



Middle Eastern Art Market Report 2014

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Introduction

Welcome to the Middle Eastern Art Report 2014. This is the final report of the four commissioned by Kingston Smith, covering Latin America, US and Europe, and Australia. This is also the first of the reports that I have personally been involved with.

Whilst the format of this report is similar to the earlier ones, the market is one which is potentially the most unknown, and consequently, of most interest. Preparing a report on a developing market presents its own challenges, especially one where we have to give consideration to diverse influences such as the impact of political unrest alongside the availability of enormous wealth. The positive signs of the market becoming more main stream include the growth of art fairs and investment in galleries and museums which are exhibiting Western Art as well as local talent. The local collector base is increasing, but the market is also of interest to institutional collectors who constantly seek the next cultural sensation at a relatively low price. Iranian art seems to be of particular interest and so we have undertaken a more detailed analysis of the art market and top artists from Iran.

We hope that you find the content of this report both educational and relevant, and would like to thank Portafolia and ArtTactic for their continued support in collating data, undertaking analysis and facilitating the expert commentary that has made these reports such a success.

If you have any questions, comments, or suggestions for topics that could be covered in future reports, please contact me.

Lynne Rowland, Partner

Lynne Rowland



Auction sales for Modern and Contemporary Middle Eastern art up 85.5% in 2013: Total sales of Modern and Contemporary Arab, Iranian and Turkish art for Christie's and Sotheby's reached \$18.5 million in 2013, up from \$10 million in 2012. This rise was driven by increased demand for Iranian, Egyptian, Lebanese and Turkish modern and contemporary artists.

Christie's dominates the market for Middle Eastern Modern and Contemporary Art: Christie's remains the leader in this market, with 15 consecutive auction seasons being held in Dubai and the auction house accounting for 74% of auction sales value within this collecting segment in 2013. After several years of holding both Turkish and Middle Eastern Modern and Contemporary sales in London, Sotheby's shifted its sales to Doha in April 2013 after an 18-month absence.

Iranian and Egyptian artists lead the market: In 2013, both Egyptian modern artists, such as Mahmoud Said, and Iranian modern artists, such as Parviz Tanavoli and Mohammed Ehsai, as well as contemporary Iranian artist Farhad Moshiri, dominated the Middle Eastern auction market.

Contemporary Middle Eastern art accounts for 42% of sales total: Contemporary Arab, Iranian and Turkish art accounted for 42% of sales value in 2013, a much larger share of overall auction sales than can be seen in, for example, the current Indian art market.

Museum developments in the United Arab Emirates see signs of progress: Although the construction of Louvre Abu Dhabi and the Guggenheim was delayed for several years, workers are already going ahead with the assembly of Louvre Abu Dhabi's distinctive dome.

The art market grows stronger as key players join forces: Christie's moves the dates of its regional sales and Sotheby's holds a contemporary art exhibition to coincide with Art Dubai.

Art Dubai runs for its eighth year: The fair introduces a new section dedicated to modern art and strengthens efforts to become a cultural platform for the Middle East, Asia and Africa.

Political unrest in the region: The political situation in many countries within the region presents a major challenge and negatively affects confidence among collectors in the market. However, political changes in Iran are likely to boost the market for Iranian art.

Trends in the primary market: Over the past eight years we have seen a real consolidation of the primary market in the Middle East, with Dubai emerging as the market centre for the region. Dubai boomed between 2005 and 2009, before undergoing a retraction during the global financial crisis. The regional gallery scene and art market have shown remarkable resilience. In contrast with other cultural capitals, galleries did not close in Dubai and the arts scene actually expanded during this time. The depression in Europe has perhaps accelerated the shift towards the East, as well as forcing institutions, galleries and the like to come to see themselves as part of a globalised art world.

Antonia Carver
Director, Art Dubai

Changes in the collector base for Middle Eastern art: Collectors are younger, savvier and more interested in contemporary art's place in the wider art world and, in general, art's place in politics and diplomatic relations; which is indeed my own personal obsession. These collectors have moved between international art and Middle Eastern art more fluidly than ever and they now understand that these are somewhat false dichotomies.

Alia Al-Senussi
Patron and VIP Relationship Manager, Art Basel

Online bidding at Middle Eastern art auctions: The most significant change has been the way that our new and existing clients have embraced buying online – both in our real-time auctions by bidding through the Internet and in our first internet-only auction. Last April, in Dubai our fourth-highest-selling lot was bought online by a collector who was working with Christie's for the first time. The introduction of online sales has shown that we have to provide a range of platforms for our clients. People are as comfortable transacting with us online as in the saleroom or over the telephone.

