seeing them up close and personal is a risky business. Irish start-up Artfetch, which in 2016 was acquired by UK company Rise Art, can help. The company, which promotes and sells the work of more than 70 international artists, taking a commission on all sales made through the website, allows you to rent some of their pieces by the month. It’s an ideal way to test your love before you actually commit.

www.riseart.com



James Joyce sculpture by sculptor Rowan Gillespie, which stands in the Merrion Hotel Garden, a hotel that boasts one of the largest private art collections in Ireland



Water colour landscape by Dieter Blodau, a German artist who, during the 1960s, moved to Ireland and lectured at the Limerick School of Art and Design



Rosanne McDonnell,
founder,
ArtSummit Ireland

Cunningham himself has been collecting art for many years and has thus gained a manner of insight on the market's workings. Like McDonnell, Cunningham advises potential art investors to do their research and to diversify their collection if possible, but claims that the most important action an investor can take is to put money into art they feel passionate about.

"Having been collecting for all those years, I've got a view that to go down the route of collecting art solely as an investment is something to feel a little dubious about – I think you have to buy what you like," he asserts. "I think that, yes, if you're somebody with endless amounts of money who wants to put together a stunning investment for the future, there are certainly things you can do from the point of view of analysing the sales and understanding who the top ten or 15 artists are in the Irish or international sense. But I think the most important thing is to buy what you like."

Cunningham encourages anyone to invest in art, regardless of the sums of money they have at their disposal. Though art collection and investment can generally be perceived as an expensive, high-brow pursuit, the pieces themselves needn't be overly lavish and expensive assets. There are endless amounts of pieces for sale that won't necessarily break the bank, ensuring the market is open to anybody with an interest. Still, it can be difficult for first-time investors to know how to proceed, so as well as buying what one loves, Cunningham offers a further piece of advice that has stood to him personally over the years.

"If you're going to buy a particular artist, buy a good piece," he advises. "If you're going to buy, say, a Yeats painting, buy a good one. Don't become obsessed with the artist themselves, but rather by a quality piece of work."

While it might seem like an attractive prospect to buy a somewhat off-kilter piece from a given artist, their best work is more likely to appreciate in value than an inferior but more well-known piece by the same artist. In essence, having a name doesn't necessarily mean it's a quality piece.

A further essential point that investors should take note of is

to look after the piece after the purchase has been made. This will involve a good deal of research to establish how best to preserve the integrity of the specific piece, but in order for it to maintain and hopefully increase its value, it will need to be kept in as fine a condition as possible.

STATE OF THE MARKET

Though it suffered greatly after the 2008 global financial crisis, the global art investment market has shown signs of recovery – though not always consistent – and is worth billions to the global economy. According to a 2017 report published by Deloitte, the overall art fund market in the first half of 2017 was conservatively estimated to be worth US\$834 billion, down US\$1.03bn from 2016. In spite of this, the report suggests, there are signs particularly in the US and European markets that new art investment funds are seeking to enter the market.

The Irish art investment market is relatively small and is therefore bound to global trends. Art sales are extremely unevenly distributed around the world, with art centres such as London and New York taking up a significant proportion of the market share. Thus, what happens in these centres affects the smaller markets like Ireland. Nonetheless, there is potential in this country for further growth, as Rosanne McDonnell suggests: "Ireland does have a healthy art market that we should be proud of, and I believe that there is huge potential for growth once it is recognised and embraced."

From an investment point of view, art is a high-risk strategy. The market is changeable and difficult to predict and returns are by no means a guaranteed outcome. However, it is a unique investment market that offers much more than returns and profit, as John Cunningham is at pains to stress: "The greatest value you're going to get is having a home that is thoroughly and utterly enhanced by the presence of art. That to me is the real winner."