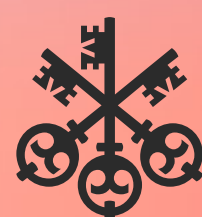


THE SURVEY OF GLOBAL COLLECTING 2023

A report published by Art Basel & UBS

Prepared by Dr. Clare McAndrew, Arts Economics

Art|Basel



UBS

Welcome to The Art Basel and UBS Survey of Global Collecting in 2023

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Art Basel

MCH Swiss Exhibition (Basel) Ltd.
Messeplatz 10, 4005 Basel, Switzerland
T +41 58 200 20 20
artbasel.com, info@artbasel.com

UBS

UBS AG or an affiliate
Bahnhofstrasse 45, 8098 Zurich, Switzerland
T +41 44 234 11 11
ubs.com

Author

Dr. Clare McAndrew

Editor

Dr. Jeni Fulton

Design

Superfield

Development

Denken Studio

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Acknowledgements

The *Art Basel and UBS Survey of Global Collecting in 2023* presents the results of research on the activities and buying behaviors of high-net-worth (HNW) collectors in 2023. The information presented in this study is primarily based on survey data gathered and analyzed directly by Arts Economics (artseconomics.com) in collaboration with UBS.

I am very grateful for the continued support from Tamsin Selby of UBS with the HNW collector surveys, which have now collected data and insights on this crucial part of the art market over 10 surveys spanning eight years.

I would also like to extend my sincerest thanks to the two expert authors who shared their invaluable perspectives and knowledge in the report: Professor Andrew Dillon for his article on the motivations for collecting and his invaluable insights in preparing the survey, and Professor Christophe Spaenjers for his essay setting out some of the key current themes related to art investing in our current economic context.

My sincerest gratitude to Noah Horowitz and Jeni Fulton for their help in editing the report and Béatrice Bleuler for coordinating production.

Dr. Clare McAndrew

Arts Economics

Foreword by Art Basel

This edition of the Art Basel and UBS Survey of Global Collecting marks the largest to date, with 2,828 high-net-worth (HNW) collectors from 11 key regions participating.

The background to the survey continues to be volatile, with a high interest rate environment, an ongoing war in Ukraine, and escalated tensions in the Middle East. A double-digit fall in auction sales in the first half of the year underlines some of the challenges within the business. Nonetheless, international trade in art and antiques remained vibrant in the first quarter of the year, with notable increases in the world's major art markets, including Hong Kong, the UK, and the US. This was underscored by the vibrancy of Art Basel Hong Kong, which took place in March, and many new Asian collectors in evidence at the Swiss edition of the fair in June. HNW collector confidence remains strong, with those surveyed increasing their spending year-on-year, and Mainland Chinese collectors recording the highest spending of all regions in the first half of 2023 – a strong return after lockdown.

In-person buying has returned with a vengeance, with the vast majority of collectors (86%) purchasing through a dealer and most of those (84%) buying in person at their gallery or premises. For those interested in purchasing through overseas galleries, the regions attracting the most interest are France and Japan, mirroring a strong interest in French and Japanese artists. Nevertheless, collectors are travelling less, with an average attendance at four fairs in 2023 versus five in pre-pandemic 2019.

Most collectors are motivated by personal pleasure and self-identity when it comes to assembling their art collections; financial motivations were the second-highest prime motivator. New for this study, we looked in depth at the use of credit, with 43% of collectors borrowing to finance their art collections, with the percentage financed increasing with collector wealth, indicating collector resilience to higher interest rates. One third of ultra-high-net-worth collectors surveyed had financed 50% of their collections using credit, either as unsecured loans or via specialist art lending services.

Looking ahead to the second half of the year and into 2024, over half of the collectors are planning to purchase art, stable on last year. 77% of the collectors surveyed remain confident about the art market's performance in the next six months, indicating a baseline of resilience within the sector.

We would like to thank Dr. Clare McAndrew for her tireless and continuing efforts to shed light on the art market, and UBS for their ongoing partnership.

Noah Horowitz

CEO, Art Basel

Foreword by UBS

Historians may look back at 2023 as the year the economy stopped being so abnormal. Ever since the great financial crisis of 2008, we've had to bend, stretch, or even break traditional models for understanding and predicting how people trade and do business. This has been the era of 'whatever it takes' in monetary policy, the rise of China, the global pandemic, a surge in populism, and the return of war to Europe.

Now, however, it is starting to feel like the global economy – despite all of this – is returning to traditional dynamics where interest rates combat inflation on a battlefield of jobs, goods, and services. As we move into the final quarter of the year, the economy looks closer to being in balance, inflation indicators are pointing down, labor markets are cooling, and economic activity points to resilience. It's not too much of a stretch, as we prepare for year-end holidays, to even be optimistic.

As the artworld is entering another full season, we explore these fast-changing dynamics in the largest survey to date, presenting insights from 2,828 individuals across 11 markets in the first half of 2023. The expansive research has been undertaken in partnership with Dr. Clare McAndrew and delves deeper than ever before into the psyche of collecting. It tells a tale of resilience and determined engagement despite a shift in dynamics that points to consolidation.

This year's survey re-examines the realities of collecting in an environment that is evolving at an unprecedented pace and explores the motivations that bind collectors to their passions. It probes the realms of purchasing intent, attitudes toward risk, financing, and travel habits in a new era. It sheds light on the concerns that weigh heaviest upon collectors, including their sentiments on issues such as artist representation.

Through all of this, it is essential to acknowledge the critical role that collectors play and the untiring commitment they show toward artists and the industry.

This is perhaps because collecting art extends beyond merely an act of acquisition; it expresses the fundamental nature of the human spirit and identity. The pursuit of managing an art collection may vary according to personal strategy and experience, but the pursuit of discovery and quality prevails among those collections that stand the test of time.

In these challenging moments, we advocate for responsible collecting leaving a positive impact on the market. We believe that collectors can become agents of change, shaping the industry's long-term trajectory and offering nurturing support to the creative community as a whole. By valuing quality and collecting art that truly matters to them, collectors foster dialogues that venture beyond the familiar, embracing diverse concepts and origins to create a meaningful repository of inclusive artistic expressions.

To Dr. Clare McAndrew, we extend our deepest gratitude for her unwavering dedication, patience, and thorough analysis of such an ambitious and multifaceted survey. We hope these pages inspire conversations about the transformative power of collecting; and we believe that courage and resilience continue to permeate the market, driven by curiosity, inspiration, and a desire to forge new relationships.

Christl Novakovic

Head of Global Wealth Management EMEA

Chair of The UBS Art Board

UBS, Global Lead Partner of Art Basel

Key Findings

Introduction

1. Indicators from the auction sector revealed a more subdued market in the first six months of 2023. Aggregate sales at the major international auction houses of Christie's, Sotheby's, Phillips, and Bonhams were down by 16% in H1 2023 on the same period in 2022, although still exceeded the first half of 2019, and accounted for 84% of values sold in 2022, a record year for some of these companies.
2. Trade statistics showed a vibrant exchange of art and antiques across borders in 2022 and early 2023. Imports of art and antiques reached their highest-ever level of \$30.7 billion in 2022 and exports their second-highest at \$33.4 billion. While global imports across all industries were down in the first quarter of 2023, the value of inflows of art and antiques to key hubs continued to grow, including double-digit increases in Hong Kong (50%), the UK (38%), and the US (15%).

HNW Collector Spending

1. The median expenditure on art and antiques by high-net-worth (HNW) collectors surveyed across 11 markets worldwide reached \$65,000 in 2022, up by 19% on 2021. The median level in the first half of 2023 was reported at \$65,000, indicating a potentially substantial rise for the year if spending continues.
2. Median expenditure increased in nearly all markets in 2022, with some of the largest advances in the UK and Taiwan (both up by 30%), with more moderate growth in the US (5%) and Hong Kong (2%). After a decline of 6% in 2022 to \$202,000, collectors from Mainland China reported the highest median expenditure in the first half of 2023, at \$241,000, showing a strong return to spending post-lockdown.
3. The majority of spending so far in 2023 was on paintings (58%), with works on paper the second-largest component (13%). Mainland Chinese collectors' spending on paintings was nearly four times the average, and up by 20% on 2022. They were the highest average spenders in several other mediums, with the notable exception of digital art.

4. The share of spending on digital art was just 3% of HNW collectors' total expenditure in 2023 so far, and digital artworks made up 8% of their collections, down from 15% in 2022. This decline parallels trends on external NFT platforms, where, by mid-2023, sales of art-related NFTs had fallen to their lowest level since January 2021, with monthly turnover at about 2% of the value at their peak later that year.
5. Gen X collectors outspent their younger peers in some of the largest-value mediums in 2023, averaging the highest overall spending for paintings (\$145,000 against \$108,000 for millennials). They were also the highest spenders on works on paper, although millennials still spent more on sculptures, installations, photography, and film or video art. Gen Z collectors had the highest average expenditure on prints and digital art, indicating that these could be important and accessible mediums for younger collectors entering the art market.
6. HNW collectors spent less on works by female artists in 2022 and 2023 (with a ratio by value of 39% female to 61% male), and the share of works by women in collections decreased by 3% year-on-year to 39% in 2023, reverting to the 2020 level. However, collectors spending over \$10 million per annum tended to have both a higher share of female artists' works in their collections (54%), and their proportion of spending also increased from 46% in 2021 to 55% in 2023. This could indicate that, although undertaken by a minority of collectors, some of the spending at the very highest levels was on female artists.
7. The share of collectors most commonly focused on buying works of art priced at over \$1 million fell substantially from 12% in 2021 to 4% in 2022. There was some revival of those spending at higher price points in the first half of 2023 (9%), however, even with these increases, levels were below those of 2021 and previous years, pointing to possible buyer caution and an increasingly thin high-end following the strong post-COVID-19 bounce back in sales.
8. The average allocation to art in the wealth portfolios of HNW collectors fell to 19% in 2023, from a peak of 24% in 2022. This is potentially indicative of a more cautious approach to collecting, with a greater focus on more liquid financial assets, or less inclination to spend on discretionary purchases than in previous years and higher opportunity costs. The size of the allocation to art rose positively with collector wealth, ranging from an average of 15% for those with wealth of under \$5 million to almost 30% for ultra-high-net-worth (UHNW) collectors with wealth of over \$50 million.

HNW Collector Buying Channels

1. The resurgence of in-person buying continued in 2023. 86% of HNW collectors purchased from a dealer, and of those, 84% bought in person from their gallery or premises (up from 73% in 2022). 58% made a purchase at an art fair, down from 74% in 2022, although still higher than 2021 (54%). Auctions were the next most widely used sales channel for collectors, with around three-quarters of respondents having bought at auction in the first half of 2023.
2. Just under half (47%) of total expenditure in 2023 was conducted through dealers, up by 2% on 2022. Including art fairs, the share of spending through dealers was higher in every market, with the narrowest margin in Mainland China, where spending at auction accounted for 35% of the total versus 41% through dealers (28% excluding art fairs).
3. There was little evidence of any significant broadening of focus in terms of the galleries HNW collectors purchased from, with a stable 46% only buying from dealers they knew. While risk aversion may be an important factor, the trend to staying with established galleries may also indicate the success of some businesses in managing to maintain a steady collector base.
4. HNW collectors dealt with a relatively balanced share of local versus overseas galleries in 2023. However, there was a slight shift in preferences away from local galleries, with around half of respondents preferring to buy from a local gallery if given the choice, down by 6% on 2022. For the remainder, a stable 24% preferred overseas galleries, and the most popular regions included France and Japan, mirroring the strong interest also reported in French and Japanese artists.
5. HNW collectors were being more selective about event attendance, reporting that they would attend 32 art-related events in 2023, nine less than in pre-pandemic 2019, with a small reduction (of 1 event) in gallery exhibitions, art fairs, and artist studio visits, and a more substantial drop in biennales and other large visual arts festivals (down by 3) and live auctions (down by 2, and paralleling a lower number of live auction sales in the major auction houses). Looking ahead to 2024, most collectors (92%) were planning to continue to attend art-related exhibitions and events, either the same number (43%) or more than they did in 2023 (49%).

HNW Collector Motivations

1. When asked for the most important motivation in purchasing a work of art, self-focused drivers such as self-identity and personal pleasure were ranked highest (37% of collectors), followed by financial motivations (28%). Relationships, including social and networking motivations for collecting and being part of the art market, ranked third (14%).
2. Despite a low 10% identifying themselves as ‘investors’, many HNW collectors actively traded in and out of their collections. Just under half (48%) had resold works from their collections, including 38% having done so during 2022 and 2023, although this was significantly lower than previous research in 2020 (60%) and 2021 (49%). Only 5% of collectors bought and resold works within a year, but 39% reported an average resale period of up to three years (up from 30% reported in 2021), and most collectors (83%) did so within five years.
3. 43% of HNW collectors had used credit or loans to finance purchases of art, including 30% in 2022 and 2023. For those that used lending, the average share of the value of their collections financed through credit was 29%. The average share for UHNW collectors was higher at 39%, and one third of this segment had financed over 50% of their collections with loaned funds versus only 2% of those with wealth of less than \$5 million. Over half (54%) of financially motivated collectors used credit or loans to purchase art (versus 39% with non-financial motivations).

Outlook for 2024

1. 54% of HNW collectors were planning to buy art over the next year, stable on 2022. Some of the most active buying plans were reported by collectors from Mainland China, with 68% intending to purchase works, along with large majorities in Japan, Brazil, and Italy. Paintings remained the most popular choice for planned purchases (84%), followed by sculptures and works on paper. 26% of collectors planned to sell works from their collections over the next 12 months, down from 39% in 2022, with most reporting that they would hold off on selling because they believed the prices of their artists’ work would improve in future.

2. 26% of collectors planned to sell works from their collections over the next 12 months, down from 39% in 2022, with most of those reporting that they would hold off on selling because they believed the prices of their artists' work would improve in future.
3. Despite ongoing turmoil in the financial sector, high inflation, the continuing impact of three years of COVID-19, and the ongoing effects of the war in Ukraine, 77% of HNWI collectors remained optimistic about the art market's performance over the next six months, a slightly larger share than were optimistic about the stock market (74%).



1.

INTRODUCTION

1.1 Introduction

The *Art Basel and UBS Survey of Global Collecting in 2023* presents the results of research on the activities and attitudes of high-net-worth (HNW) collectors in mid-2023, when continued economic uncertainty in many major art markets was a significant factor weighing on buyer optimism. Higher interest rates were a particular focus, with concerns over their potential effects on the demand for art. However, there has been little comprehensive research on how these and other economic and social trends impact the decisions and spending plans of collectors. To address these and other questions, this report details the outcomes of a survey of HNW collectors from around the world, examining their attitudes, behaviors, and outlook for the art market in 2023. It reviews trends in spending, as well as the motivations for their activities in the market, and how they interact with artists, galleries, institutions, and their environment. The survey is the tenth of a series conducted in collaboration with UBS and covers 11 markets with responses from 2,828 collectors, the largest of its kind to date.

