

Key Findings of Singapore HNW Collectors' Survey

Presented by **Arts Economics** and **UBS**

To help better understand if High Net Worth (HNW) collectors' patterns of behavior have changed during and after the pandemic, Arts Economics and UBS conducted a global survey of HNW collectors across 11 markets with responses from more than 2,700 collectors, including 200 from Singapore. The full global findings can be found in *A Survey of Global Collecting* at ubs.com/collecting.

Art Collections in Singapore

- Most of the collectors surveyed in Singapore had been collecting art for between five and 15 years (75% of respondents), with an average of 11 years collecting (slightly smaller than the global average of 13).¹
- The size of collections held by HNWI in Singapore was slightly smaller than their global peers, averaging 34 works (versus 45 works globally, although on par with peers in Asia who tended to have smaller collections, such as 33 in Mainland China and 34 in Japan). Boomers tended to have the largest collections, with an above-average median of 56 works, and this declined with age, with 32 for millennials and 25 for Gen Z collectors.
- Surveys of collectors in Singapore before the pandemic showed that foreign artists' works were featured slightly more in collections (53% in 2019 versus 47% from local artists). However, in 2022, there was an increase in focus on local artists, becoming the majority share of works in collections at 54% the second highest of the 11 markets surveyed next to Mainland China (57%).
- Singaporean collectors also had a high share of living artists' works (58%). This was the highest among their global peers (averaging 53%), with a relatively high level of works by new and emerging artists, (51% of the works in collections in Singapore versus an average of 47% across the wider sample of 11 markets). Collections in Singapore also contained the highest share of mid-career artists of all markets (27%), and had less focus on top-tier established artists, which made up the smallest segment at 22% (versus 27% globally).
- As in other markets, collections were dominated by works of male artists, with an average share of 57% versus 43% female.² While still unbalanced, there were signs of progress toward greater equity, with the share of female artists increasing over time: from 37% in 2019 and just 29% in 2018, reflecting a greater focus on female artists and possibly more of their works becoming available to collectors in Singapore.
- Collectors also favored a range of different mediums. Around 41% of the objects in collections in 2022 were unique works in traditional fine art categories (paintings, sculptures, and works on paper), with paintings being the largest area of collecting at 17% (versus 23% globally). Prints, editions, and photography made up a significant 23%, 5% higher than the global average. 13% of the works in collections in Singapore in 2022 were digital art works (stable on the share reported in 2021), including 8% of works that were linked to an NFT. Gen Z collectors had by far the largest share of digital art (at 20%, including 14% of works associated with NFTs).

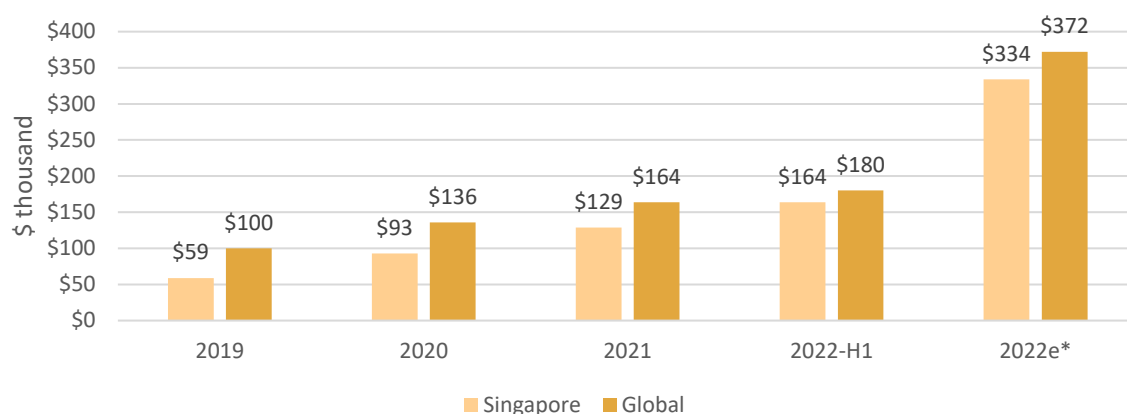
¹ The term "global" is used here and throughout to describe data and results from the wider sample of HNW collectors surveyed in 2022 over 11 different national markets: the US, UK, France, Germany, Italy, Singapore, Hong Kong, Mainland China, Taiwan, Japan and Brazil.

