

ART COLLECTOR



UNDER 5K ISSUE

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ART WORLD PROBLEMS

Flipping Off

Why do some commercial galleries discourage resale of an artist's work?

WORDS | JO LAWSON-TANCRED

Once a collector has bought a piece of art, they can do whatever they want with their new possession, right? Not always. They may be free to either hang it over the mantelpiece or keep it sequestered in a Swiss storage facility, but what if they plan to make a quick profit reselling the artwork? In May this year, for example, *Shenae and Jade*, 2005 by **Petrina Hicks** sold for an impressive \$68,750 (including buyer's premium) at local auction house Deutscher and Hackett. Increasingly, there is quick money to be made through selling contemporary art in Australia, especially if you pick the right moment. Collectors looking to do so may find themselves coming up against galleries, however, which often go to considerable lengths to discourage this activity, known as flipping, particularly in cases where an artist's star is still ascending. Why?

When a gallery takes on a new artist, it dedicates time and attention to shaping their market with the goal of achieving prices that are not only higher but, perhaps more importantly, stable. A dealer might employ smoke and mirror tactics to imply a low supply of new work, drumming up demand. Or, they might opt only to place works in particularly desirable collections, boosting the artist's profile. To go from emerging to well-established, an artist's market will usually grow at a steady rate over the course of decades. Any sudden dip in prices could spook prospective collectors. Unfortunately, this timeframe is threatened by the recent craze for snapping up

works by whomever is the hot new "ultra-contemporary" artist of the moment.

After finally getting their hands on a piece by one of these artists, a collector can be sure that the gallery has a long waitlist of buyers vying to get the next one. This means that, if the most recent work headed straight to auction, the perceived scarcity of the artist's work could incite a bidding frenzy. And wouldn't a new auction record in the millions be a great thing for the artist? After all, another edition of the same work by Hicks sold at Bonhams Warrane/Sydney a year earlier in April 2023 for the lesser sum of \$39,360 and, at that same sale Hicks' *Lauren in Red*, 2003 failed to sell. Surely the heightened interest in the artist this year is positive? Not if it happens too fast. "Before a secondary market can be established, galleries want to see their artists represented in museum exhibitions or well-known private collections," says art advisor and ex-Christie's specialist **Betsy Thomas**. Without this, there is nothing to substantiate a sudden spike in prices brought about by wild speculation, making these inflated figures precarious and liable to falter. "A volatile market makes it challenging for any collectors to make informed long-term commitments, viewing the artist as a short-lived trend," according to art market expert **Astrid Rosetti**. It also becomes trickier for collectors "to accurately gauge the true value of the work."

In the case of the recent Hicks resale, there isn't anything to worry about in terms of damage to her pricing. She has a well-established career, having been included in a long list of public gallery collections, with an enviable exhibition history at leading commercial and public galleries both in Australia and internationally, along with having had critical acclaim across her career and with numerous prestigious art prizes under her belt.

But for less established artists, the sustainability of an artists' livelihood is put at risk by flipping, in many cases for no immediate

reward to the artist since resale royalties are limited to just a few regions across the globe. The negative effect of this trend has been recently exacerbated by a period of economic downturn and stagnant sales, with commentators noting a broader market correction might be in the wings as resale prices start to fall well short of their estimates. In March, **Katya Kazakina** analysed New York's contemporary art auctions for Artnet News, surmising that "much of what did sell went for well below previous highs". She highlighted the example of **Emmanuel Taku's** *Sisters in Pink*, 2021, which was flipped several times during the year it was made, peaking at \$189,000. Three years later, shockingly, the hammer price fell to just \$8,000.

"Ultimately, focusing on the artist's long-term success and enjoying the piece should be the primary motivation for collecting." *Astrid Rosetti*

To defend their artists from this fate, galleries across the world will control access to the work by vetting potential collectors before making a sale. "Buyers can often feel like showing interest in an artist is part of a larger audition with no guarantee that they will get access," according to Thomas. Indeed, says Rosetti, "galleries favour collectors who invest broadly in their programme, purchasing works from less sought-after artists to

gain access to the more coveted pieces." As an extra layer of protection, some galleries also add "no resale" clauses to purchase agreements that stipulate the buyer must wait a period of around 3-5 years before offering the work for sale, though the no-resale clause is largely these days only the practise of the international mega-galleries, but is slowly becoming more prevalent. Alternatively, they might insist on a first right of refusal, so that the client at least resells the work via the same gallery, handing back control over that artist's market. If these terms are ignored, a gallery might blacklist individuals and spread the intel. For this reason, flippers often prefer private sales to public auctions.

