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News Release

The Art Basel and UBS Global Art Market Report: Continued growth for global art market, with evidence of active buying by millennial collectors

- **Global art market up 6% to an estimated \$67.4 billion, its second highest level in 10 years.**
- **US retains position as the largest market; and the United Kingdom regains its place as the second largest market ahead of China.**
- **UBS research collaboration reveals fresh insight on collecting behaviors of high net worth individuals in the UK, Germany, Hong Kong, Singapore and Japan.**

Zurich, 08 March 2019 – UBS and Art Basel today published the third edition of the Art Basel and UBS Global Art Market Report, authored by renowned cultural economist Dr Clare McAndrew, and integrating strands of research from UBS. A comprehensive and macro-level analysis of the global art market in 2018, the report covers key trends in the market in the context of wider economic shifts.

The key findings include:

- **Global Sales:** Sales reached an estimated \$67.4 billion in 2018, an increase of 6% on 2017, with further consolidation at the top end. This brings the market to its second highest level in 10 years, with values advancing 9% over the decade from 2008 to 2018.
- **Leading Markets:** The US retained its position as the largest market worldwide, accounting for 44% of sales by value. Sales in the US reached \$29.9 billion, the highest recorded level to date. Despite political uncertainty surrounding Brexit, the United Kingdom had a relatively strong year of sales in 2018, with the value of sales to and from the UK art market currently dominated by non-EU trade. With values rising 8% to just under \$14 billion, the UK regained its place as the second largest market at 21%. Sales in China, the third largest market at 19% reached \$12.9 billion in 2018, a decline of 3% year-on-year.
- **Global Wealth and Art Buyers:** The report includes the results of a survey of high net worth collectors in the UK, Germany, Singapore, Hong Kong and Japan carried out in 2018 by Art Economics and UBS. In previous surveys of US collectors, conducted as part of ongoing research into investor sentiment, UBS Investor Watch, the majority of respondents were aged 50 years and over, however, in the newer markets in Asia, a very different age profile emerged in 2018: in Singapore, 46% of collectors were millennials, and 39% were millennials in Hong Kong. Millennial collectors made up just under half (45%) of the high-end spenders (\$1 million plus), underlining the importance of the spending power of this demographic.
- **Online Sales:** The online art market reached an estimated new high of \$6 billion in 2018, up 11% year-on-year. At 9% of the value of global sales this is slightly lower than the global online retail sector, where e-commerce represented 12% of total retail sales in 2018. The UBS and Art Economics survey of HNW collectors in 5 markets, showed that the majority (72%) had not exceeded a price of \$50,000 online. However, there is evidence that some collectors are increasingly willing to pay high prices online. 17% of the sample had bought a work of art or object for \$100,000 or more and 4% had spent \$1 million or higher on a work of art online.
- **Auction figures:** Sales at public auction of fine and decorative art and antiques reached \$29.1 billion in 2018, up 3% year-on-year, and up nearly 30% on 2016. Works of art selling at prices in excess of \$1

million accounted for 61% of total sales value in the fine art auction market in just 1% of lots. Auction sales in the US had the strongest growth, increasing by 18% to \$11.8 billion.

- **Dealer Figures:** Sales in the dealer sector increased 7% year-on-year to an estimated \$35.9 billion. The advance in sales continued to be driven by the high end of the market.
- **Art Fairs:** Art fairs continue to be a central part of the global art market, with aggregate sales estimated to have reached \$16.5 billion in 2018, up 6% year-on-year. The share of the total value of global dealer sales made at art fairs was 46% in 2018.
- **Gender issues:** The report includes a comprehensive review of artist representation and gender issues. Notable research presented includes:
 - According to data from Artfacts.net, the share of women in global exhibitions has grown from 25% in 2000, up to 33% in 2018.
 - For those galleries working in the primary market, 36% of the artists they represented in 2018 were female artists, which accounted for an average of 32% of their sales.

The report draws on two additional strands of UBS research:

- UBS Evidence Lab's research on luxury expenditure in Greater China *Visiting the Great Mall* which revealed that millennials are more confident than older consumers, with women being the 'most resilient spenders'. The research found that millennial luxury consumers have the highest current average transaction values and were considerably more confident about the future compared to more cautious older consumers, having high disposable incomes, property and little experience of economic recession.
- The UBS/PwC Billionaires Report 2018: *New Visionaries and the Chinese Century*. Despite healthy growth in the Americas, still home to the largest concentration of billionaire wealth, and in Europe, Chinese billionaires expanded their wealth at nearly double the pace, growing by 39 percent to USD 1.12 trillion in 2017. The report found that China was creating two new billionaires a week, and Asia as a whole creating more than three billionaires per week. This shows a phenomenal trajectory over the last decade or so, as in 2006 there were only 16 Chinese billionaires.

Mark Haefele, Chief Investment Officer, UBS Global Wealth Management, said: "The art market is a fascinating reflection of economic developments and trends in wealth creation. Most notable is the growth of billionaire and millennial spending power, particularly in Asian markets. As ever, passion remains the market's lifeblood and drives the best collectors who value quality pieces that provide pleasure and cultural enrichment."