² The share of works of male versus female artists cited here compares only those works where gender could be assigned to either. On aggregate in the sample, 35% of the works held could not have a gender assigned. These included 14% where it was unknown and 21% where it was identified as non-binary or could not be classified into male or female, including works created by artist duos, groups or collectives.

Singapore HNW Collector Expenditure 2019-2022

- Despite the difficulties created by the COVID-19 pandemic in focusing on collecting and accessing sales of art, HNW collectors in Singapore were actively engaged in the art market and spent at higher levels than in pre-pandemic years. While collectors purchased slightly fewer works of art in 2020 and 2021 than they did in 2019 the value of their spending increased and the share of those spending over \$1 million each year more than doubled. In 2022, both the value and volume of expenditure advanced further, with strong spending reported in the first half of the year and planned for the second half.
- HNW collectors in Singapore reported that they had purchased 14 works of art in 2019, with median expenditure of \$59,000. The number of works purchased dropped to 12 during 2020, but spending rose over 50% to \$93,000. While volumes were stable in 2021, growth in the value of spending continued, rising a further 39% to \$129,000 more than double the level of 2019. This advance continued into 2022, reaching \$164,000 (and 13 works) in the first half of the year. In the first half of 2022, 26% of the collectors surveyed in Singapore had spent over \$1 million on art versus 12% in 2020 and just 4% in 2019.
- The highest spending in the first half of 2022 was by Gen X collectors, averaging \$400,000, more than twice the level of their millennial and Gen Z peers. Spending plans for the remainder of 2022 were equally strong, anticipated at a further \$170,000, and 12 more works. This would equate to more than twice the value and volume expenditure in the full year of 2022 versus 2021. Although spending plans are often optimistic and may not materialize in full, the forecasts indicate strong confidence in the market and significant purchasing intent by collectors.
- The margin between the spending by collectors in Singapore and their global peers has also narrowed over time. In 2019, collectors in Singapore reported the lowest level of median spending among the 11 markets, 60% of the global average of \$100,000. However, this margin narrowed considerably over the subsequent years, and in the first half of 2022 was just over 90% of the global average, with Singapore reporting the sixth largest median expenditure out of the 11 markets, surpassing Japan, the UK and Germany.