So, is earning a handsome mark-up on a painting ever worth a collector burning bridges and losing that hard-earned top spot on a gallery's waitlist? Most arts professionals would advise clients to be careful and hold onto a new acquisition for at least three years. After all, as in the case of Hicks, if an artist's prices rise steadily, there will be an opportunity to make a profit down the line. "Younger collectors are dominating the ultra-contemporary scene and they view art as a financial asset to build wealth," notes Thomas. "The fundamental shift is that a collector is no longer acquiring ultra-contemporary work for sole enjoyment, they are buying in to the market for an artist." It is therefore usually in their interest that the artist has a stable career and many collectors enjoy taking an active role in supporting artists, for example by loaning out works to public exhibitions. In the words of Rosetti, "ultimately, focusing on the artist's long-term success and enjoying the piece should be the primary motivation for collecting." ■

What's on your mind? Is there an artworld issue playing out now that you want to know more about? Send your thoughts to feedback@artcollector.net.au

BEHIND THE SCENES

Shifting Sands

Commercial galleries come and go, but what happens to an artist's practice and prices when their gallery closes?

WORDS | COURTNEY KIDD

Established in 1993, Warrane/Sydney's Sarah Cottier Gallery lived through 30 years and an impressive four iterations, beginning in the slightly grungy suburb of Newtown, and recently ending in the more salubrious surrounds of Paddington, each iteration offering a subtle shift in the stable represented.

The gallery and its artists enjoyed an international profile, exhibiting at major art fairs in Basel, New York, Madrid and Cologne, and attracting significant collecting institutions. When asked whether they'd consider re-opening in the future, Cottier's partner **Ashley Barber** said never say never. "We need a break from what we've been doing for the past 30 years. We've always chosen to work with artists we share a personal connection with, our focus being cross-disciplinary." The corollary to that personal connection is a concern for the welfare and future representation of the artists.

Andrew Baker Art Dealer closed in 2021. **Andrew Baker** said: "after 22 years of representing artists and loving art, I wanted to leave with that taste in my mouth." Baker worked closely with artists from the Cape York Peninsula, Aurukun and Lockhart River. His impressive stable included **Michael Cook, Karla Dickens, Fiona Foley** and **Donna Marcus**. Baker says, "the responsibility of

working with those communities that you are not aware of when you first start representing them is huge. So much can go wrong in their personal lives and it starts a chain of events that effects the artists exhibiting."

Jan Murphy Gallery, established in 1995, is now representing Cook, whose last show was with Baker in 2021. Cook's imaginative and compelling *Natures Morts* photographs measuring 140 x 200cm unframed sold in 2021 for \$13,200 and in 2024 with **Jan Murphy** they're holding their value well, the same sized photographs framed selling for \$19,000.

At the time of the gallery's closure, Baker worked to introduce his artists to other galleries. Marcus says, "Andrew initially made contact with **Sally Dan-Cuthbert** - we both believed Gallery Sally Dan-Cuthbert would be a great match, and it has been a timely and wonderful opportunity on many levels and brings the continuation of support from past (and new) collectors."

Brenda May closed her Warrane/Sydney gallery MAY SPACE following 37 years of successful gallery operations. "During covid I was still paying rent. Sales online kept artists fed and the business running. I worked to get my artists teamed up with new galleries and firmly believe that when an artist moves to another space, prices should remain the same until they've settled in." But May points out: "many of the new galleries don't have a represented artist list, they might as well be dealers as they're not really representing the artists, they're selling merchandise."

Former director of Sydney Contemporary art fair, **Barry Keldoulis** knows a thing or two about the vagaries of the art market. Keldoulis had his own gallery for ten years. "I had weathered the GFC in 2010 but by 2012 decided to stop running a gallery and do pop up exhibitions at Basel and Hong Kong art fairs." Keldoulis worked to help his artists gain successful representation with other