Michael Jeha
Managing Director Middle East, Christie's

Investment outlook for 2014: I see the Middle East art market holding reasonably well but overall, not soaring in the coming 12 months. In the short term, Iranian art will start to strengthen as soon as the political and economic situation improves. Moreover, some specific artists are starting to enter into the more global art market and make an impact, thus we will see some prices strengthen accordingly. While part of a longer-term hold, the area is furthering its museum collections and general education, which will have long-lasting effects on this market, although development has been slower than originally predicted.

Phillip Hoffman
CEO, The Fine Art Fund Group

Auction market trends: The Middle Eastern art market experienced a correction in 2009, which proved to be healthy in the long run. Prices have now re-adjusted but not yet to pre-2009 market levels. Since, auctions have moved towards focusing on fresh-to-the-market Modern works from major collections primarily from Egypt, Iraq and Syria. We are also seeing artists from other countries in the Gulf such as Saudi Arabia and the Emirates producing cutting edge works. Clients are willing to pay high prices and high premium for top quality works and we should see many artists' records set this year.

Elif Bayoglu
Deputy Director, Contemporary Arab, Iranian and Turkish Art, Sotheby's

Market analysis

Middle East

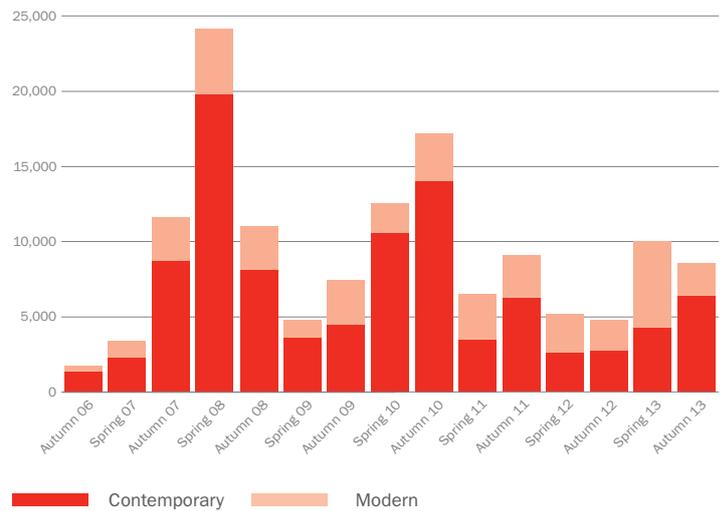
Positive collector sentiment in the Middle Eastern art market in 2013 saw Christie's Dubai sales of Arab, Iranian and Turkish Modern and Contemporary art surge by 85% compared with 2012.

The autumn season for Arab, Iranian and Turkish art sales took place on 29 and 30 October at Christie's Dubai, raising a total of \$8,528,300 against a pre-sale estimate of \$9,492,000 to \$13,133,500. This result represents the highest for Christie's Dubai since Autumn 2010 and stands 68% higher than for spring 2013.

Christie's strategy of using a two-part sale (evening and day sale) seems to have worked well so far, particularly as the Part II sale gives a more prominent role to contemporary artists from the region. This is particularly important in a market where the primary art market is still in its infancy. Yet Christie's is willing to test a new strategy next season by merging the two-part sales into one single auction.

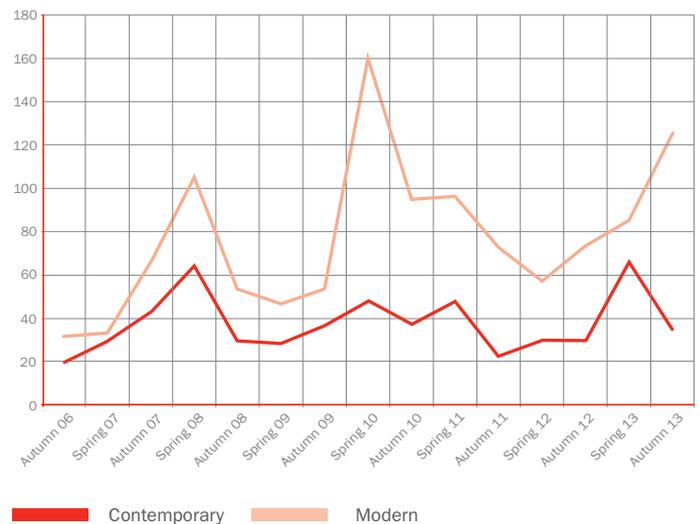
Christie's Part I sale accounted for 67% of the sale by value with the average lot price being almost 10 times higher than that of the Part II sale. Part I was dominated by modern art (60%) and Part II was dominated by contemporary art (63%). We have seen other regional art markets, such as India, where the more established modern art segment has marginalised the contemporary art market with very negative consequences.