Figure 1. HNW Collectors' Median Expenditure on Art: Singapore versus Global

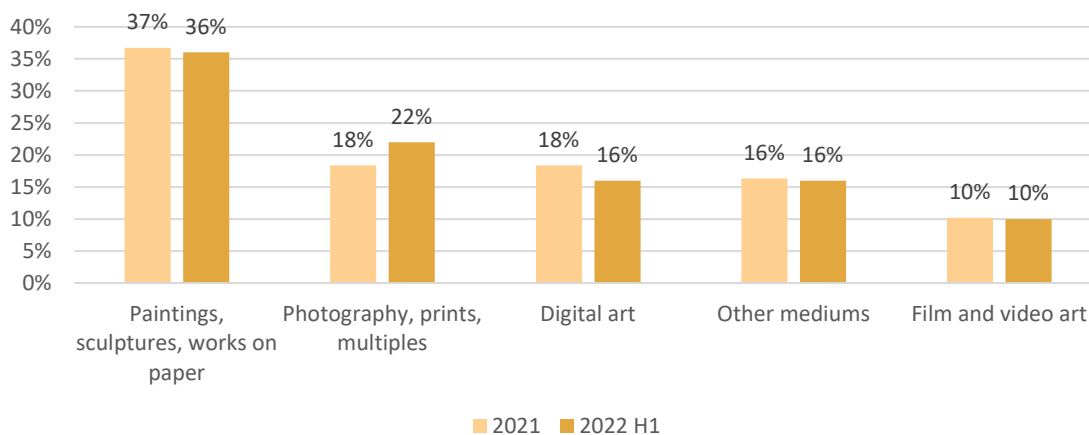


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- The prices that collectors in Singapore most regularly transact at also rose significantly in 2022. While the median price was still below many of their global peers in 2021 (at \$58,000 versus over \$70,000 globally and close to \$100,000 in regions such as Hong Kong and Mainland China), it rose to \$148,000 in the first half of 2022 (versus \$136,00 globally). In 2021, 2% of HNW collectors most regularly purchased at prices over \$1 million, the lowest of all markets surveyed, but in 2022 this rose to 14%, still below the global average (23%) but a very significant advance year-on-year. Gen X collectors transacted at the highest prices, with a median of just over \$300,000, more than double the level of their younger peers.
- Despite the increased focus on digital art, the traditional mediums of paintings, sculptures, and works on paper still accounted for a considerably higher share of spending in the first half of 2022. Based on the median spending in each category, these works accounted for 36% of total expenditure by HNW collectors in Singapore, while the share of digital art was 16%.

- Spending on digital art was made up of both digital art associated with NFTs (10%) and other digital art (6%). While this share rose globally, in Singapore the proportion of spending on digital art dropped 2% in 2022. Based on reported median spending, collectors bought the same number of digital artworks in the first half of 2022 as they did in the year 2021, but the value of spending was down 11%. However, of those collectors who had purchased digital art, most planned to continue to spend in this area in the second half of the year, although at slightly lower levels than the first 6 months.
- Like their global peers, most of the HNW collectors surveyed in Singapore tended to buy NFTs related to digital art from galleries and dealers, regardless of the collectors age, wealth or other factors. In 2021 and 2022:
 - 81% of collectors had purchased digital art with an NFT through a gallery or dealer;
 - 69% had purchased through an auction house;
 - 10% had purchased through an NFT platform or another online platform;
 - 1% had used other channels

Figure 2. Share of Singapore HNW Collectors' Median Expenditure on Art by Medium



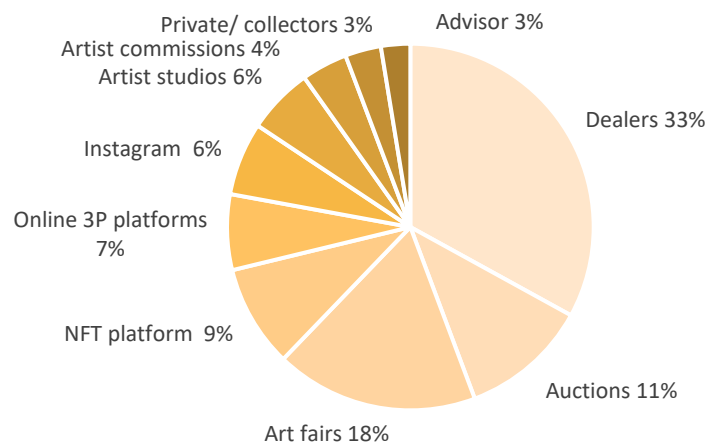
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- Further analysis of spending in 2022 reflected a diversified focus with regard to the artists collected and their career stage. 46% of the expenditure by HNW collectors in 2022 was on works by new and emerging artists (down from 54% in 2021), a further 25% on mid-career artists, and 29% on established, top-tier artists.
- During times of uncertainty, a common method used to reduce risks is for collectors to stick to what they know best, buying works by artists that are familiar to them from galleries they have established relationships with. However, collectors in Singapore were more open to looking at new artists in 2022. While 39% were only buying the work of artists familiar to them or who they had bought before, 47% bought both works by artists they knew and newly discovered new ones. 14% of the sample were exclusively focused on only purchasing new artists they had discovered in 2022, which was more than double the global average of 6% and the highest among the 11 regions surveyed. The share focused exclusively only on new artists was also higher for Gen X collectors (21%) and for UHNWIs in Singapore with wealth over \$50 million (32%).
- When it came to the galleries they were working with Singapore collectors were also more open to working with new galleries than their global peers: just over a third (34%) were only sticking with the businesses and individual dealers they already knew and had relationships with (versus 46% globally in 2022), and 21% worked with new and established galleries (versus 26% globally). The largest share of collectors (45%) were only working with new galleries in 2022, which was a significantly higher share than the global average of 29%.