Art market sales reached an estimated \$67.8 billion in 2022, their second-highest-ever level. After a strong rebound in 2021 of 31% following a pandemic-induced low in 2020, this represented much slower and more uneven growth of 3% year-on-year.¹ Regions varied in terms of their sales growth, with the US leading the major markets, and the top end of the market performing better in terms of aggregate changes in sales versus 2021. While the art trade was cautiously optimistic in many regions at the end of 2022, in early 2023, views were more divided as to whether the performance of the market was due to a normal slowing of growth after strong post-recovery spending, or signs of a more significant downturn in the market for 2023.

Although art and other luxury sectors have proved to be more resilient than some other consumer goods, they are not immune to macroeconomic dynamics, and are particularly susceptible to changes in the financial confidence of buyers. How well art performs compared to other luxury goods has also come under more scrutiny, with these industries increasingly serving some of the same consumer bases globally. The personal luxury goods market remained buoyant in 2022, with a reported increase in sales of 6% (to \$363 billion)², and as with the art market, the high end of jewelry, watches, luxury handbags, and other segments, performed significantly better than the lower tiers, with consumers reported as looking for ‘less but better’. Estimates vary on how these markets will perform this year, with growth forecasts in the first half of the year ranging from 5% to 13%, depending largely on views on the continued strength of the restart in China and confidence of US

¹ See Arts Economics (2023) *The Art Market 2023, an Art Basel and UBS Report*, available at theartmarket.artbasel.com.

² Estimates (converted from €345 million) from Bain-Altgamma (2023) *Luxury Goods Worldwide Market Study Spring 2023*, available at bain.com.

consumers despite economic uncertainty. Much like the art market, key growth clusters have been identified as the wealthiest tiers of luxury consumers, millennial and Gen Z buyers, and buyers in Asia, notably driven by ‘Chinese post-pandemic spending euphoria’.³

Although art and other luxury sectors have proved to be more resilient than some other consumer goods, they are not immune to macroeconomic dynamics, and are particularly susceptible to changes in the financial confidence of buyers

Art is classified economically as a luxury good, having a high-income elasticity of demand: as people become wealthier, demand for normal goods increases, but for luxury goods, this effect is magnified: the demand for goods such as art increases more than proportionally as income rises. In other words, as people become richer, they spend more overall, but can also afford to spend proportionally more on luxuries. This implies that positive influences on incomes and wealth should increase demand, sales, and prices of luxury goods. However, there are many important characteristics which separate art from other luxury goods, from production to purchase, consumption, and use. While they display some similarities, the scarcity, uniqueness, and illiquid nature of art sales are distinguishable from those in luxury markets, which, while being focused on exclusivity and differentiation, have appealed to and served a more mass-market audience with a more replenishable supply. Luxury consumers range from young, aspirational buyers to high-end, or so-called ‘true-luxury consumers’, with the latter having driven growth in the last year and with the most optimistic spending plans in 2023.⁴ While some of the drivers and motivations for collecting art are similar to those driving luxury buyers, others are built around very different psychological and social triggers. The specific motivations and drivers of art collectors is another of the key subjects dealt with in this report, alongside an analysis of cross-collecting in luxury and other collectibles markets.

³ Bain and Company estimate growth of luxury sales of 5% to 13% in 2023, while BCG and Altagamma forecast growth of 7% to 13%. See Bain-Altagamma (2023) *Luxury Goods Worldwide Market Study Spring 2023*, available at bain.com, and BCG and Altagamma (2023) *True-Luxury Global Consumer Insight Summary of the BCG-Altagamma 2023 Study*. BCG: Milan.

⁴ According to BCG-Altagamma (2023, *ibid.*) ‘true-luxury consumers’ make up 5% of luxury consumers – 20 million out of some 370 million, but account for 40% of sales (averaging around \$43,000 each per year) versus 60% at low-end spending (spending less than \$2,200).

1.2 Art Collecting and Wealth

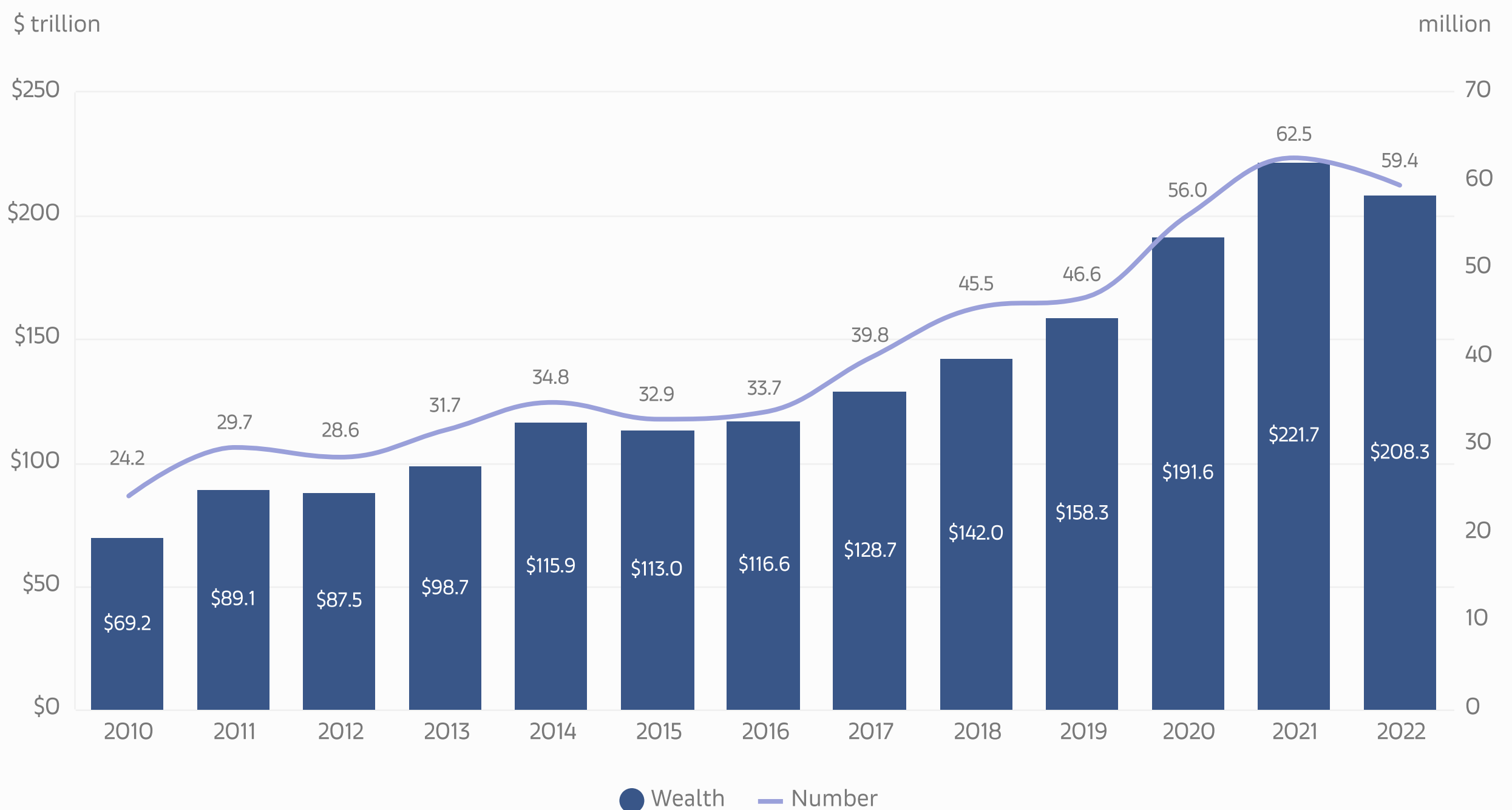
All of the collectors surveyed for this report are high-net-worth individuals (HNWIs), which are defined here as those with disposable household financial assets (excluding real estate and any private business assets) of over \$1 million in 2023.

Looking at the context of wealth creation and distribution in recent years, aggregate household wealth generally held up well during the pandemic, with government support and low interest rates helping to raise asset prices. However, this changed in 2022 and 2023 as factors such as the war in Ukraine and its inflationary influence prompted increases in interest rates, which, in turn, slowed growth and depressed asset prices. 2022 saw the first fall in total net private wealth since the global financial crisis of 2008, with a decline of 2% (in dollar terms).⁵

While HNW wealth was relatively insulated from the economic stresses of the pandemic in 2020 and 2021, there are signs since then that even this top segment has come under pressure. As many of the top wealth holders continued to gain during the pandemic, wealth inequality increased in 2020 and 2021, but in 2022, it was this top segment that dragged on growth. The millionaire segment declined both in number (by 6%) and in wealth (by 5%) year-on-year, while lower tiers experienced stable or low positive changes.⁶ The declines in millionaire wealth were mainly due to falling financial asset values, which make up a much higher concentration of the wealth portfolios of HNWIs. These changes marginally reduced income inequality, with a reduction in the share of world wealth owned by millionaires, from 48% in 2021 to 46% in 2022. However, the share accounted for by this highest top 1% segment has risen substantially over the last decade, from just 36% of world wealth in 2010.

⁵ UBS (2023) *Global Wealth Databook 2023*, available at ubs.com/global/en/family-office-uhnw/reports/global-wealth-report-2023.html. Some of this decline was accounted for by the appreciation of the US dollar against other national currencies, however, even subtracting these effects, the growth in wealth has been the slowest in 15 years.

⁶ Wealth figures cited here are from UBS (2023) *ibid*. The definition of personal wealth in this instance is broader than in the survey, being defined as the value of financial assets plus real assets (including housing) owned by households minus their debts.

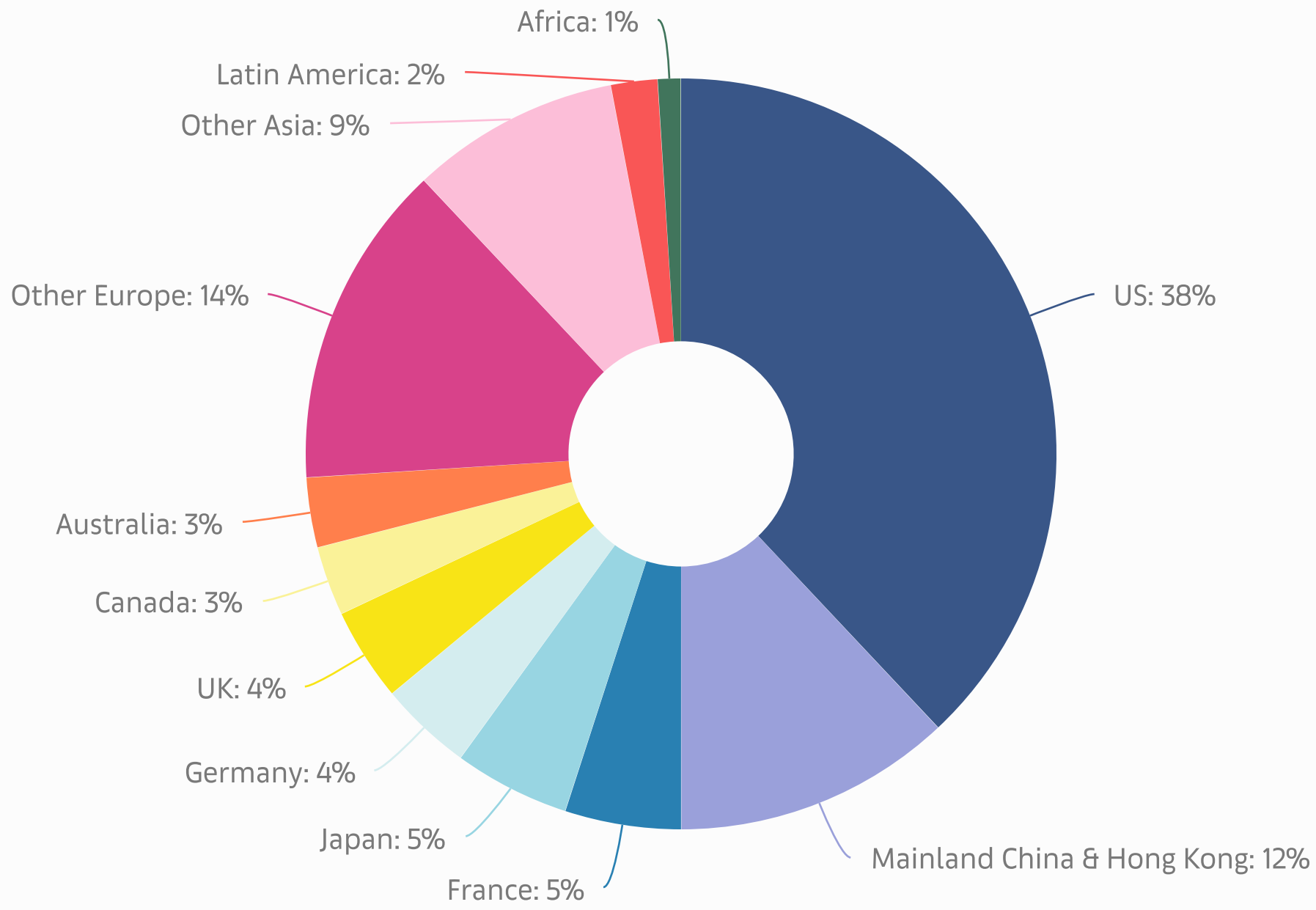
Figure 1.1 Global Millionaire Wealth and Population 2010-2022

©Arts Economics (2023) with data from UBS

According to UBS (2023), of those individuals with wealth of over \$1 million, most (95%) have wealth of under \$10 million. An estimated 243,000 of the 59.4 millionaires recorded in 2023 had personal assets worth over \$50 million, with a smaller subset of 7,016 having assets over \$500 million. The US is the largest center of global wealth at this level and had the highest number of millionaires (38% of the worldwide population), significantly ahead of China (in this case including Mainland China and Hong Kong) at 12%. However, Asia (defined here as Asia Pacific, India, and China) is now marginally ahead of Europe, with a share of 29% of the global millionaire population (versus 27% in Europe). As wealth levels rise, Asia also accounted for a higher share of wealth, including a larger share than North America in 2022 of those with wealth of over \$500 million (with China and Hong Kong accounting for 20%, just behind the US at 23% in this segment).