Clare McAndrew, Founder, Arts Economics said: "While we've seen another strong year of aggregate sales, the mood of the market in 2018 was generally less optimistic, as many wider economic and political issues continued to weigh heavily on sentiment. This drove some risk-averse buyers and sellers towards private sales in the dealer market, which saw strong sales overall. The auction market also maintained pace but with wide variations between countries and price segments. Countering this, a very positive finding of the research this year was the dynamism in collecting by global millennials. New research on global HNW collectors showed that the millennial generation were considerably more active buyers in all sectors of the art market than other generations, and accounted for about half of those collectors regularly spending at the level of \$1 million or higher. It also made clear that their spending patterns and preferences had more in common with other millennials across regions than they did with collectors within their own region from a different generation. Understanding the preferences and motivations of these key global demographic segments will prove critical for the art trade in future."

Noah Horowitz, Director Americas, Art Basel said: "This report is essential reading for arts professionals, providing a measured macroeconomic synopsis of where the art market is today and where it is headed. While overall results were up in 2018 – driven by continued gains at the top end of the market, with notable

green shoots in the online segment as well as with a younger generation of increasingly international collectors – Dr. McAndrew's study draws readers' attention to shifting confidence indicators as well as to a broad range of critical business challenges."

Download the full Art Basel and UBS Global Art Market Report [here](#).

UBS shares its passion for art and collecting with a global community of clients. The firm employs over 20 experts globally to deliver its art platforms, to convene and connect exceptional people in the art world through its global networks, and to provide insight on managing art collections and legacy planning through our Art Competence Center. UBS has recently established the Art Collectors Circle, a global community for wealthy collectors and cultural philanthropists who are passionate about art to connect, share knowledge and best practice on issues such as succession-planning; risk management; storage; conservation; and building private museums and legacies.

Note to Editors:

UBS and Contemporary Art

UBS has a long history of supporting contemporary art and artists. The firm has one of the world's largest and most important corporate art collections and seeks to advance the international conversation about the art market through its global lead partnership with Art Basel and as co-publisher of the 'Art Basel and UBS Global Art Market Report'. UBS also has partnerships with fine art institutions including the Fondation Beyeler in Switzerland, the Garage Museum of Contemporary Art in Russia, the Nouveau Musée National de Monaco, the Louisiana Museum of Modern Art in Denmark, the Deichtorhallen in Germany, the Museo del Palacio de Bellas Artes in Mexico and the Art Gallery of New South Wales in Australia. UBS provides its clients with insight into the art market, collecting and legacy planning through its Art Collectors Circle and the UBS Art Competence Center. The UBS Arts Forum convenes and connects exceptional people in the art world, providing thought leadership at the cutting edge of contemporary art. For more information about UBS's commitment to contemporary art, visit www.ubs.com/art.

About UBS's Chief Investment Office

UBS's Chief Investment Office (CIO) oversees the investment strategy for USD 2.3 trillion in client assets across UBS's wealth management businesses globally. CIO is headquartered in Zurich and has strategists and analysts located in major financial centers worldwide, including New York, London, Hong Kong, and Singapore. CIO's expertise spans a full range of investments, from equities, bonds, currencies and commodities to alternative and impact investment funds.

About Arts Economics and Clare McAndrew

Arts Economics is a research and consulting firm focused exclusively on research and analysis of the fine and decorative art market for private and institutional clients. The company was founded by Clare McAndrew in 2005. Dr McAndrew is a cultural economist who specializes in the arts, antiques and collectibles markets. She completed her PhD in economics at Trinity College Dublin in 2001, where she also lectured and taught economics for four years. In 2002, Clare joined US firm Kusin & Company, a boutique investment banking firm specializing in art investment, as chief economist. After three years in the United States, Clare returned to Europe in 2005, and continued her work in the art market in a private research and consulting capacity for a global client base. She set up Arts Economics in 2005 to focus her efforts on art market research and analysis, and works with a network of private consultants and academic scholars in different regions around the world providing research and consulting services to the global art trade and financial sector.

About Art Basel

Founded in 1970 by gallerists from Basel, Art Basel today stages the world's premier art shows for Modern and contemporary art, sited in Basel, Miami Beach and Hong Kong. Defined by its host city and region, each show is unique, which is reflected in its participating galleries, artworks presented, and the content of parallel programming produced in collaboration with local institutions for each edition. Art Basel's engagement has expanded beyond art fairs through a number of new initiatives such as Art Basel Cities, working with partner cities on bespoke cultural programs. For further information, please visit www.artbasel.com.

UBS and Art Basel

The relationship between UBS and Art Basel began in 1994 when the Swiss financial services firm began serving as lead partner for the original edition of the show in Basel. In 1999, the partnership was extended to include Art Basel's Unlimited exhibition platform – which enables artists to realize highly original and ambitious projects – and, in 2002, the inaugural edition of Art Basel in Miami Beach. In 2014, UBS became involved with Art Basel in Hong Kong, officially assuming its current role as global Lead Partner of Art Basel for all three of its acclaimed international venues. In June 2016, it was announced that Art Basel and UBS would partner to commission a comprehensive, new annual art-market report by renowned cultural economist Dr. Clare McAndrew. As Global Lead Partner, UBS are also supporting Art Basel's latest initiative, the Art Basel Cities program.

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