Purchasing Channels for Collectors in Singapore

- The most commonly used channel for purchasing art in 2022 was through a gallery or dealer. HNW collectors in Singapore spent the most through dealers, accounting for one third of their spending in 2022, with a balanced share reported through in-person gallery visits, online dealer platforms and by phone or email (11% each). A further 18% of spending was through dealers at art fairs (or a total of 51% through all dealer-related channels).
- Auctions accounted for 11% of spending (versus 17% globally in 2022), and these were most popular for those in the relatively lower wealth brackets (26% for those with wealth up to \$5 million versus just 3% in the over \$50 million segment).

Figure 3. Share of Singapore HNW Collector Expenditure by Sales Channel in 2022



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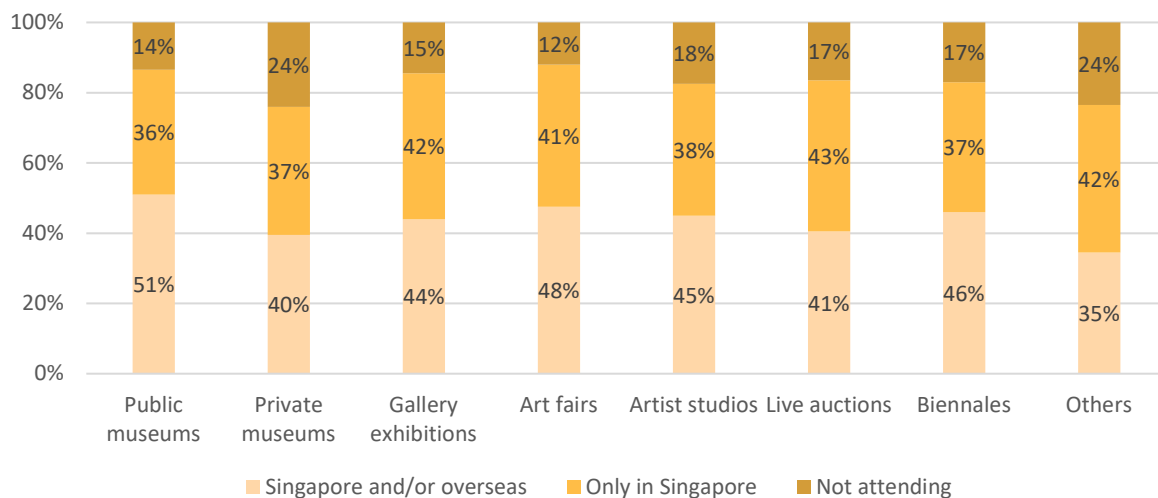
- There was also a significant level of transacting occurring outside galleries, auctions, and fairs, with some collectors buying on external online platforms or choosing to interact directly with artists. In 2022, 10% of the value of HNW collectors spending was made purchasing directly from artists, either buying from their studios (6%) or commissioning work (4%).
- Sales on external online and social media platforms accounted for 22% of the total, with the NFT platforms (9%) attracting more value than other third-party platforms (7%) and Instagram (6%). All three had lower use and spending levels than buying from a gallery online. As in previous surveys, buying through an advisor was the least common channel and had a low share of spending in 2022 (3%), on par with purchasing directly from other private parties (3%).
- Aside from accounting for the greatest share of spending, dealers and galleries were also the first preference for most HNW collectors when it came to buying art, with 41% of Singapore collectors preferring to buy from a dealer, and a further 27% opting to buy from a dealer at an art fair if given a choice (10% higher than the global average). Only 7% chose auctions, considerably less than the global average of 23%, while external third-party platforms were the first choice for 20% of collectors including 11% who preferred to buy on NFT platforms.
- When they were asked why they would prefer to purchase from a dealer than use other channels, the top three reasons reported were (in descending order):
 - Their ability to verify or authenticate works of art (with 38% opting for this in their top three reasons);
 - The quality of the works and artists they offer (32%); and
 - Their ability to shape and advise on the career direction of artists, and to get a more accurate valuation of works prior to buying them (both 31%).
- Overall, HNW collectors in Singapore tended to work with a smaller number of galleries than other regions, with an average of 10 in 2022 (versus 16 globally). This number has only marginally increased since 2019 (when the average was nine), although the share of local galleries has declined from 59% to 54%. In other words, over the course of the pandemic, there has been no significant geographical narrowing of focus and Singapore collectors worked with the same number of local galleries and one additional gallery from overseas.