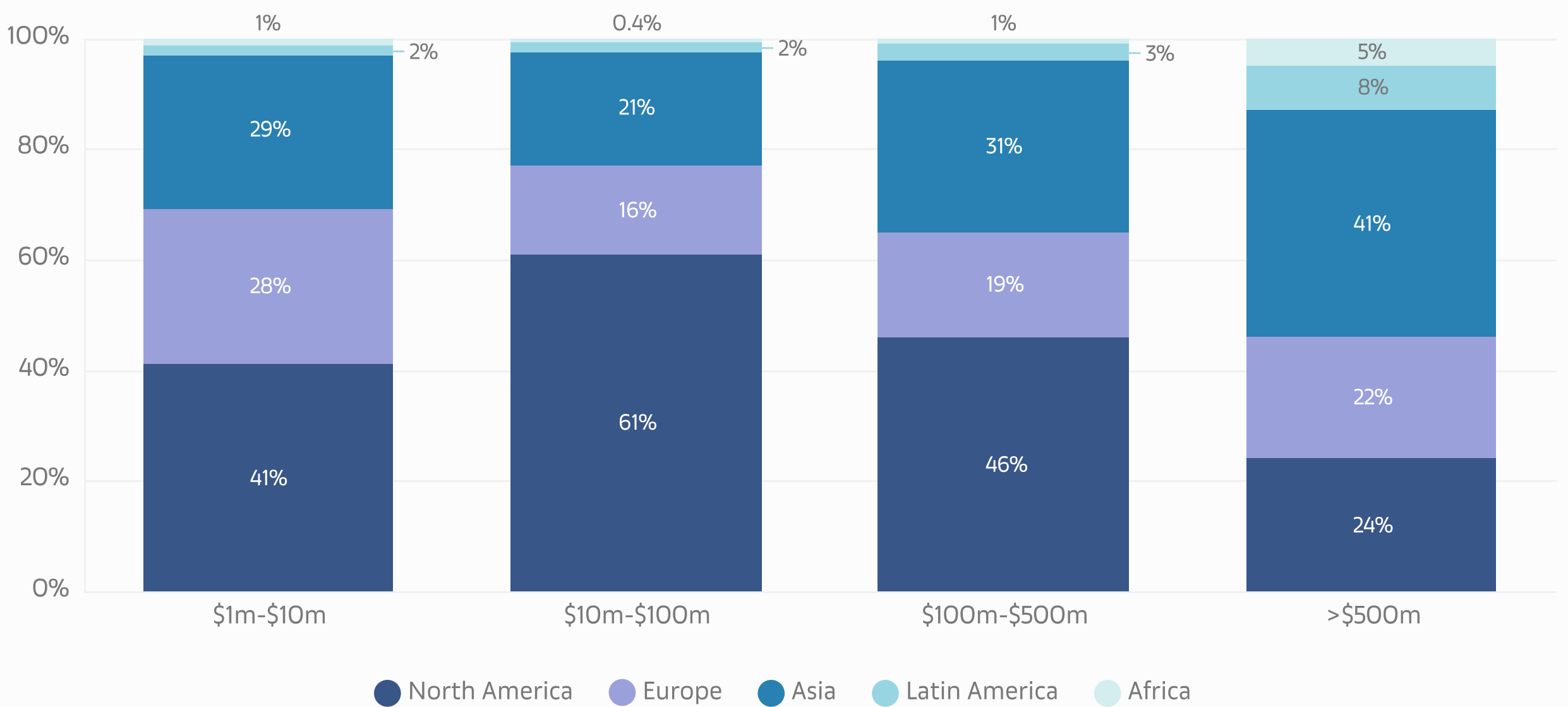
Figure 1.2 Share of Millionaires by Region in 2022⁷

a) Share of Population



b) Share by Wealth Level

% of global millionaires



©Arts Economics (2023) with data from UBS

⁷ Percentages presented throughout the report are rounded and reported to their nearest integer (apart from those less than 0.5%). In some cases, therefore, the integers in charts do not sum to 100% (but sum to 99% or 101%) due to rounding.

At the very highest level of the wealth spectrum, the last few years have seen some interesting changes for the world's billionaires, many of whom have a significant impact on aggregate sales in the art market. In stark contrast with previous recessions, the wealth of billionaires grew steadily during the pandemic, increasing by 64% from March 2020 to March 2021 as tech, e-commerce, and health industries all flourished. However, according to *Forbes'* annual compilation of the wealth of the world's billionaires, figures published in March 2022 showed a contraction in both the number of billionaires (down by 3% on 2021) and their collective wealth (also decreasing by 3%). This continued over 2022 and into 2023, with the March 2023 figures revealing a further drop of 1% in the number of billionaires over 12 months (to 2,640), while their wealth fell a further 4% to \$12.2 trillion. Although this represents a fall of 7% from the peak of billionaire wealth in 2021, a longer view in Figure 1.3 shows that the wealth owned by this small segment has rapidly expanded over the last decade, more than tripling in value since 2010.

The top 10 billionaires of 2022 saw their wealth shrink by 12% year-on-year to March 2023, each losing money, apart from Bernard Arnault of LVMH whose estimated wealth grew by one third to \$221 billion to make him the wealthiest billionaire in 2023.

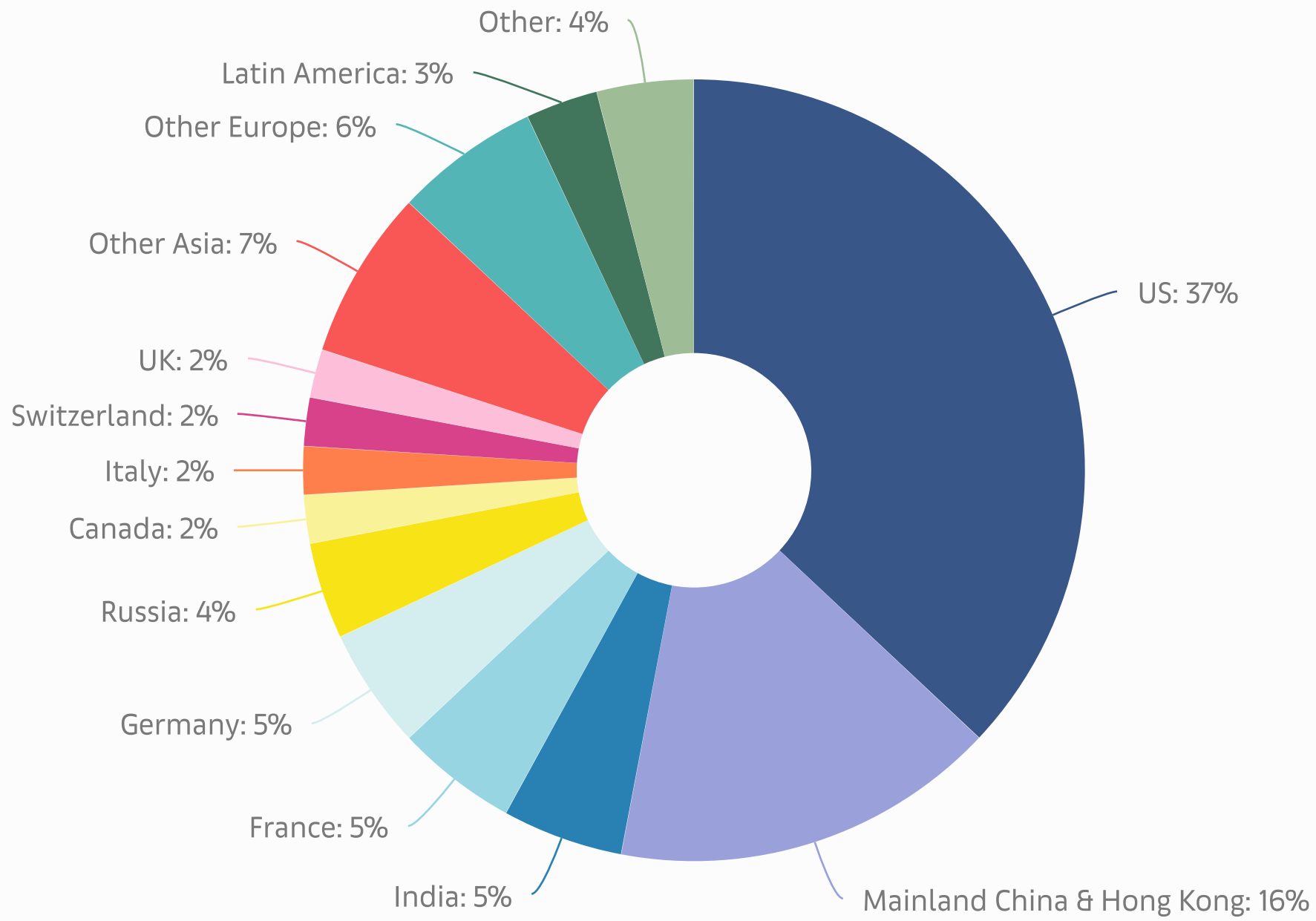
Figure 1.3 Billionaire Wealth and Population (March Totals 2008-2023)



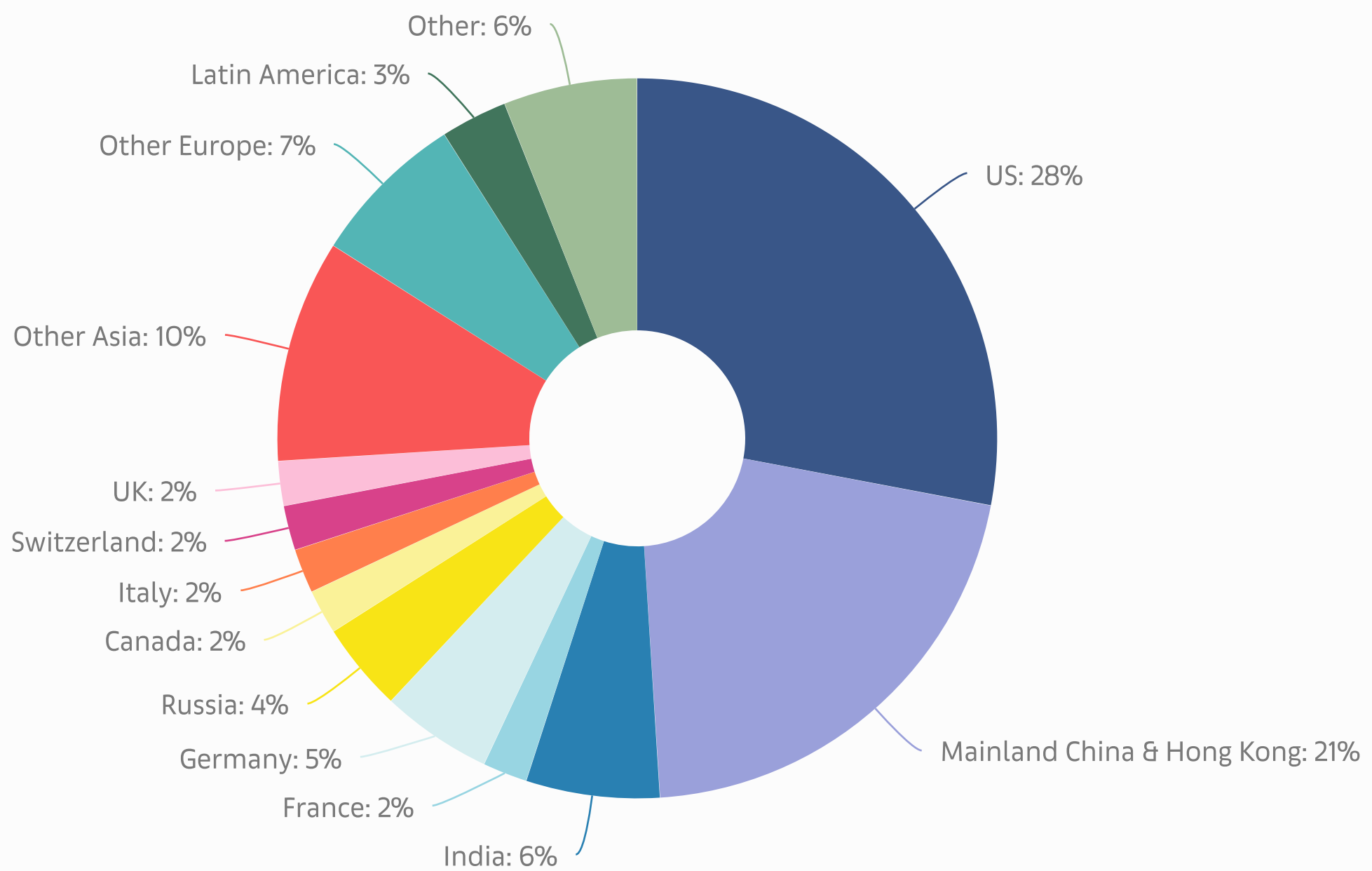
©Arts Economics (2023) with data from *Forbes*

Figure 1.4 Share of Billionaires by Region in 2023

a) Share of Wealth



b) Share of Population



©Arts Economics (2023) with data from *Forbes*

The US still had the most billionaires (735) with a collective \$4.5 trillion in wealth, accounting for a stable 37% of the total. China (in this case including Mainland China and Hong Kong) remained the second-largest region, with 560 billionaires and just over \$2 trillion in wealth, also relatively stable in terms of global share year-on-year. Both regions saw declines in wealth in this segment year-on-year with the US down by 5% and China by 14%. European billionaires on the other hand, partially buoyed by improving exchange rates, saw a rise in wealth of 3%, but with mixed fortunes, including growth in France (up by 7%), a stagnant picture in the UK, and a fall of 4% in Germany.

Not all billionaires are art collectors, but most participate in art and other luxury markets at some level. While the lower wealth tiers represent a very diverse set of individuals, those belonging to the highest tiers often have more distinct similarities in their personal circumstances, residences, lifestyles, and purchasing behaviors. There is no method to definitively evaluate how much art is owned by HNWI and billionaires, but estimates have ranged from between 5% to over 20% for allocation to art and other investments of passion in HNWI investor wealth portfolios. In surveys of HNWI collectors conducted by Arts Economics and UBS over the last few years, of those regularly participating in the market, allocations to art ranged from around



20% to 25%, with shares increasing with the level of wealth. (Allocations in 2023 are discussed in Section 2.2.) The spending and preferences of collectors in this segment are therefore pivotal in shaping some of the bigger trends in the art market.

While higher levels of wealth may give individuals more confidence to withstand what the economy may throw at them, they are not immune to factors such as inflation or interest rate changes which can affect their net income, leverage, investments, and spending, as well as the way they allocate their wealth between different options. While art is often purchased from current income in middle and lower wealth tiers, the use of leverage to purchase art and the use of art as collateral for lending is more prevalent for those in higher wealth brackets. The ability of HNWI's to leverage their wealth, borrowing against their assets to both pay for expenses and reinvest in other assets which return more than the cost of borrowing, has been key for many to expand their wealth and finance their investments and lifestyle. Studies have shown that the use of credit in HNWI portfolios is widespread,⁸ and over 40% of the collectors in this study had used credit to finance purchases of art. Although debt levels have increased significantly in some regions such as North and Latin America, rising interest rates and their knock-on effects on lending rates have meant that some collectors have become more concerned about leverage.⁹ (How interest rates and inflation have interacted with the art market is explored in Exhibit 2, and the topic of credit and interest rates is investigated further in Chapter 4.)