Middle-Eastern Modern & Contemporary Auction Sales (\$',000)



©ArtTactic, 2014.

Middle-Eastern Modern & Contemporary Average Auction Price (\$',000)



©ArtTactic, 2014.

Market analysis

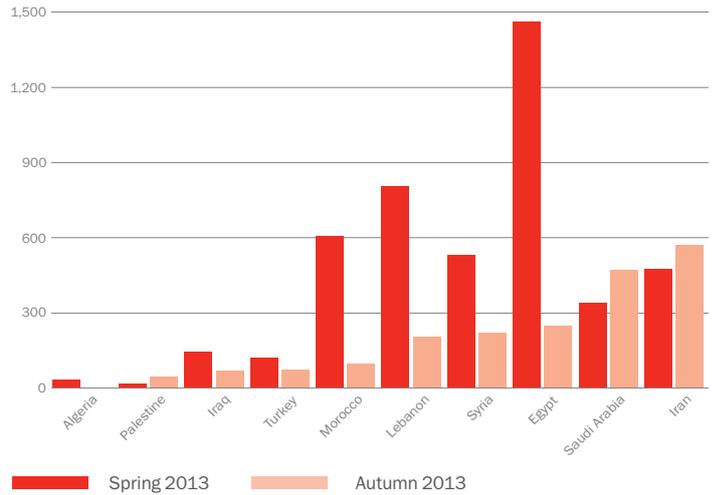
Middle East (cont.)

A world-record price for a painting by an artist from the region was set in Christie's Part I sale. The piece was from female artist Fahr El-Nissa Zeid (Turkish and Jordanian) titled *Break of Atom and Vegetal Life* (1962), which sold for \$2,300,000 (est. \$3m-\$4m). The second highest selling auction lot was Iranian artist Parviz Tanavoli's bronze sculpture *Oh Persepolis II* (1975), achieving \$780,000 (est. \$800k-\$1.2m). Coming in at third, the Lebanese artist Paul Guiragossian achieved a world record for his work *La Lutte de L'Existence* (1988) at \$500,000 (est. \$600k-\$800k).

For the Part I sale the greatest number of modern art lots was achieved by Turkish artists (48%) and the greatest number of contemporary art lots by Saudi artists (50%). In terms of price segmentation, 48% of modern lots sold above the \$1 million range, and 63% of contemporary lots fell within the \$100,000 to \$500,000 price range.

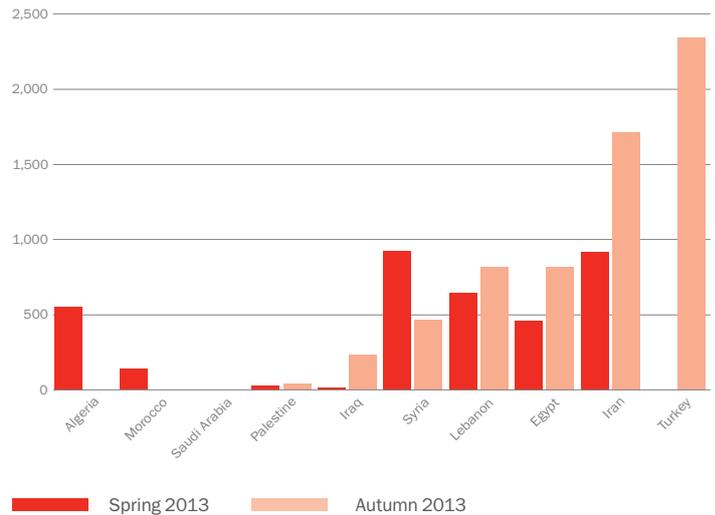
Part II of the sale offered 112 lots and resulted in total sales of \$2,821,300, falling comfortably within the pre-sale estimate of \$2,377,000 to \$3,333,500. The top lot in this sale was Iranian artist Farhad Moshiri's *84211* (2006), which sold for \$140,000 against a pre-sale estimate of \$80,000 to \$120,000. Iranian contemporary artists continue to play a major role, accounting for 40% of contemporary lots in the Part II sale.

Contemporary Auction Sales: Geographical Breakdown October 2013 (\$',000)



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Modern Auction Sales: Geographical Breakdown October 2013 (\$',000)



©ArtTactic, 2014.