- It is notable also that collectors' preferences in Singapore are more balanced between local and overseas galleries than some other markets, with 47% preferring to buy locally while 41% would opt for an overseas gallery (versus a ratio of 56 local: 23 overseas globally). 12% were indifferent between the two (versus 21% globally). Preferences for local galleries tended to decline with age, with 85% of Gen Z collectors preferring local businesses versus 50% of millennials and just 31% of Gen X collectors.
- The top motivators for choosing local galleries was their focus on local artists and a desire to support local businesses (with 85% deeming these reasons important or very important). 82% also felt it was important or very important to buy locally so that they did not need to travel overseas to view or purchase art, therefore reducing their carbon footprint.
- Of those HNW collectors who preferred overseas galleries for purchasing, the most popular reason (54%) was that they felt that they had higher quality works than local galleries, while just over half (52%) cited the relationships and trust, they had built up with the overseas galleries.
- Whether local or overseas, HNW collectors also worked with a range of galleries at different levels, from smaller primary market businesses to higher-tier dealers representing established artists. In 2022:
 - 35% of the galleries they purchased from in 2022 were in the primary market and mostly working with emerging artists (53% of these galleries were local businesses);
 - 36% represented a mix of emerging artists alongside mid-career and top-tier artists (52% of which were local); and
 - 29% represented only well-established or commercially successful artists (mid-career or top tier), again with just over half (56%) being local businesses.
- When buying from a dealer, Singapore HNW collectors showed a much higher preference for buying online than their global counterparts and an increasing acceptance of buying sight unseen over time. Of those collectors who preferred to buy from dealers, only 27% would favor buying from them in person at their gallery or premises (versus 42% globally), with 50% preferring online, and 23% preferring phone or email contact to make a purchase. This is substantially different from surveys of the region in 2019, when 50% preferred in-person sales and just 31% online, showing the increased tolerance and preferences for buying digitally over the last few years.
- When they were asked about buying from art fairs, collectors were balanced 50:50 in their preferences between live events and OVRs, which again shows a stronger preference toward online channels than their global counterparts (where 66% would opt for live events and only 34% art fair OVRs).
- While they showed a greater tolerance for buying online, it is still the case that if given a choice between offline and online exhibition experiences, most collectors still preferred to view art at an in-person exhibition at a gallery or a fair before purchasing it. In this sample:
 - 64% preferred live or in-person viewing at a gallery or fair (versus 73% globally)
 - 32% preferred OVRs or exhibitions (versus 17% globally); and
 - 5% were indifferent to one over the other.
- The preference for attending physical exhibitions declined with age: 90% of Gen Z collectors preferred live exhibitions versus 62% millennials and 56% Gen X collectors.
- 94% of the HNW collectors in Singapore had purchased works of art without viewing them in person first, with just over half (52%) regularly doing so. (33% reported buying sight unseen sometimes, 9% rarely, and the remaining 6% had never done so.) However, in this case, younger collectors were much more likely to report regular online-only activity: 80% of Gen Z collectors were regular online buyers and none had never bought online; 56% of millennials (and 9% had never bought online); and 37% for Gen X collectors (with only 2% never having made an online-only purchase without viewing the work in person first).
- When HNW collectors were asked what factor would most drive them to view a work in person before they bought it, the medium of the work was seen as the most critical factor and price was also key: the more valuable the work, the more they needed to see it. The familiarity with or trust in the gallery was the third most important motivator.