⁸ A study by CapGemini and RBC Wealth Management showed that in 2015, HNWI's use of credit averaged around 18% as a percentage of assets (over \$10 trillion). Their *Global HNWI Insights Survey* revealed that 9% of HNWI's held some kind of credit to finance purchases of investments of passion. See *World Wealth Report 2015* available at capgemini.com. *Forbes* annually publishes a list of US billionaires who have pledged substantial amounts of the companies they own in order to finance other investments and lifestyles, with some up to 90% or more. See Hyatt, J. (2022) 'Elon Musk Is About To Have More Pledged Stock Than These 31 Other Billionaires Combined', at forbes.com/sites/johnhyatt/2022/04/28/elon-musk-is-about-to-have-more-pledged-stock-than-these-31-other-billionaires-combined.

⁹ In the US for example, as of mid-July, credit card debt reached an all-time high of nearly \$1 trillion (from just over \$600 billion a decade ago), and credit card interest rates have also risen substantially. As prime rates increased from 3% to 8% in the US, typical credit card rates have gone from 15% at the start of 2022 to 21%. Data from Federal Reserve Economic Data (2023) *Commercial Bank Interest Rate on Credit Card Plans*, available at fred.stlouisfed.org.

1.3 Art Market Indicators in H1 2023

Research at the end of 2022 showed that the art trade was relatively optimistic about the year ahead in 2023. Just under half (45%) of dealers surveyed expected a better year in sales, and a further 39% felt they would remain stable, although anecdotally many were bracing themselves for a slower period ahead. Similarly, a survey of mid-tier auction houses around the world revealed that while about one quarter (24%) feared a drop in sales, most thought they would be stable (28%) or improve (48%).¹⁰

With the higher end of the market being the key driver of growth in both the dealer and auction markets in 2022, much focus in assessing how the market is faring so far this year has been on the results from the major international auction house sales, which are often used as a barometer of the higher, global end of the market. Some results indicated that parts of the market were off to a slower start than in the previous year, with aggregate sales at the multinational auction houses of Christie's, Sotheby's, Phillips, and Bonhams down by 16% in the first six months of 2023 on the same period in 2022, however, still exceeding their pre-pandemic level (being 6% higher than in 2019). There was also some mixed performance between these major auction houses.

Christie's reported that their total sales (at \$3.2 billion) were down by 23% in the first half of 2023 on the same period a year previous, which included a fall in public auction sales (down by 24% to \$2.7 billion) and a drop in private sales of 19% (to \$484 million). The auction house reported fewer sales at the very highest end of fine art auctions, however, they noted strength in their middle market and in the luxury sector, which saw sales increase by 43% to \$590 million. Sotheby's did not announce their full earnings for the first half of the year, but their published public auction figures indicated a decline of 8% to \$2.8 billion, bringing them roughly on par with 2021. Phillips also reported a decline of 39% for the first half of 2023, with aggregate sales of \$453 million, from \$746 in the first half of 2022. Public auction sales were down by 31% to \$409 million and private sales fell by 72% to \$44 million.

Bonhams were an exception among the international auction houses, going against trend to post a rise in sales of almost one third. The auction house, which acquired four other auction houses in 2022, posted public auction sales of \$555 million, up from \$419 million in 2022. While some of this increase (\$114 million) was accounted for by their new businesses, even without these additions, Bonhams' own pre-acquisition sales were

¹⁰ See Arts Economics (2023) *The Art Market 2023, an Art Basel and UBS Report*, available at theartmarket.artbasel.com.

up by 20%, with the company citing their market consolidation, globally led growth, and consistent focus on digital sales channels as key to some of their success. Luxury sales also grew faster than fine art.

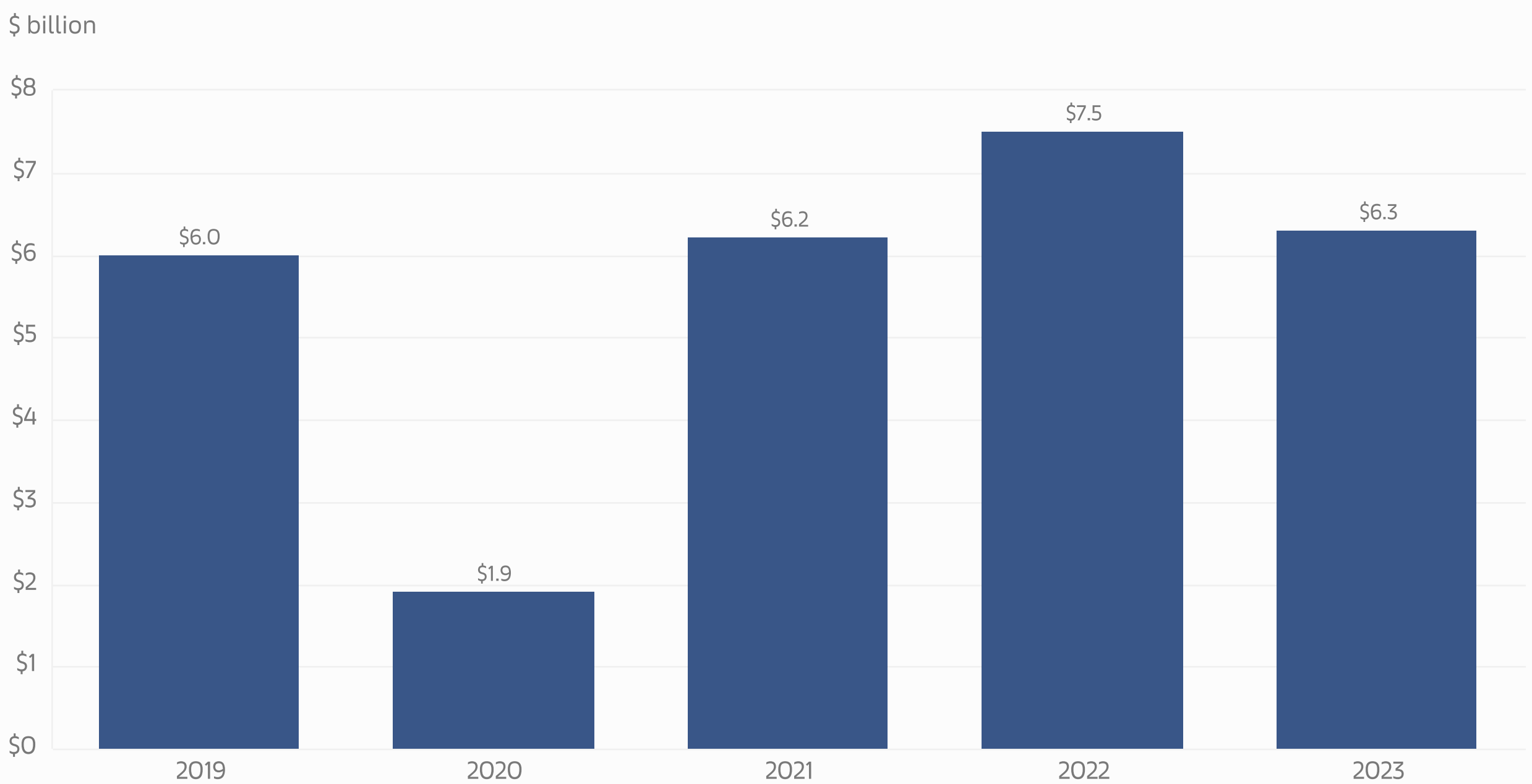
The relative success of Bonhams suggests that all buyers did not simply gravitate to the high end of the market, as is often the case in uncertain or less optimistic periods or a so-called ‘flight to quality’ by more risk-averse buyers. While the figures indicated that some sectors of the market were undoubtedly less buoyant than in previous years, the aggregate fall in value for these companies in the first half of the year does not also imply an inevitable downturn for the art market, particularly as dealer sales cannot be assessed until industry-wide surveys are carried out at the end of the year and major fairs have taken place. Furthermore, it is not yet clear that it means an irrevocable downturn in the auction sector, particularly given the dominance of high-value sales in the second half of the year and lack of important data from Mainland Chinese and other auctions. The 2023 figures are also higher than in the same period in 2019, 2020, and 2021, and represent 84% of sales made at this time in 2022, which was a record year for some of these companies.

Despite the decline in value, the number of sales conducted at these major houses was relatively stable at 725, just two more than the previous year. The number of sales rose each year since the pandemic-induced low in 2020, and in the first half of 2023, they conducted over one third more than in the same period in 2019. This growth is entirely attributable to the advance in online-only sales which have almost tripled in number, while live sales are now at around the same level as 2019. There were more online-only sales in 2023 at these houses than in any other previous period, at 307, up by 18% in number year-on-year. The peak in live sales came in the first half of 2022 at 463, before reverting to 418 in 2023, slightly below 2019 levels.

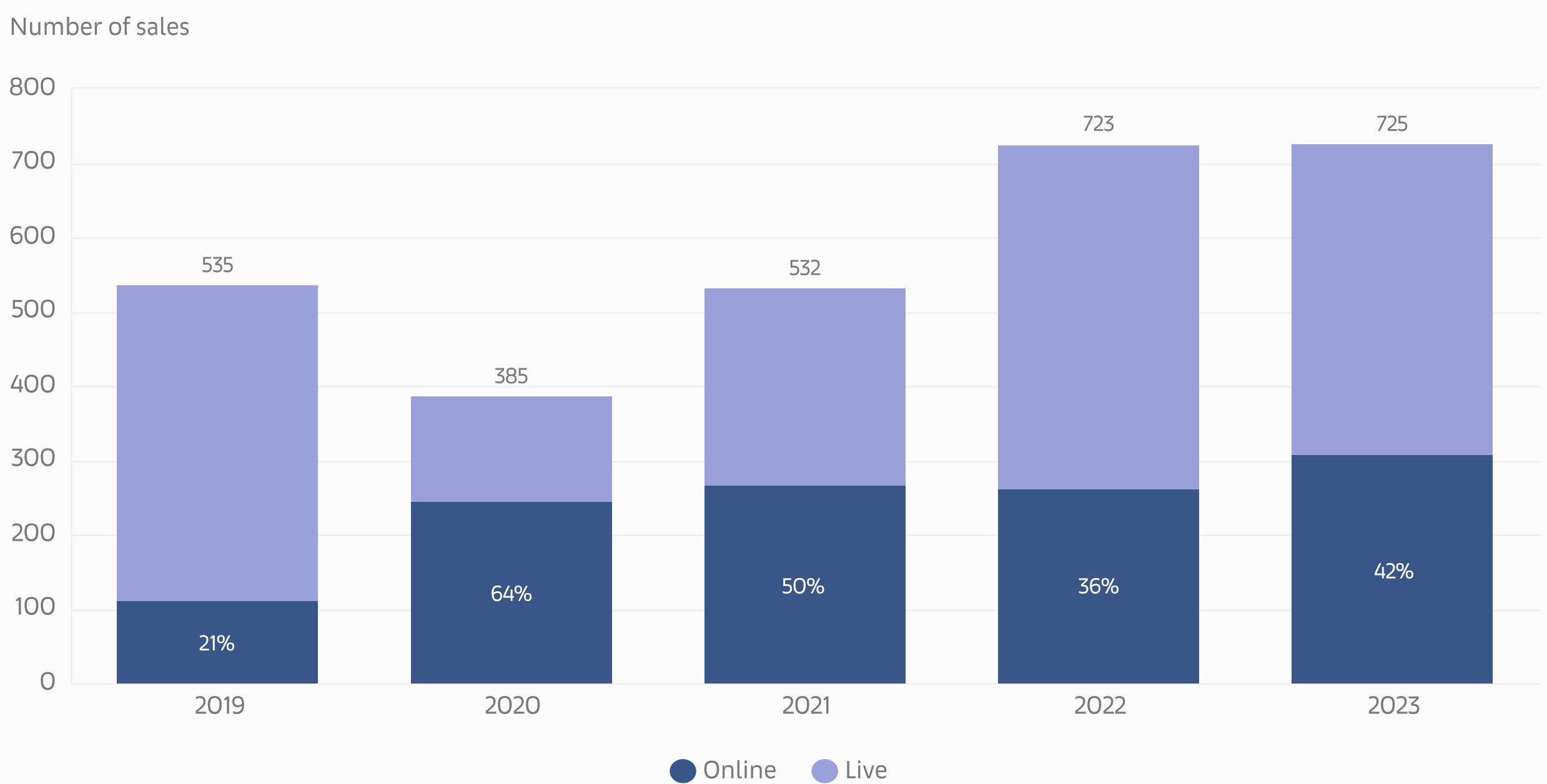
While online sales accounted for 42% of the number of sales at these multinational auction houses in 2023, they are only a minority of the value of sales, at 8%, up marginally in share year-on-year (by 1%). Their share of value peaked during the pandemic in 2020 (at 17%), and although it has scaled back since that point, it still represents a significantly greater share than before the pandemic in 2019 when they accounted for just 1%. All four auction houses have seen an advance in share on 2019, with some of the biggest growth at Bonhams, where online-only sales accounted for 19% of the total value of sales in the first half of 2023 versus only 1% in the same period in 2019.

Figure 1.5 Sales Figures for Christie’s, Sotheby’s, Phillips, and Bonhams H1 2019-H1 2023¹¹

a) Aggregate Sales (January-June)



b) Number of Sales (January-June)



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¹¹ Figures for Bonhams include only sales through Bonhams' original businesses, prior to their acquisitions in 2022 and therefore understate their total sales in 2022 and 2023. The data was compiled courtesy of Bonhams, with many thanks to Lucinda Bredin.