Other Market Trends

Outlook 2014

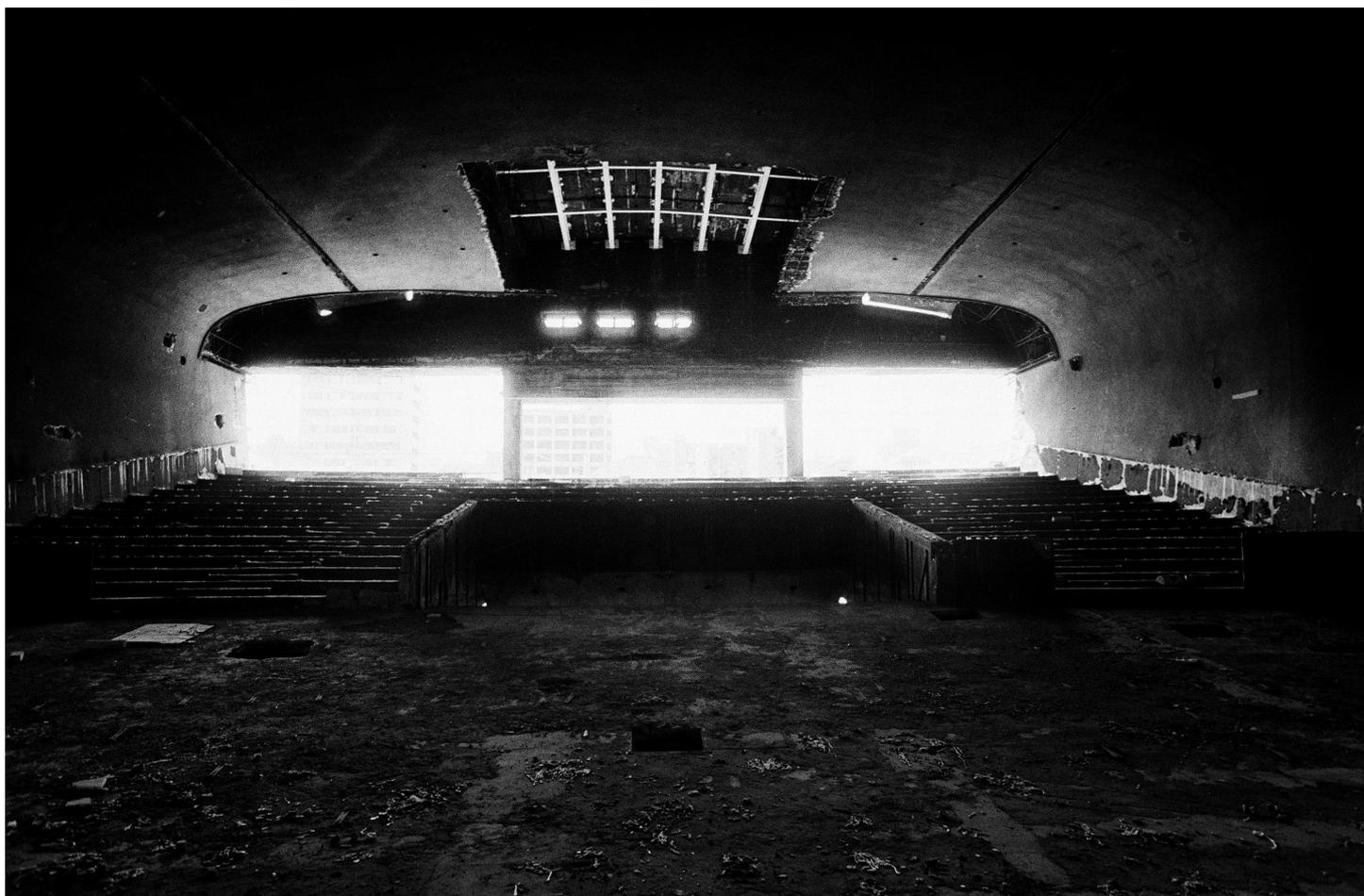
Positive views colour the outlook for the Middle Eastern art market in 2014 as museum developments show signs of progress and the 2014 art calendar for the region sees the primary and auction markets aligning their efforts. In addition, recent political changes in Iran have boosted expectations concerning the performance of Iranian art in the coming months. However, political unrest throughout many countries in the region represents a major challenge to the art market, as does state censorship of local art practices and contemporary artists.

Uncertain confidence among collectors for 2014:

Despite a near doubling of sales in 2013, a recent survey conducted by ArtTactic among international collectors shows that confidence in the Middle Eastern modern and contemporary art market was down 29% in the second half of 2013; geopolitical uncertainty is cited as the most common reason for this. However, confidence remains 4.6% above the 2012 level.

Museum developments in the Gulf:

Abu Dhabi's multi-billion dollar Saadiyat Island project shows signs of progress. This ambitious cultural development program includes the opening of Louvre Abu Dhabi in 2015 and the Guggenheim in 2017, designed by Jean Nouvel and Frank Gehry respectively. Although the museums' opening dates were initially set a few years earlier than those mentioned above, building works were temporarily suspended in 2011 due to allegations of labour abuses.



