



G A L E R I E M I C H A E L

PERSONAL

From the desk of Michael Schwartz

CHINA PAPERS

The GREAT WAVE of CHINA— Not just a superficial bubble

RIDING THE WAVE!

Where to begin? I guess my recent visit to Shanghai is as good as any place to start. I felt like Marco Polo embarking on his first voyage to Asia! For my western eyes, the sights, the sounds and the density of hundreds of skyscrapers was a remarkable experience. If I had access to the H.G. Wells' time machine and could journey back in time to the late 1800s, I might have witnessed the same dynamic growth that occurred in New York, Chicago, or any other great American city. In the case of China, now the second largest economy in the world, continuous growth, and therefore power, appears inevitable—like a GREAT WAVE inexorably moving forward. The dynamics of industrialization and future economic dominance is evident in all its glory.

Now that I am finally back home after two amazing weeks, things are settling down. My jet-lag is gone and I'm now armed with an acute understanding and awareness of the new Chinese art collector. The private and public accumulation of fine art is not only tolerated, it is actively encouraged. Government support and sponsorship is viewed as an important tool toward furthering China's national and cultural identities. By collecting European art from the 19th and 20th centuries, the Chinese are able to further develop their own cultural heritage and enhance their already-profound place in world history.

It is fascinating to see how Chinese affluence has evolved in the last decade. Wealthy Chinese aren't very interested in owning sports franchises. They are however very interested in real estate and objects of tangible value, and items of great cultural significance, like fine art. The typical wealthy Chinese collector is one who consults with leading scholars, museum curators, and respected Chinese artists. The greatest badge of arrival for this group of collectors appears, in my observation, to be the successful collection and curation of private museums. One's ability to build, stock and staff one's own museum is the ultimate symbol of cultural awareness and arrival in Chinese high society.

To achieve this goal, a group of billionaires hire older-generation museum directors and curators, as well as China's most respected living artists, as key advisors.

The Chinese are modeling their collecting habits after some notable western cultural stalwarts:

- Eli Broad (The Broad Museum)
- J. Paul Getty (The Getty Center • Armand Hammer (The Hammer Museum)
- J.P. Morgan (The Morgan Library)
- Henry Clay Frick (The Frick Collection)

The cultural elite's sphere of influence and opinion in China are vital to what is to be acquired and permanently displayed in the new museums being built. As an example, I witnessed one of the most highly-respected Chinese artists (who also happens to be the director of the national museum in the city of Hangzhou) advise a Chinese collector and museum founder to acquire a remarkable Diaz de la Peña painting for a world-record price, more than doubling the previous record of \$156,000 set in 2015. The trust placed in the older generation of art expert is a benchmark of the Chinese buying philosophy.

If the statistics are accurate, there are well over one million millionaires and billionaires vying for great historical works of art at the highest level. We recently witnessed several new world-record prices for art during the current Chinese buying spree. Another recent example of the strength of the Chinese market is the purchase of a rare and important bowl by a Chinese collector for \$30 million. The high prices Chinese collectors are willing to pay for the very best material available is unquestioned.



Important 18th century Chinese bowl brings in \$30.4M at auction

The attraction is by no means limited to Chinese art. Western art is also coveted because prominent Chinese citizens seek to create and cement their status on a long-term legacy basis. Just this year, a Salvador Dalí was purchased by a Chinese buyer for a staggering \$4,878,654! Yet another world-record for a Dalí painting! To put this in context, that 5" x 7" painting represents \$128,000 per square inch!



Salvador Dalí, Maison pour erotomane, 5" x 7" oil on panel. (Actual size shown)

A 2018 sale of a Picasso was even more extraordinary. The work sold for almost \$69 million, again with Chinese underbidders.



Pablo Picasso, Femme au beret et à la robe quadrillée, 1937 Marie-Thérèse Walter

Not to be left out, Chagall also set record prices. In 2017, a Chinese collector paid more than \$16 million for Chagall's *Le Grand Cirque* while another collector, again with Chinese underbidders, paid an amazing \$28.5 million for Chagall's *Les Amoureux*, 1928.



Marc Chagall, Le Grand Cirque



Marc Chagall, Les Amoureux, 1928

With the economic strength and wealth in China, we anticipate one million new-to-market Asian buyers with an unquenchable thirst for artworks ranging from 19th century plein air (Barbizon/pre-Impressionist) paintings to 20th century masters. This unrelenting acquisition drive for museum-quality works by the masters elevates a classic supply/demand scenario—great demand for a small segment of historically-proven artworks. There is currently a maximal demand for minimal supply.

In light the current environment, as a gallery, we have been aggressively pursuing top-tier works by both Barbizon painters (with a special focus on Diaz de la Peña, who Chinese scholars view as the bridge to Impressionism) and the Modern Masters, including Marc Chagall. This significant investment is in anticipation of the coming wave of Chinese buyers, so we can be strategically poised to offer the highest quality works to our collectors at attractive market prices.

For more insight regarding China and China's new collector base, contact Gallery Director Robert Avellano at either 310/273-3377 or at ravellano@galeriemichael.com. Please visit us at www.galeriemichael.com