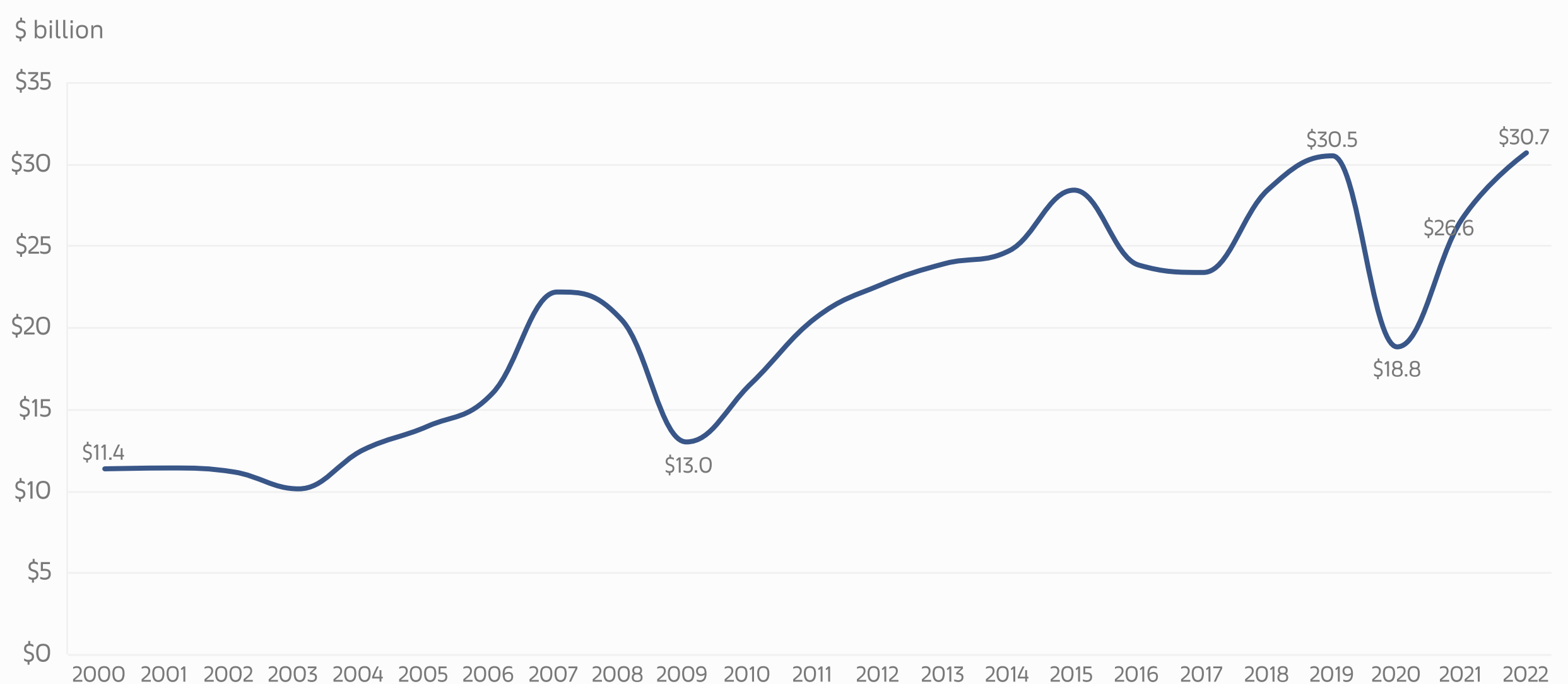
1.4 The Cross-Border Trade in Art

Sales of art and antiques take place in an increasingly globally diverse market, with cross-border trade connecting buyers and sellers around the world. While data on imports and exports of art is available only with a significant lag in many regions, the changing value and composition of trade in 2022 and early 2023 offers some indication of how the market has and may continue to fare this year.

Imports

The movement of art across borders has maintained consistent growth since its low point during the pandemic in 2020, with imports having reached their highest-ever recorded level in 2022. The aggregate value of global imports of art and antiques had previously peaked in 2019 at \$30.5 billion, having grown by over 600% in nominal value since the mid-1980s. After falling by 38% in 2020 as the pandemic halted some of the sales and exhibitions which drove international exchanges of art, values have grown in each year since. In 2021, imports bounced back by 41% as international trade rebounded, and in 2022, a rise of 15% brought values to an historic peak of \$30.7 billion. This was also a relatively higher increase in value compared with some other industries, with global imports across all categories of goods remaining stagnant year-on-year (falling slightly by 1% from 2021 to 2022).

Figure 1.6 Aggregate Global Imports of Art and Antiques 2000-2022



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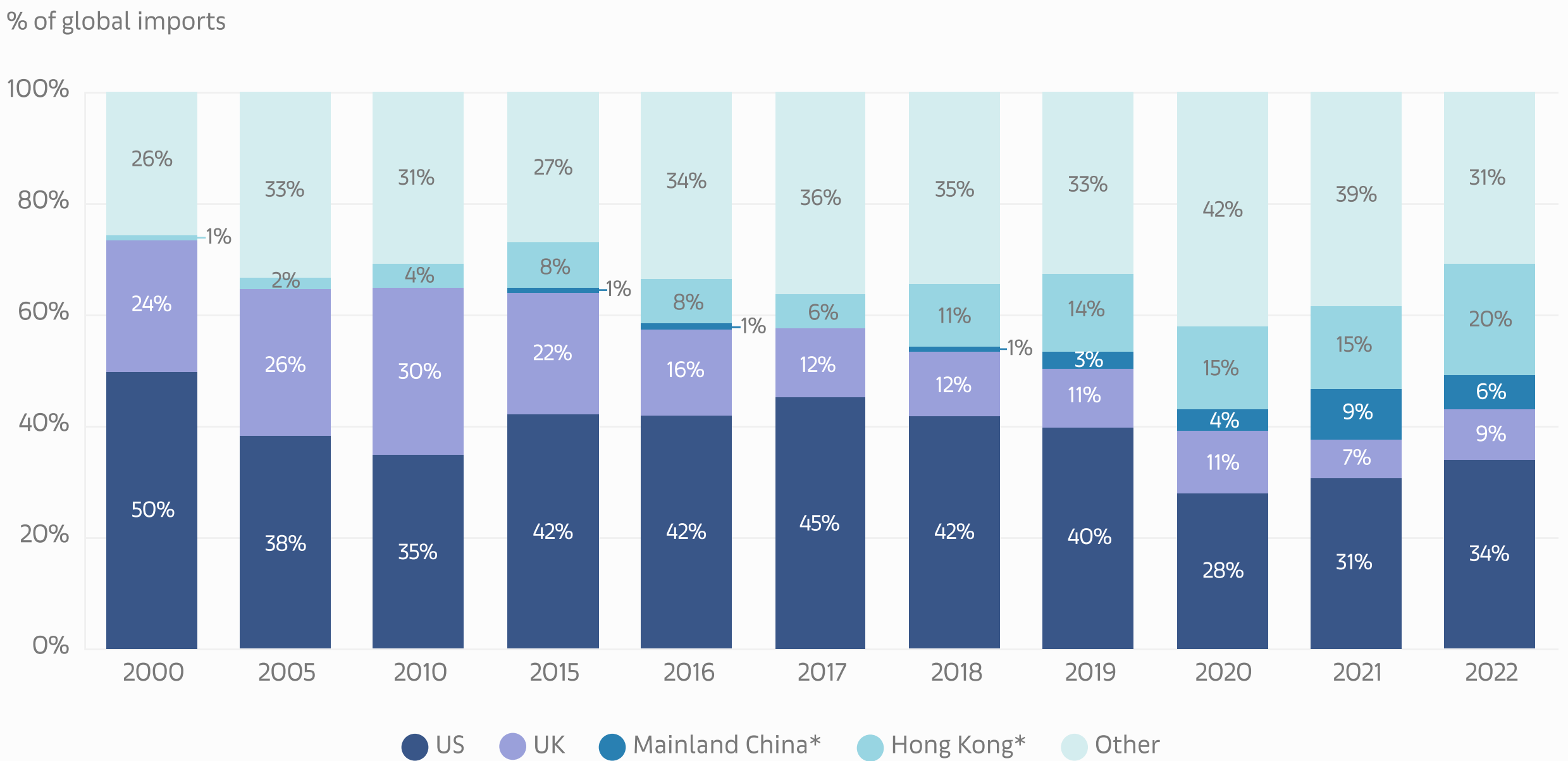
Import and exports statistics are reported by some regions with a considerable lag, however, based on the countries reporting in both the first quarter of 2023 and the same period in 2022, global imports of art and antiques were up by 35% in 2023, with increases in major markets, notably Hong Kong (up by 50%), the UK (by 38%), and the US (by 15%). This increase was again considerably higher than aggregate global imports across all industries which, based on the sample of 74 countries that reported their figures for the first half of the year, fell by 4% in value in the first quarter.

Reflecting their importance as both domestic markets and key hubs for international sales, the three main art markets of the US, China (in this case including Mainland China and Hong Kong), and the UK together accounted for 69% of the value of global imports of art and antiques in 2022. While they have maintained this majority since the 1990s, the distribution between these three markets has changed considerably as China gained share.

The US remained by far the largest importer of art in 2022 (and in the first quarter of 2023), with a 34% share of global imports, a rise of 3% year-on-year. As noted in previous reports, rather than import demand being fueled solely by national wealth, imports into an art hub such as New York are driven by the existence of the market itself and its ability to facilitate trade and bring together enough desirable art for sale to attract both local and international buyers. Works sold in New York, for example, are often just as likely to be bought by buyers outside the US as they are by US collectors, and therefore the combination of wealth, trade-friendly regulations, and the market's knowledge and institutional infrastructure have continued to secure its position as the headquarters for the cross-border trade in art.

These same factors have bolstered the position of Hong Kong as a trade hub in Asia, and its share of imports also increased to 20% by value, its highest-ever level. Combined with Mainland China, the Chinese region accounted for 26% of global import values, far surpassing the UK.¹² While the UK saw an increase from 7% in 2021 to 9% in 2022, its share has declined over the last few years as more sales of the highest-value works have taken place in the US and Hong Kong.

¹² Chinese trade statistics present a number of issues that are important to acknowledge in comparative analyses of market shares. Some imports reported as coming into China are reported as being exported from China and vice versa. Figure 1.7 removes all imports reported into Hong Kong from Mainland China and Macao (and all imports from Hong Kong or Macao to Mainland China) and removes all these intra-regional imports from each region from the world total.

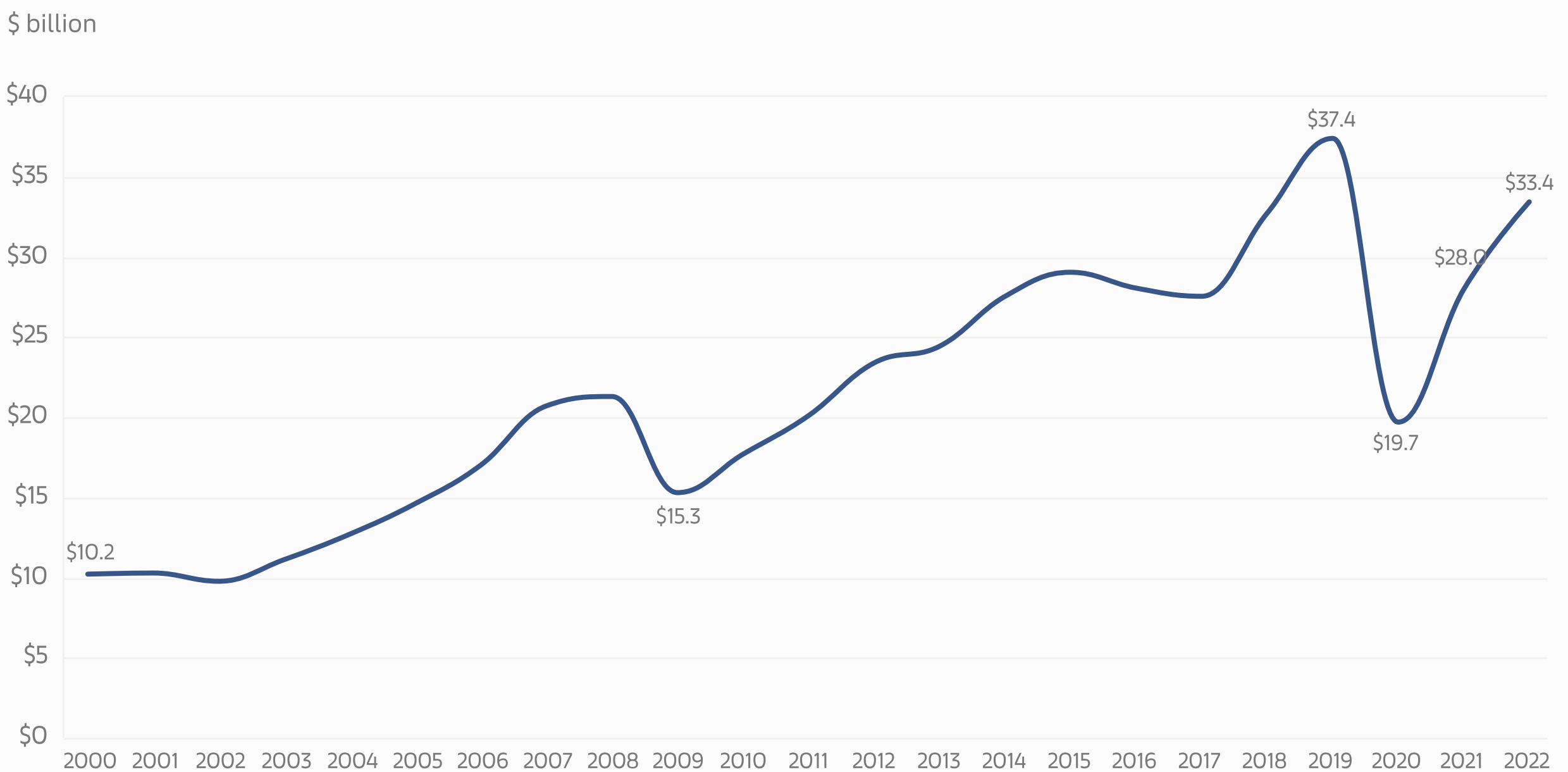
Figure 1.7 Share of Value of Global Imports by Region, Selected Years

* Hong Kong imports exclude any imports of art and antiques reported from Mainland China or Macao in each year. Mainland China imports exclude these imports from Hong Kong and Macao. Macao's imports (with trade from Mainland China and Hong Kong removed) are aggregated with Mainland China. All sets of excluded imports are removed from world totals in the figure to estimate global market shares.