Caroline Tabet, *Beirut Lost Spaces: The Dome #7*, 2001, Inkjet print on Hahnemüle Baryta FB paper, 72 x 110 cm, Courtesy of Art Factum Gallery

Other Market Trends

Outlook 2014

Museum developments in the Gulf (Continued):

However, after overcoming these bumps in the road, significant progress has been achieved at the site of Louvre Abu Dhabi, with the museum's main infrastructure being completed in January 2014. Workers have started to assemble the first part of Louvre Abu Dhabi's distinctive dome, which consists of 85 pieces and 400,000 individual parts. The canopy's perforated surface spans 180 meters and has been designed to produce a kinetic effect, with sunlight reflecting and moving throughout the museum space. In addition, the dome has been designed so that it generates a microclimate that will enhance the conservation of the collection; this has already been acknowledged with a Green Building Award, presented at The Green Middle East Awards for Environmental Excellence at the Expo Centre Sharjah in November 2013. Louvre Abu Dhabi represents a 30-year treaty between the French Government and Abu Dhabi, which includes the loan of 300 works from the Louvre collection in Paris.

In Qatar, the National Museum of Qatar, designed by French architect Jean Nouvel, is currently under construction and due to open in December 2014.

Value formation for Middle Eastern art:

The validation process for Middle Eastern art is expected to shift from an auction-market driven model to institution-oriented recognition as various museums open at key regional hubs. The role of curators and museum professionals is becoming more crucial as the region develops an institutional market. This should have a positive effect on the market as volatility and uncertainty reduces while the market value of art strengthens.

Primary market trends in 2014:

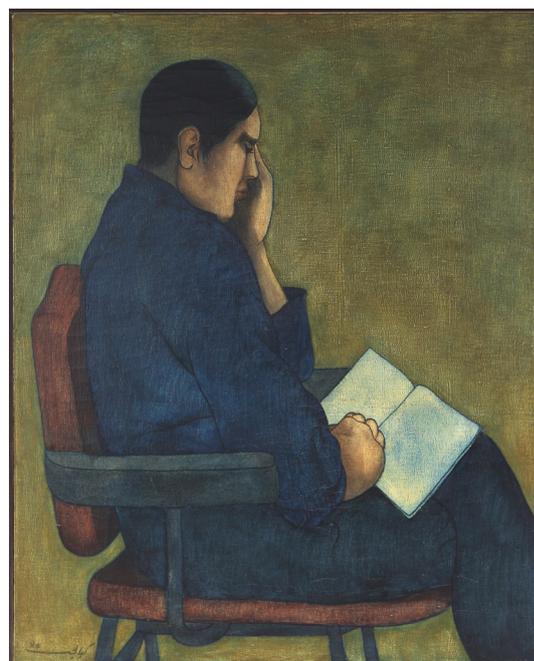
Dubai's position as the region's cultural hub strengthens as Art Dubai celebrates its eighth year as part of the ever-busier calendar of international art fairs. This event, which opens on 19 March, has become a key supporter of the Emirates' local primary market, which has seen its segment of the market grow from around 10 galleries to over 40 in just a few years. Art Dubai has become the most established art fair in the Gulf and has developed into a platform for contemporary Middle Eastern artists, as well as for Asian and African artists.

A significant number of galleries from established Western markets apply annually to this fair, driven by the increasing spending power of the Gulf countries' HNWIs. Yet the fair's position as an international platform for artists, mainly from the Arab world, means that around half of the 500 artists on show have to be from the Middle East.

The eighth edition of Art Dubai launches a new section devoted to twentieth-century modern art from the Arab world, Iran and South Asia. It features 11 galleries presenting either solo or two-artist shows. In addition, the fair will focus on art from Central Asia and the Caucasus through the Marker programme of invited art spaces and associated projects, curated by the artists Slavs and Tatars.