Events and Attendance

- The survey revealed the high level of event attendance by HNW collectors before the pandemic, averaging 23 art-related events in 2019, including three gallery exhibitions and three art fairs. Just over half (55%) of the events attended were local.
- While there was a significant reduction in attendance at events by the wider global sample of HNW collectors during the pandemic (from 42 to 36 in 2020), in this sample, collectors from Singapore attended slightly more events (25 on average in 2020, but with a higher share of local events at 57%) and 26 in 2021. However, there was evidence of pull-back again in 2022, with collectors attending a smaller 22 events, and the share of local expanded further to 60%. While collectors attended one less art fair and gallery exhibition in 2022 than in 2021, the levels of attendance at both these events reverted to the same levels as 2019 rather than showing any more long-term decline.
- Looking ahead to 2023, most HNW collectors were planning to attend art-related exhibitions and events, with 85% hoping to visit gallery exhibitions, and 88% art fairs. However, there was still some reluctance to attend these events overseas, with a significant share of just over 40% of collectors who would still only attend these events in Singapore.

Figure 4. HNW Collectors' Planned Attendance at Exhibitions and Events in 2023



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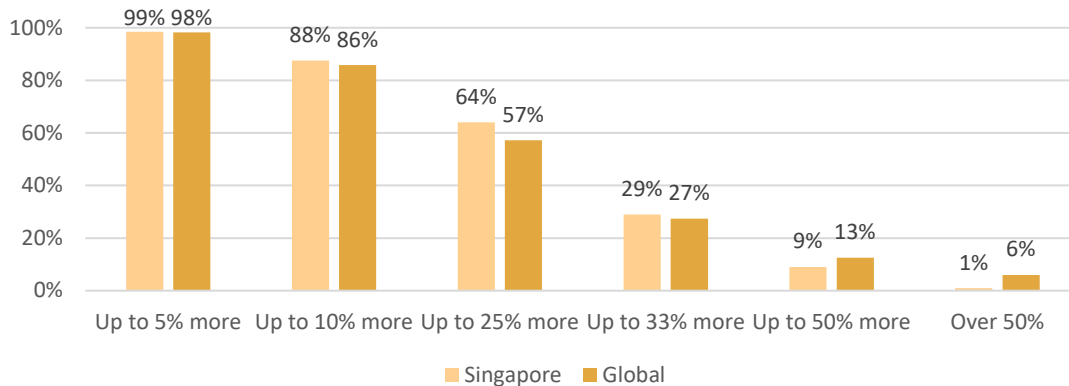
- When they were asked if they were happy to do more or less international travel for art-related experiences and events in the next 12 months, a majority of HNW collectors were willing to travel more: 68% said they planned to travel to more fairs, exhibitions, or events overseas than they did in the previous year, 12% felt their travel plans would stay the same as in 2022, and 20% expected to travel less (versus 12% globally).
- While the remaining risks concerning COVID-19 was the top reason for collectors travelling less globally, for collectors in Singapore this was ranked second behind the rising costs and hassle of overseas travel (with 90% of the sample finding this important or very important). In addition, 77% of respondents were travelling less due to a greater focus on local artists or equally because they could view events and exhibitions online. 69% said they would travel less to reduce their carbon footprint.

Concerns and Outlook

- From a list of potential issues concerning the current state of the art market, the sustainability and the carbon footprint of the art market and its related activities ranked the third biggest concern for collectors in Singapore in 2022 behind legal and regulatory issues in the art market. Regulatory complexities regarding transacting both at home and across borders were the top concerns, with increased regulation and identification requirements when transacting, such as 'Know Your Customer' (KYC) regulations the most frequently chosen. Next was the rise of legal issues in the art trade, such as restitution cases, fakes, and forgeries, and also in the top five was the closure of galleries and the possibility of the art world becoming more locally focused.