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Exports

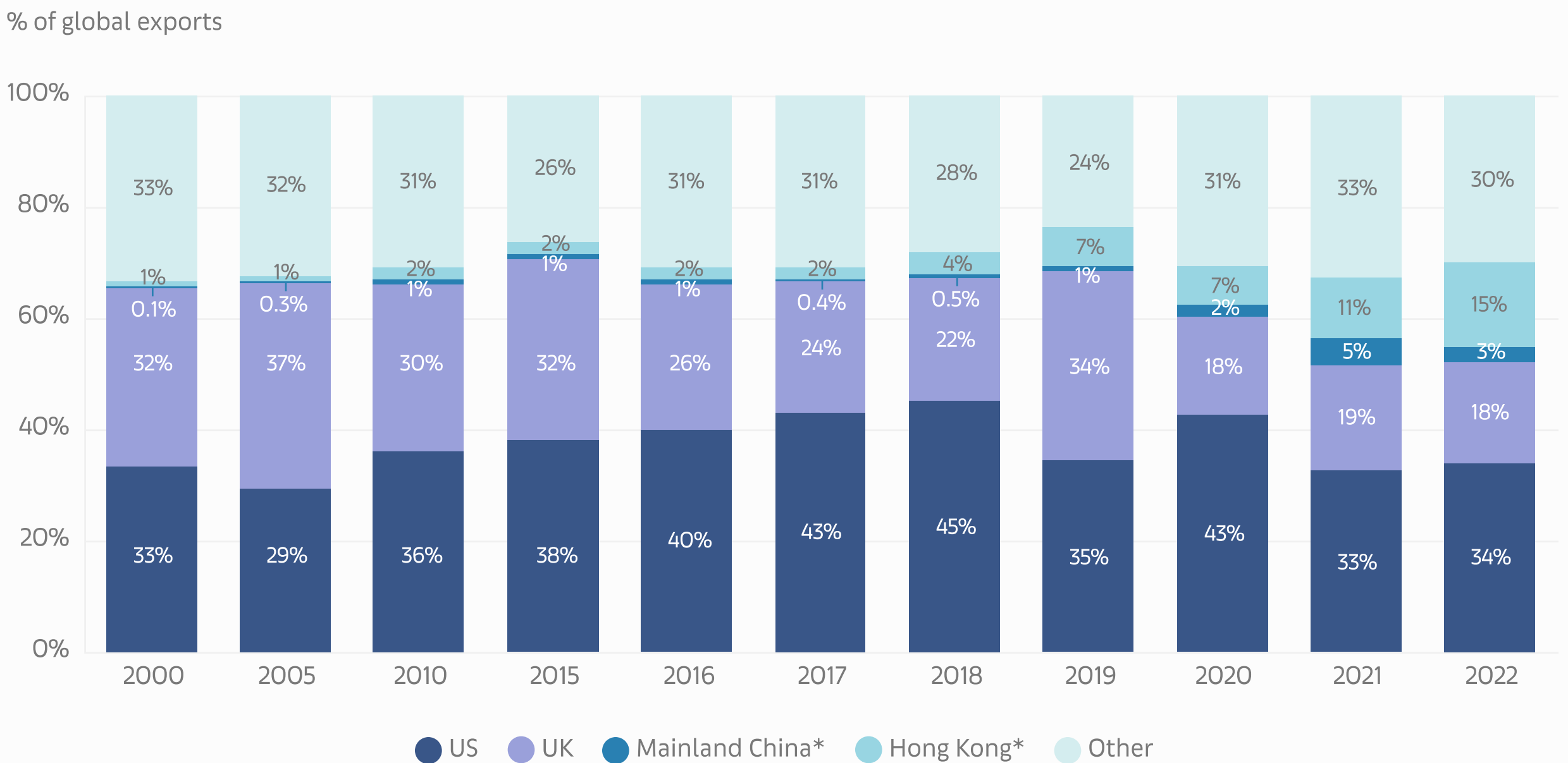
Exports of art and antiques have also seen a strong increase in value in recent years, paralleling the growth of art sales, with the major peaks and troughs coinciding with art market booms and recessions. Exports declined to their lowest level in a decade in 2020 (to \$19.7 billion, down by 47% year-on-year) but recovered strongly in 2021 to \$28 billion. Their growth in 2022 at 19% was significantly greater than the uplift of sales in the art market. Like imports, this growth was also stronger than export growth across all industries globally, which fell by 7% year-on-year. However, the total value of global art exports in 2022 (at \$33.4 billion) was still slightly less than the peak in 2019 at \$37.4 billion.

Figure 1.8 Aggregate Global Exports of Art and Antiques 2000-2022

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Based on the countries reporting in both the first quarter of 2023 and the same period in 2022, global exports of art and antiques were up by 5% in 2023, again with Hong Kong showing the biggest uplift by far of the major markets (59%), while the UK and the US grew only marginally year-on-year. The increase in exports for this period was again considerably higher than the growth in aggregate global exports across all industries over the same period which, based on 74 countries that had reported their figures for the first half of the year, grew by 2% in the first quarter.

Like imports, the majority value of art exports comes from the three largest regional hubs of the US, the UK, and China (largely via Hong Kong). The share of these hubs has been as high as 82% in 1990 and accounted for 70% in 2022. The US is the dominant exporter of art, with sales in New York and other cities often to international buyers, while Mainland China and Hong Kong remain primarily buying markets with a smaller share. However, China's export share has risen considerably and rivaled the UK by value in 2022, with the bulk of external trade via Hong Kong.

Figure 1.9 Share of Value of Global Exports by Region, Selected Years

* Hong Kong exports exclude any exports of art and antiques reported to Mainland China or Macao in each year. Mainland China exports exclude these exports to Hong Kong and Macao. Macao's exports (with trade from Mainland China and Hong Kong removed) are aggregated with Mainland China. All sets of excluded exports are removed from world totals in the Figure to estimate global market shares.

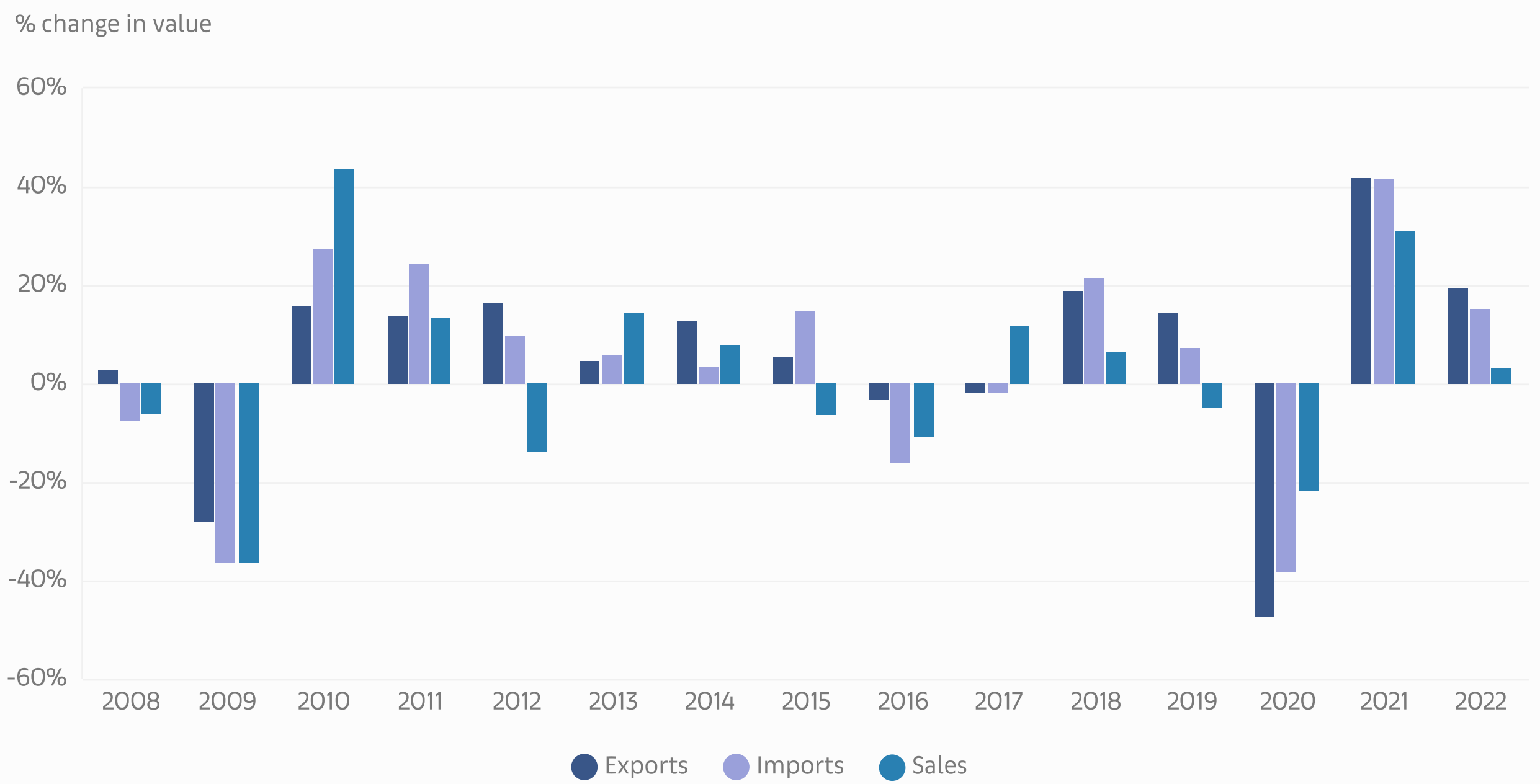
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Cross-border trade is highly correlated with values in the art market, underling the global proliferation of sales, and the importance of international buyers and sellers in the key trading hubs. The peaks and troughs of imports and exports have coincided with many of the major highs and lows in global art sales, with deviations mainly due to the performance of regions that also support large domestic markets. For example, a factor contributing to the drop in art market sales in 2012 was the end of a boom in Mainland China's art market. While this had a significant impact on art sales, its effect on cross-border trade was less evident due to the relatively low share of trade from China and the domestic focus of its market at that time.

Although they have not grown at identical rates or even in the same direction in some years, in the period from 1990 to 2022, there is very high correlation between aggregate global trade and global sales: the correlation between imports and sales of art and antiques was 94% and for exports was 93%. While they do not predict sales, data on trade from the first

few months of 2023 suggests that there continues to be a vibrant exchange of artworks, particularly indicated by strong inward flows to major markets. The cross-border trade in art has also continued at a stronger pace compared to many other industries in early 2023.

Figure 1.10 Annual Change in the Value of Global Sales, Exports, and Imports of Art and Antiques



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2. GLOBAL COLLECTING IN 2023

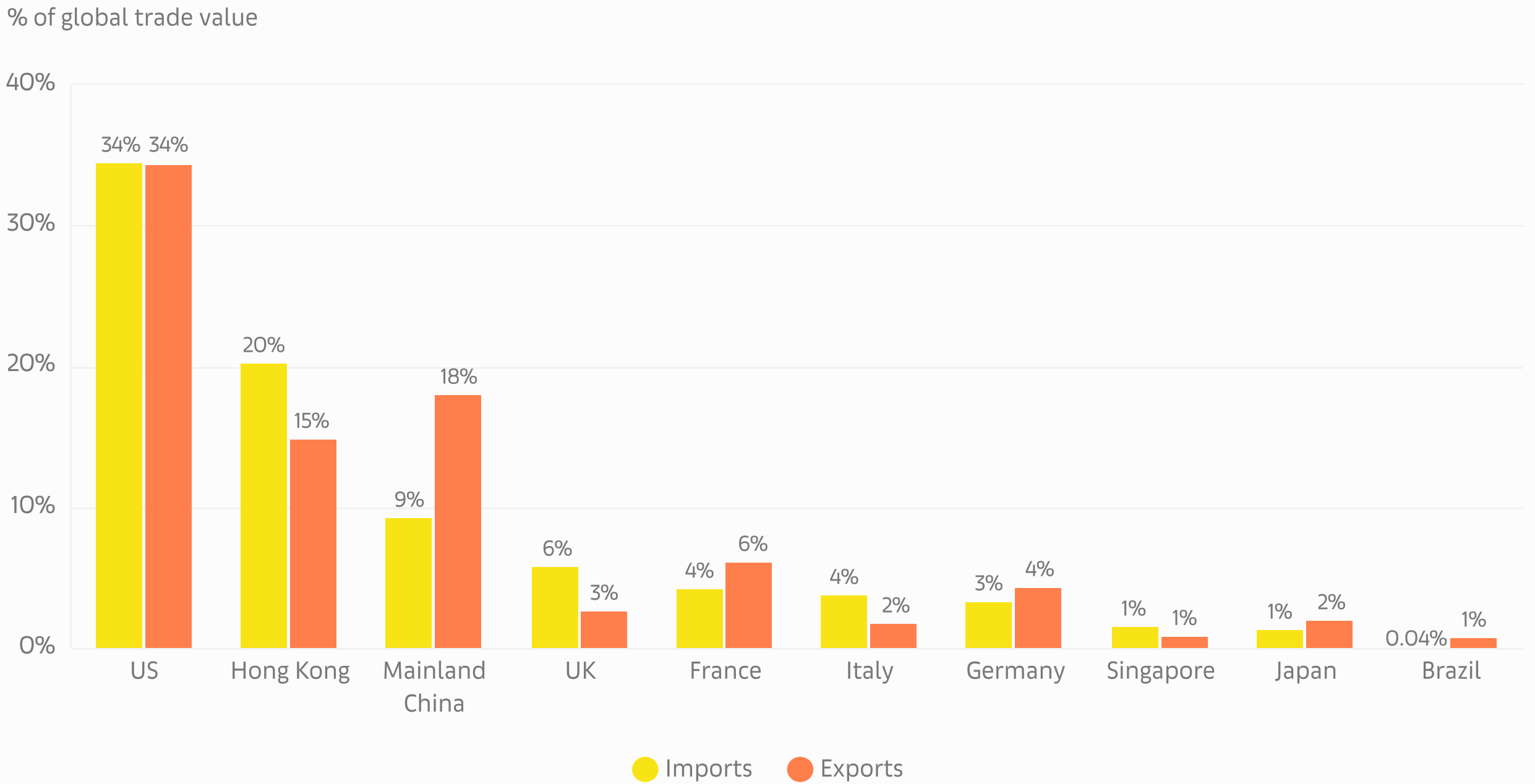
2.1 Global Collecting in 2023

The level of spending and engagement in the art market by HNW collectors over the last few years has remained remarkably buoyant, with buying at the high end of the market growing stronger than ever throughout the pandemic and in its aftermath. Despite the challenges they faced in accessing exhibitions, events, and in-person sales in 2020, surveys showed that HNW collectors continued to spend more on art, engaging with the market online where live sales were not available. In 2021 and 2022, this spending advanced further, and collectors also re-engaged with both local and international events, although there was evidence of a more edited and lower level of attendance.

By mid-2022, most collectors were bullish about the amount they would spend for the rest of the year, with a majority (55%) planning to buy in 2023 and 39% planning to sell works from their collections. Most collectors (80%) were optimistic about the global art market's performance this year, as well as over the longer term, with only a small minority of 5% forecasting a deterioration. Anecdotally, however, at the end of 2022 and into early 2023, many collectors and those in the art trade voiced concerns over the impact of the uncertain and, in some cases, deteriorating economic and political context, which it was feared would lead to a more cautious approach to discretionary spending. To assess whether this context impacted their activities in 2022 and the first half of 2023, Arts Economics and UBS conducted a global survey of HNW collectors active in the market for the last few years. Arts Economics and UBS have studied the behaviors and interactions of collectors in the market over the last eight years, and the 2023 survey was the largest ever conducted, with qualified responses from 2,828 HNW collectors from 11 different markets, each important bases for HNW wealth, and important art markets that engage in significant international trade. These markets included the US, the UK, France, Germany, Italy, Mainland China, Hong Kong, Taiwan, Singapore, Japan, and Brazil.