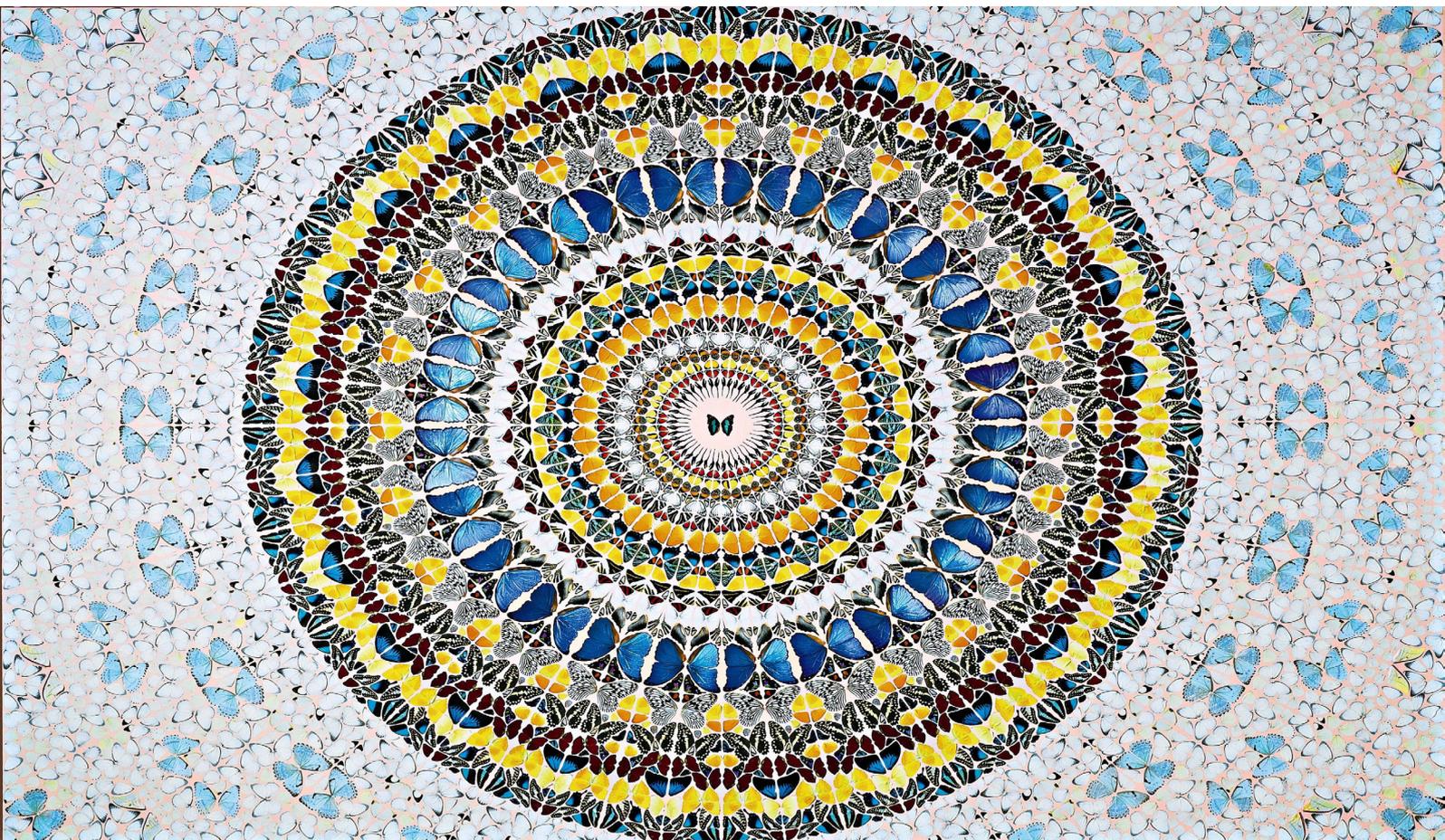
Sudarshan Shetty, Untitled (detail) 2013, Porcelain and reclaimed teak wood, Courtesy of The Artist & GALLERYSKÉ



PROPERTY FROM A PRIVATE COLLECTION, Louay Kayyali (Syrian, 1934-1978), Kari' w Kitab (Reader and Book), signed and dated in Arabic (lower left); signed and titled in Arabic, 'Louay Kayali' (on the reverse), oil on canvas, 37.3/8 x 29.1/2in. (95 x 75cm.), Painted in 1975, Estimate: \$60,000-80,000 ©Christie's Images Limited 2013

Other Market Trends

Outlook 2014



Damien Hirst (U.K), TRANQUILITY, butterflies and household gloss on canvas, 2008, 231.8 x 323.2 x 12.7cm, \$800,000-1,200,000, Courtesy of Sotheby's

Tactical moves in the auction market for Middle Eastern art:

Christie's is changing its auction calendar for Middle Eastern sales. Their spring auction season, which previously ran in Dubai in April since 2008, is now moving to March to coincide with Dubai Art Week, an umbrella initiative that includes Art Dubai, Design Days Dubai and Sikka. With this move, Christie's looks to be optimising its exposure to visitors who are not based in the Emirates but instead visit the various art fairs and events. The auction house will introduce further changes as the traditional two-part sale merges into one single session of moderately priced lots on offer from both contemporary and modern artists.