- In 2019, when HNW collectors were surveyed, 66% of collectors had thought about sustainable options when it came to their collections and purchasing. By 2022, the share of those considering these options only increased marginally to 69% of collectors, although there was evidence of increasing awareness, with 8% unaware of any versus 14% in 2019. A majority of HNW collectors considered it essential or a high priority over the next two years to engage in a range of sustainable practices including:
 - Using alternative delivery methods, such as sea or land versus air (80%);
 - Using reusable or recyclable shipping and handling products (77%);
 - Only using digital catalogues, market reports and other presale information rather than printed versions (75%);
 - Offsetting their carbon footprint from art-related travel (74%);
 - Purchasing sustainably produced works of art (72%);
 - Reducing or consolidating the transit and shipping of works of art (69%); and
 - Focusing on collecting and commissioning activities in a more localized community (68%).
- To further investigate the commitment of collectors to sustainability, respondents were also asked if they would be willing to opt for a sustainable option for the purchase and receipt of a work of art even if it was more expensive. Of those who were aware of any options, only 2% said they would not consider them at all (versus 14% in 2019). Nearly all of the HNW collectors surveyed in Singapore would pay an extra 5%, and a majority were willing to pay up to 25%. However, there was considerably more push-back on sustainable options when the premium passed around one third of the price (with just 29% of collectors reporting that they would still consider this a viable margin). Only 10% would pay over one third, and just 1% would be willing to pay 50% or more extra.

Figure 5. Share of HNW Collectors Who Considered Sustainable Options for Purchasing Art



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- Despite lingering uncertainties over the full impact of the pandemic and ongoing economic concerns, the majority of Singaporean HNW collectors surveyed (81%) were optimistic about the global art market's performance over the next 12 months when polled mid-year in 2022, a slightly larger share than were optimistic about the stock market (78%).
- However, when asked about their plans over the next 12 months, a slightly smaller share was sure they would be purchasing more art than their global counterparts, with only 30% planning to buy versus a global majority of 55%.
- The pandemic also appears to also have encouraged philanthropic giving among some collectors, with half of the collectors surveyed planning to donate works to a charity or museum (higher than the global average of 45%).
- For those planning to buy, a majority (65%) were interested in buying paintings, while sculptures (60%) and prints (55%) were also popular. Just 33% planned to purchase digital art with an NFT (versus 50% globally).

Note on the Survey: The survey was distributed in August 2022, with respondents screened according to their wealth and activity in the art market from 2020 through to the end of the first half of 2022. Respondents were required to be HNWI individuals, defined here as having a current net worth, excluding real estate and private business assets, in excess of \$1 million. To ensure they were active enough in the market to be able to offer insights on potential changes in spending, sales channels, and other behaviors, they were required to have purchased fine or decorative art in 2020, 2021, and 2022, spending a minimum of \$10,000 on art and collectibles in each of the years 2020 and 2021, and a minimum of \$5,000 in the market in 2022. This screening ensured that the survey captured only actively collecting respondents. This screening process continued until there was a minimum of 200 qualified respondents in Singapore. The overall gender breakdown of the sample in Singapore was 47% female and 53% male. The breakdown of qualified respondents was dominated by millennials (58%) and Gen X collectors (31%), reflecting the most currently active collecting segments in the market, and the average age overall was 37. All respondents had personal wealth in excess of \$1 million (excluding real estate and private business assets), with a majority (63%) in excess of \$10 million, including 11% in the ultra-high net worth (UHNW) category, defined here as wealth over \$50 million.

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For this Arts Economics and UBS collaboration, 2,709 HNWI collectors were surveyed (with at least \$1 million in investable assets). They were required to have purchased fine or decorative art in 2020, 2021, and 2022, spending more than \$10,000 on art and collectibles in each of the years 2020 and 2021, and at least \$5,000 in the first six months of 2022. The sample was split across 11 markets in this report: the US, the UK, France, Germany, Italy, Mainland China, Hong Kong, Taiwan, Singapore, Japan and Brazil.

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