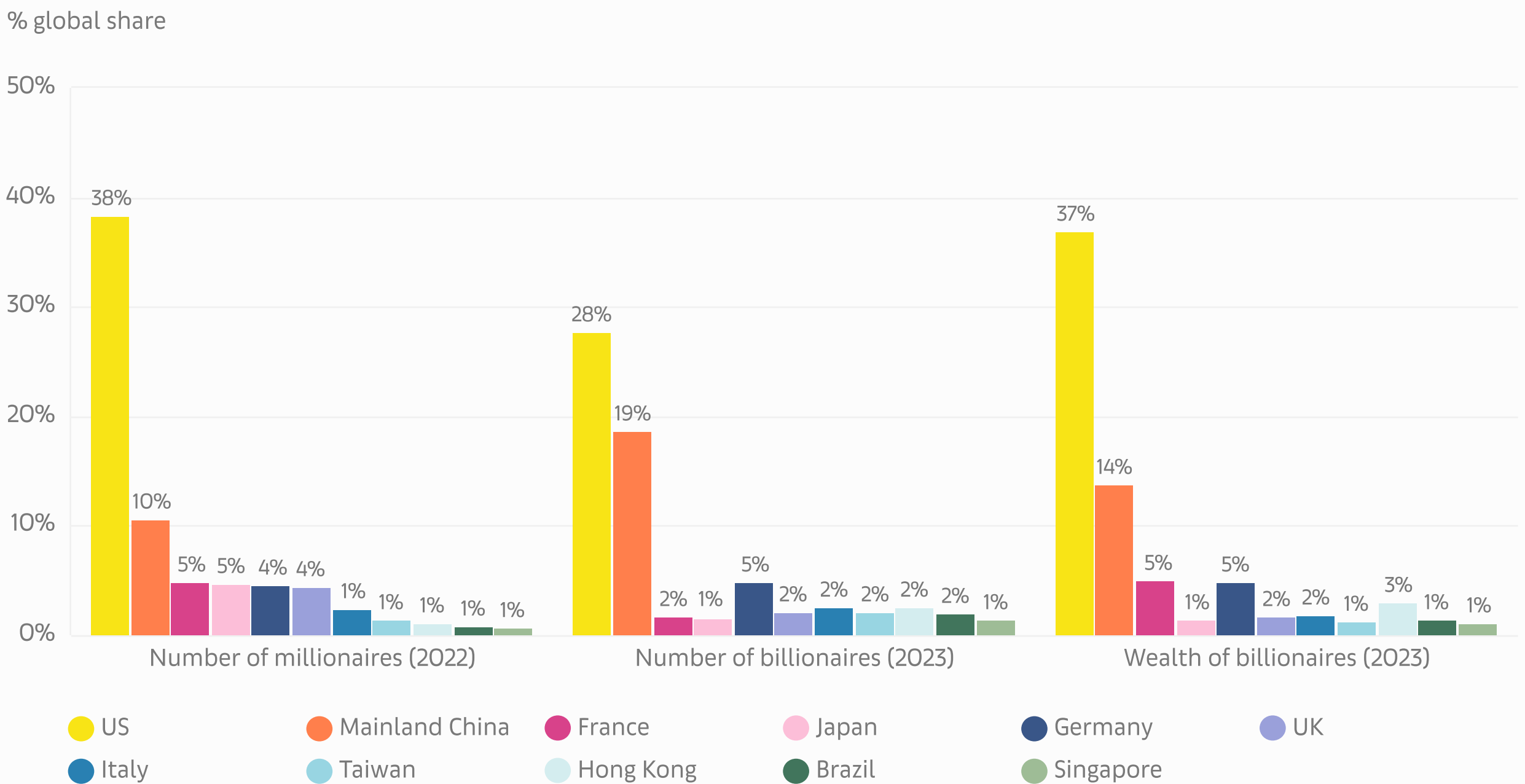
Figure 2.1 Trade and Wealth in Survey Markets

a) Share of Global Imports and Exports of Art and Antiques (2022)*



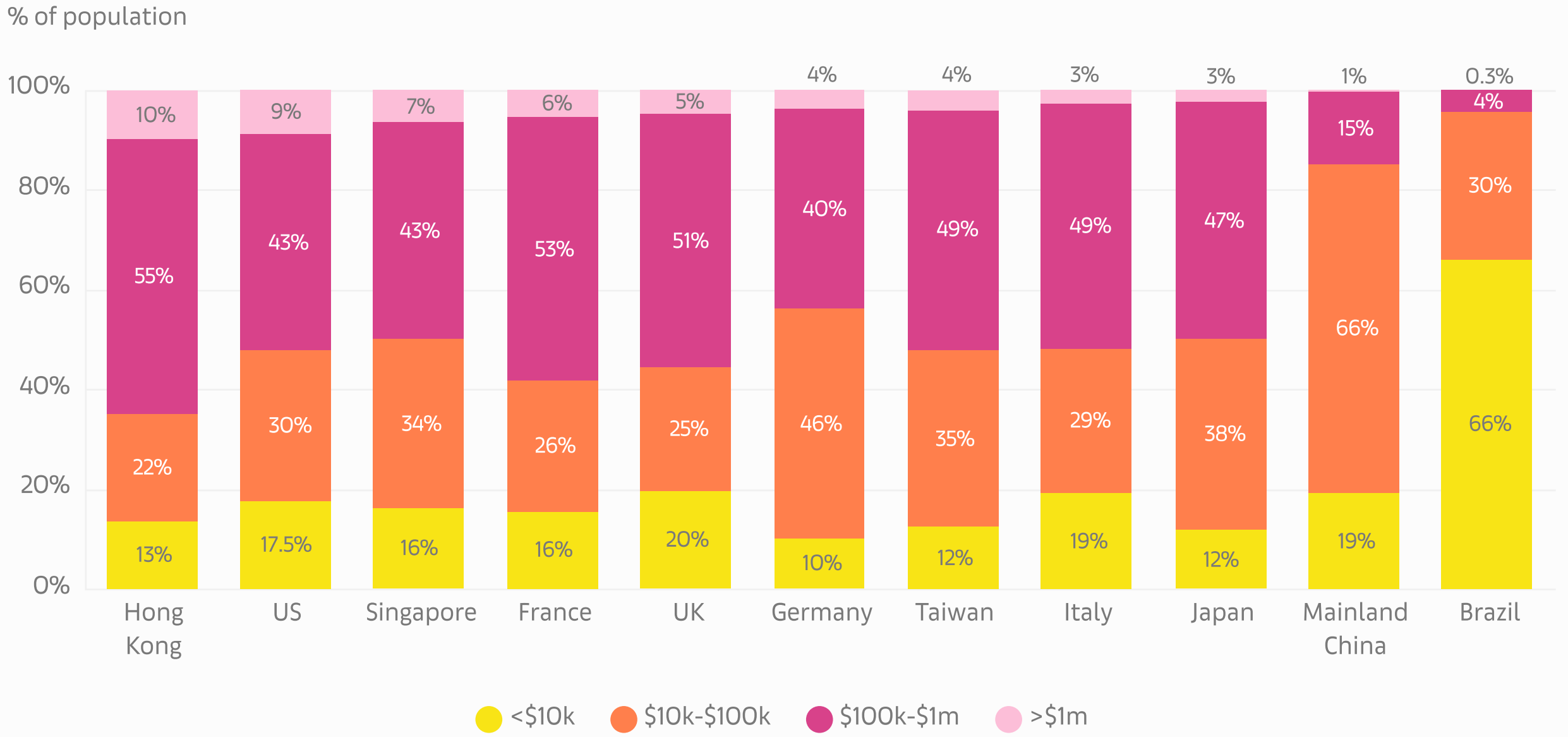
©Arts Economics (2023) with data from UN Comtrade * Taiwan trade data is not included in the UN trade data

b) Share of Global Millionaire and Billionaire Population/Wealth



©Arts Economics (2023) with data from UBS and Forbes

c) Internal Wealth Distribution within each Market



©Arts Economics (2023) with data from UBS and Forbes

2.2 Description of the HNW Collector Sample

The HNW collector survey was distributed between July and September 2023 to HNWIs in the 11 regions. To be included in the survey, potential respondents were screened according to their wealth and level of activity and spending in the art market from 2021 through to the end of the first half of 2023. To qualify, respondents had to be HNWIs, defined here as having a current net worth, excluding real estate and private business assets, of over \$1 million. To ensure they were active in the market, they were required to have purchased art in 2021, 2022, and 2023. To guarantee that they were also active enough in the market in these periods to be able to offer insights on potential changes in spending, sales channels, and other behaviors, they were excluded from the survey if they had not spent more than \$10,000 on art and antiques in each of the years 2021 and 2022, and more than \$5,000 in the first half of 2023. These criteria meant that the research was focused on active collectors who could share their insights on their interactions in the art market in 2023, but potentially excluded others with extensive collections but had not been recently active. This screening process continued until there was a minimum of 400 responses each for the US, Mainland China, and Hong Kong, and around 200 from each of the other markets surveyed, with a total of 2,828 fully qualified respondents used for the analysis that follows.

The questionnaire was distributed to HNW collectors across the sample markets who were at least 20 years of age in July 2023. As in previous years, the largest segments of qualified respondents divided between millennials (41%) and Gen X collectors (27%), reflecting the most active collecting segments in the market.¹³ Boomer and Silent Generation collectors accounted for 19% of the sample. These older collectors make up a very important segment of the market and have some of the largest collections of art and antiques globally, however, some were screened out during sampling in previous surveys due to a lack of spending activity in the relevant periods. Gen Z collectors accounted for 13% of the sample, an expanding share in the research over the last few years as these collectors mature and the segment naturally grows over time. The average age of respondents across all countries was 41 years, up slightly from 40 in the 2022 research in the same markets, due to a larger segment of Boomers. The average age ranged from 38 years in the UK, Hong Kong, and Japan (where over 60% of the sample were millennial and Gen Z collectors), up to 44 in Germany.

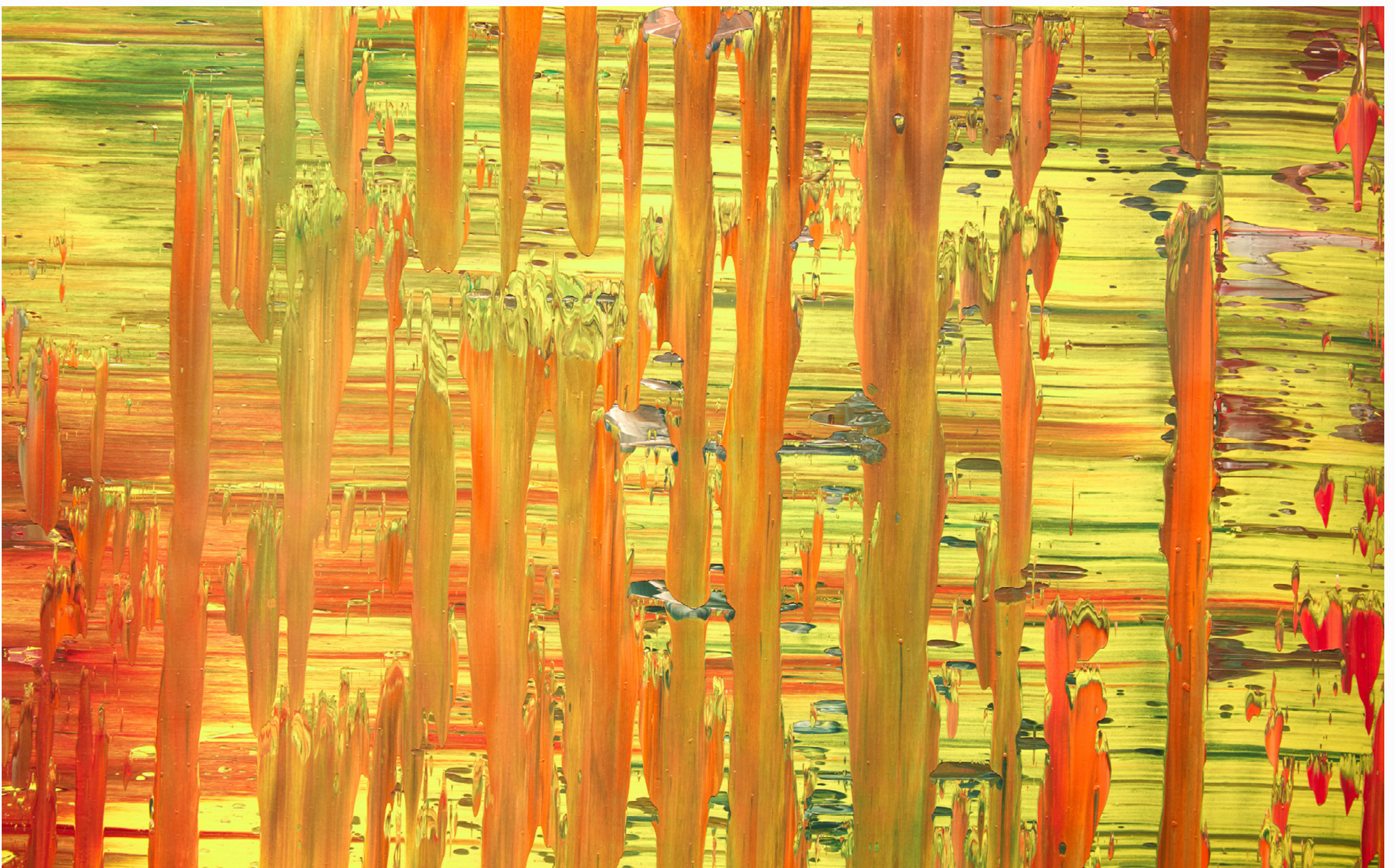
The overall gender breakdown of the aggregate sample was 40% female, 60% male, with 0.2% identifying as non-binary. This varied by market, from a low of 26% female

¹³ For the purposes of this survey, Gen Z are defined as those collectors who are under 26 in 2023, millennials are 26 to 42 years old, Gen X are 43 to 58 years, Boomers are 59 to 76 years, and Silent are 77 years and over.

respondents in the US to over half the sample in Japan (59%) and Hong Kong (51%). There was also a higher-than-average share of female collectors in the Boomer age group (58%).

As noted above, all respondents had personal wealth in excess of \$1 million. A majority overall (61%) had wealth between \$1 million and \$10 million, and this was the case in most individual markets, except for Mainland China, Taiwan, and Brazil where there was a higher share of wealthier respondents. Across all markets, 9% were in the ultra-high-net-worth (UHNW) category, defined here as wealth over \$50 million, with the highest shares in this segment in Mainland China (26%), Taiwan (24%), and Singapore (11%). Gen X collectors were the wealthiest age group in the sample, with the highest share of UHNWIs (15%). There was a higher share of female collectors that had wealth of over \$50 million (12%, versus 7% of male collectors).