Christie's reports behavioural shifts in its client base as new bidders boost activity and increase the volume of online transactions in 2013. However, the positive performance of online bidding is not limited to Middle Eastern sales. Christie's announced in January 2014 that its overall online sales totalled £13.2 million in 2013, a substantial tenfold growth compared with figures from the previous year.

Sotheby's will once again hold its Contemporary Art/Doha auction in April 2014. The auction sale includes contemporary Arab and Iranian art alongside leading international contemporary artworks. Highlights from the sale include Damien Hirst's butterfly work *Tranquillity* (est. \$800,000-\$1,200,000) and a black monochrome painting by the same artist titled *Affliction* (est. \$400,000-600,000). Prior to the Doha sale, Sotheby's will hold an auction preview at Jeddah Art Week (1 to 6 February 2014) for the second year running, and for the first time in Dubai to coincide with Dubai Art Week.

Other Market Trends

Outlook 2014

The region's collector base benefits from increasing HNWI wealth and a growing HNWI population:

A main differential feature of the region's wealthy individuals is that they invest a significant share of their wealth abroad compared with their peers from other regions. This also seems to be a pattern in the global art market, with the Gulf region offering the most dramatic example of foreign investment in art. Sheikha Al-Mayassa bint Hamad bin Khalifa Al-Thani became the world's most powerful buyer of art in 2013 with an estimated budget of \$1.5 billion dollars, of which \$250 million was spent on Paul Cézanne's *Card Players* in 2012.

This extreme case is not representative of the market as a whole, but cultural developments and increasing wealth have positioned key national markets as the main consumers of art. However, the region's collector base is still undergoing a development phase and the number of collectors and patrons is still moderate. Yet this is growing as a younger, more informed population enters into the primary and auction markets. Perhaps more quickly than any of their peers from other developing art markets, Middle Eastern collectors have begun to look beyond Middle Eastern art and towards international art.

The region is also seeing more institutional collectors entering this category. Many institutions visit Art Dubai year-on-year, acquiring works by artists based in the Arab world, Iran, Turkey and South Asia. These museums include Tate, LACMA, the Guggenheim and the British Museum; this year will see MOCA, the New Museum, the Metropolitan Museum, Centre Pompidou, Institute du Monde Arab and the Hong Kong Art Museum, among others.





“Art Dubai is the most established fair not only in the Gulf but is seen as a centre for the Middle East and Asia, and increasingly a platform for African artists too. Our model is one of partnership – with the government, with local institutions, artists, curators, collectors, audiences.”

*Antonia Carver
Director Art Dubai*

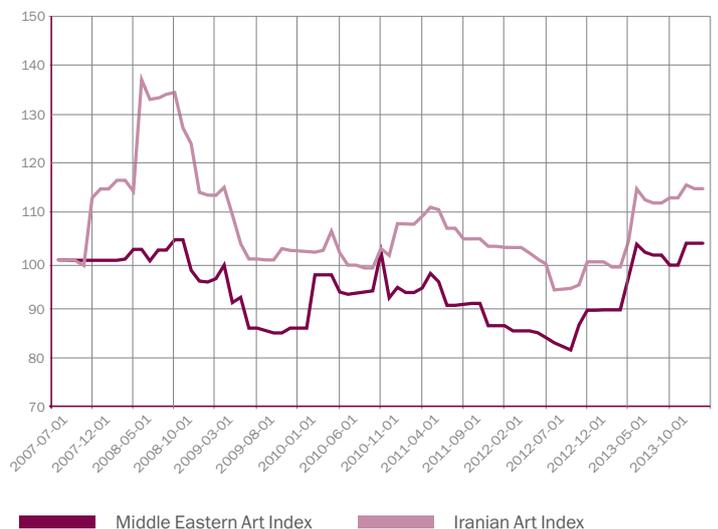
Iranian Art

Iranian artists will continue to dominate the Middle Eastern auction market in 2014. Last year's strong performance by an older generation of artists, which included Parviz Tanavoli and Mohammed Ehsai, as well as the strength of younger contemporary artists, such as Farhad Moshiri and Afshin Pirhashemi, is likely to instil further confidence in buyers. The moderated views and political changes announced by the newly elected government of President Hassan Rouhani are already influencing the expectations of the art market in the short run. This should be reflected in the next spring auction season, within which Iranian artists will be well represented at both auction houses.

Iranian art represents a major underlying force in the Middle Eastern art market. This category saw its highest demand in 2008 in both the primary market – through platforms such as Art Dubai – and the secondary market. The Iranian art market then experienced a price correction in 2009 and 2012, but in both cases it held a stronger position than the overall Middle Eastern art market. However, the appetite for Iranian art and artists is on the up, once again fuelled by the support of a strong Iranian diaspora in Europe, the United States and the Gulf.



Comparative analysis: Middle Eastern art and Iranian art (\$'000,000)



Artist Focus:

Parviz Tanavoli

Tanavoli was born in Tehran in 1937. He lived in the Iranian capital until graduating from the School of Fine Arts in 1956. He then left for Italy to continue his studies in Carrara and Milan, where he worked under the training of the Italian artist Marino Marini. Tanavoli graduated from Brera Academy of Milan in 1959. He then moved to the US, where he worked for three years as a professor of sculpture at the Minneapolis College of Art and Design. He returned to Iran in 1964 to become Head of the Sculpture Department at the University of Tehran, a position he held for 18 years until 1979. In 1979, he retired from his teaching duties. Tanavoli currently lives and works between Tehran and Vancouver.

Parviz Tanavoli was a founding member of the Saqqa-khane School, a neo-traditionalist movement that emerged in the 1960s and which counted among its proponents a number of leading Iranian modern artists, including Charles Hossein Zenderoudi and Faramarz Pilaram. This movement sought to integrate popular symbols of Shia Muslim culture in art, the results of which have been described as 'spiritual Pop Art'. He is best recognised as the father of modern sculpture in Iran and exerts a keen influence on later generations of artists.

The sculptor's greatest achievement is the monumental series of bronzes called The Walls of Iran, which are profoundly influenced by Egyptian or Sumerian reliefs. Tanavoli's record auction price comes from this series, when Oh Persepolis (1975) sold for \$2.5 million at Christie's in 2008. Another work from this series sold at Christie's Dubai in October 2013 for \$780,000.

Tanavoli has an extensive worldwide exhibition history, which includes a retrospective in 2003 at the Tehran Museum of Contemporary Art. His work has been featured in numerous group exhibitions, such as the Iranian Contemporary Art exhibition at the Barbican Art Gallery in London (2001) and, more recently, Word into Art in London and Dubai. Tanavoli's sculptures have been acquired by leading art collections in the world, such as the Museum of Modern Art, New York; The British Museum, London; and the Museum of Contemporary Art, Tehran.

Top 5 Auction Prices: Parviz Tanavoli

	Hammer Price	Title	Auction year
1	\$2,500,000	The Wall (Oh, Persepolis) (1975)	Christie's – 2008
2	\$850,000	Poet and Cage (2008)	Christie's – 2010
3	\$780,000	Oh, Persepolis II (1975/2008)	Christie's – 2013
4	\$400,000	Poet and the Bird (2006)	Bonhams – 2008
5	\$320,000	Farhad and Shirin (c.1970)	Christie's – 2010

Artist Profile: Parviz Tanavoli



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Artist Focus:

Farhad Moshiri

Farhad Moshiri was born in Shiraz in 1963. He lives and works in Tehran. From 1981 to 1984, he studied art and film at the California Institute of the Arts. Moshiri is known for working across several mediums such as painting, photography, sculpture and installation. His work is inspired by Pop art, a movement that he uses to discuss issues associated with Iranian and Western cultures; these include Iranian urban everyday reality, the culture of Western consumerism and the architecture of the post-revolutionary period. With a critical eye, his work discusses the relationships that exist between traditional Iranian forms and those of consumer and global culture. He seems to trivialize issues by creating works in a decorative manner using everyday objects such as pearls, crystals, sequins and gold leaf.

Farhad Moshiri often collaborates with the well-known Iranian artist (and his partner) Shirin Aliabadi; the two worked together on Operation Supermarket for the Singapore Biennale 2008. He participated in the exhibition Love Me/ Love Me Not at the 55th Venice Biennale 2013, as well as in The World Belongs to You at the François Pinault Collection in Palazzo Grassi in 2011. In addition, his work was also included in the exhibition Artists of the Modern Middle East at the British Museum in 2006.

After a short-lived speculative boom between 2006 and 2008, when prices went from \$40,000 in 2006 to an average of \$480,000 in 2008, the market underwent a period of consolidation between 2009 and 2012. In 2013, auction sales of Moshiri's work reached their highest level since the boom in 2008, sending signals that confidence is returning to this market.

Top 5 Auction Prices: Farhad Moshiri

	Hammer Price	Title	Auction year
1	\$900,000	Eshgh (Love) (2007)	Bonhams – 2008
2	\$820,000	Secret Garder (2009)	Christie's – 2013
3	\$650,000	I love you until eternity (2007/08)	Christie's – 2008
4	\$650,000	095TTV (2005)	Sotheby's – 2010
5	\$568,000	Kennedy's Salt/Peper Shaker (2005)	Sotheby's – 2008

Artist Profile: Farhad Moshiri (\$',000)



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