How much of this wealth was allocated to their art collections varied considerably between individual respondents, but across all markets, 72% of HNW collectors reported that their current allocation was over the commonly cited benchmark of 10% (with wealth measured in this instance as including real estate and private business assets). Although a significant majority, the average share allocated to art was lower than the surveys conducted in 2022, and the share of collectors allocating a relatively high proportion of over 30% to art fell

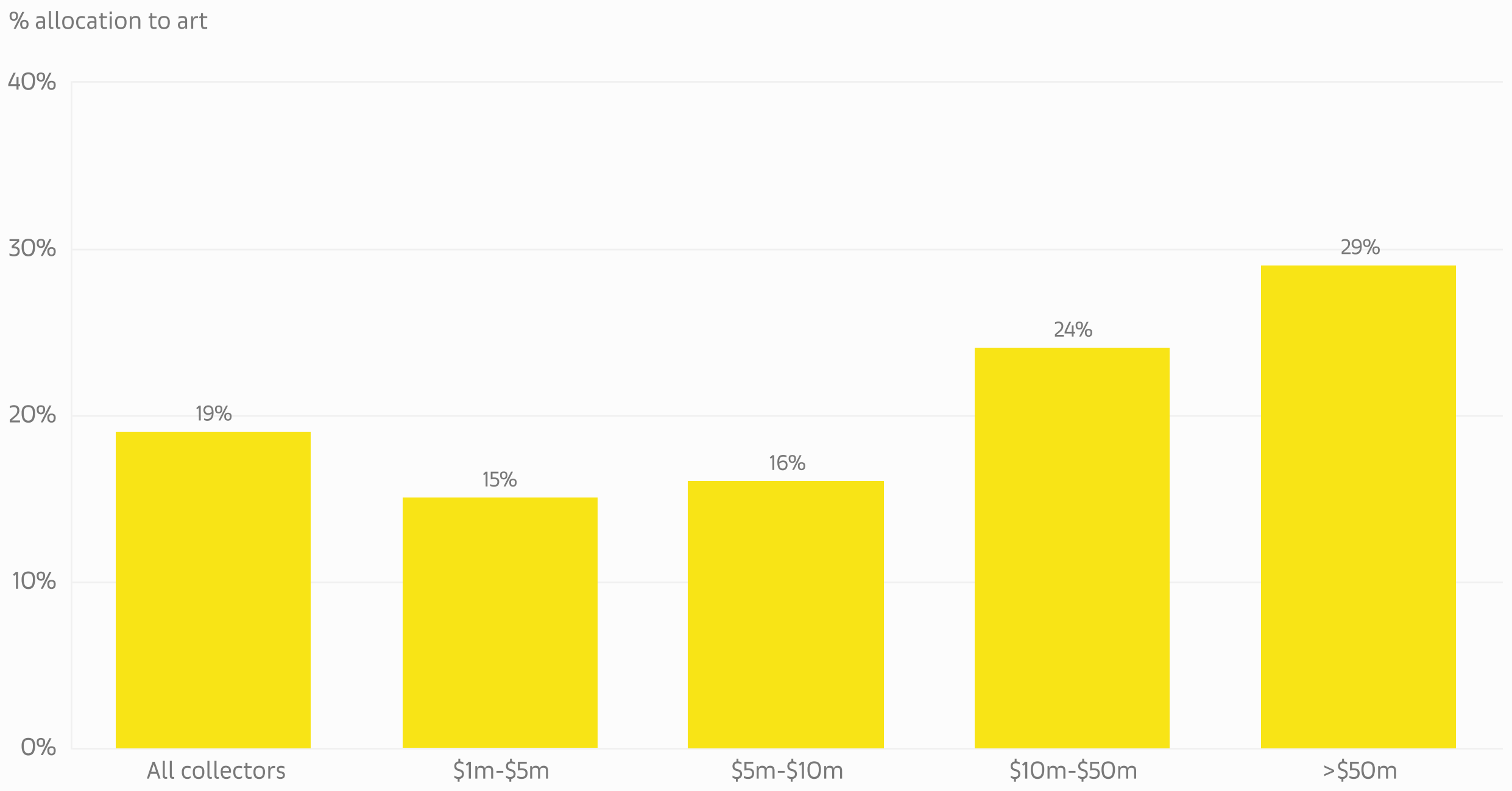


to its lowest level in four years of 17%, having peaked at over 31% in 2022. The average allocation over all collectors rose from 22% in 2020 and 2021 to 24% in 2022, before falling to the current average in 2023 of 19%.

Real assets such as art have been perceived by some collectors as an effective way to diversify risk, as the trajectories of some artists' markets are less correlated with financial markets and therefore can often be less affected by inflation and higher interest rates. If this is the case, one might expect allocations to rise in times of inflation and economic uncertainty. However, the fall in the allocation to art may be indicative of a more cautious approach to collecting, with a greater focus on the need for more liquid financial or income-producing assets, or less inclination to spend on discretionary purchases than in previous years and higher opportunity costs. To the extent collectors use lending to finance their collections, rising interest rates could also have a negative effect, making the cost of using credit for purchasing significantly higher. (Section 4.3 discusses the use of credit and lending by HNW collectors.)

The fall in the allocation to art may be indicative of a more cautious approach to collecting, with a greater focus on the need for more liquid financial or income-producing assets, or less inclination to spend on discretionary purchases than in previous years and higher opportunity costs

The lower allocations are also likely to be connected to differences in the sample, with a lower share of respondents in the current survey in the \$10 million-plus wealth brackets (at 39% in 2023 versus 57% in 2022). As in previous research, the size of the allocation to art rose positively with the wealth of the collector, ranging from an average of around 15% for those with wealth of under \$5 million to almost double that share (29%) for UHNW collectors. Almost 40% of UHNW collectors allocated 30% or more of their wealth to art.

Figure 2.2 HNW Collector Allocations to Art by Level of Wealth in 2023

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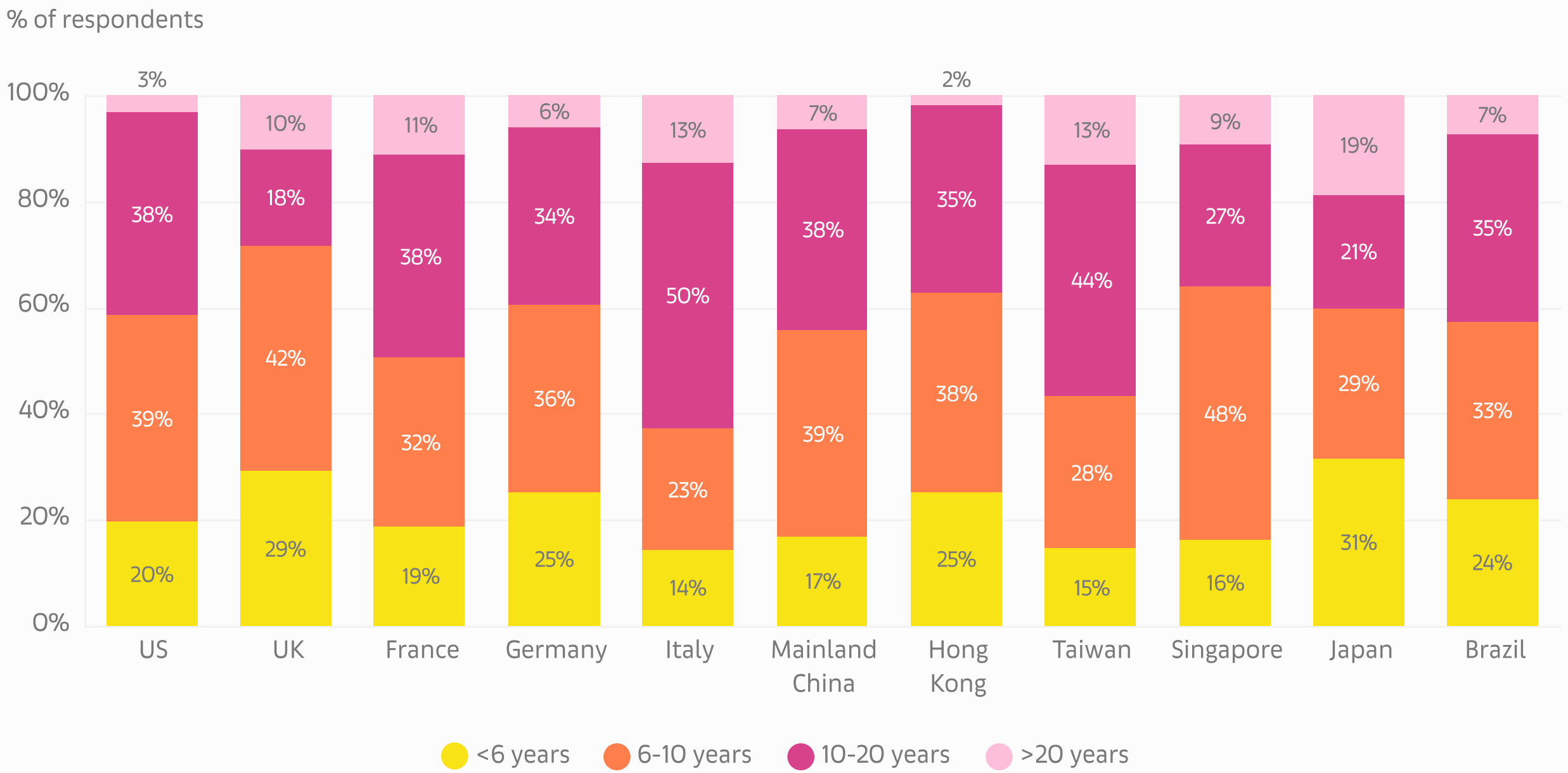
Most of the respondents in the sample were relatively established collectors, with an average span of 11 years collecting. However, there were more new collectors in this sample than in previous years, with 21% only starting their collections within the last five years (versus 10% in 2022), with the highest share of new buyers in the UK (29%). Even though, anecdotally, some collectors reported that they started out buying lower-priced works and building up their collections by value as they grew more confident in the market, this was not the case with all buyers, and 10% of those spending over \$1 million in both 2022 and in the first half of 2023 were from this segment of new collectors.

Overall, 43% had been collecting for longer than 10 years, including 8% for over 20 years, and this was higher in some of the older European markets such as Italy (63%), as well as in Taiwan (57%). Over half of the UHNWIs had collected art for more than 10 years, and as might be expected, these longer-established collectors had the largest collections and also spent more annually than newer collectors. In 2021, just over half (56%) of those spending over \$1 million were established, 10-year-plus collectors, however, their dominance in the higher spending bracket expanded in 2022 (to 67%) and again in the first half of 2023 to a majority of 71%. Therefore, while there is a small segment of new buyers that entered the market at a high level of spending, the dominant and largest buyers of the last two years have been the more established collectors.

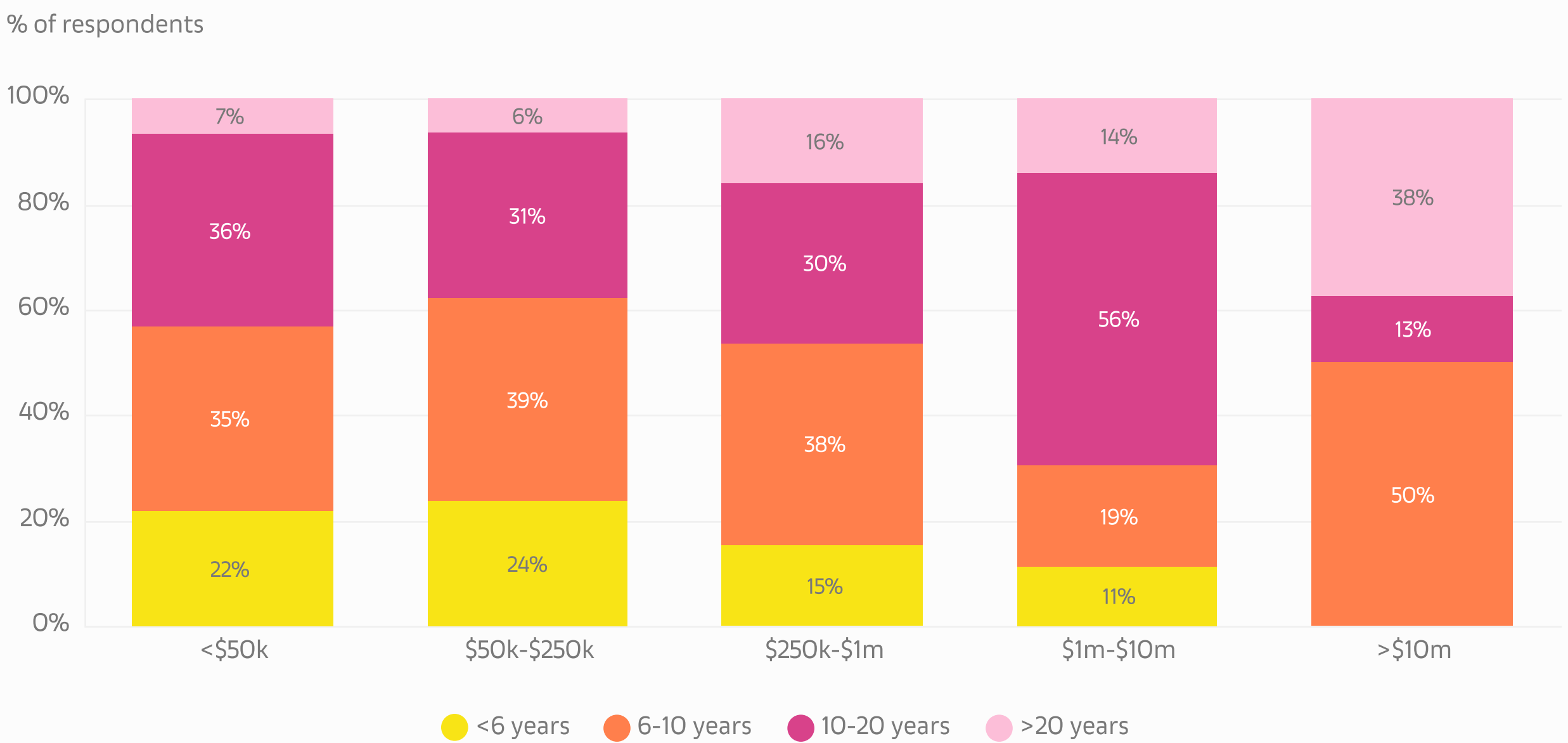


Figure 2.3 Length of Time Collecting

a) By Region



b) By Spending Level in H1 2023



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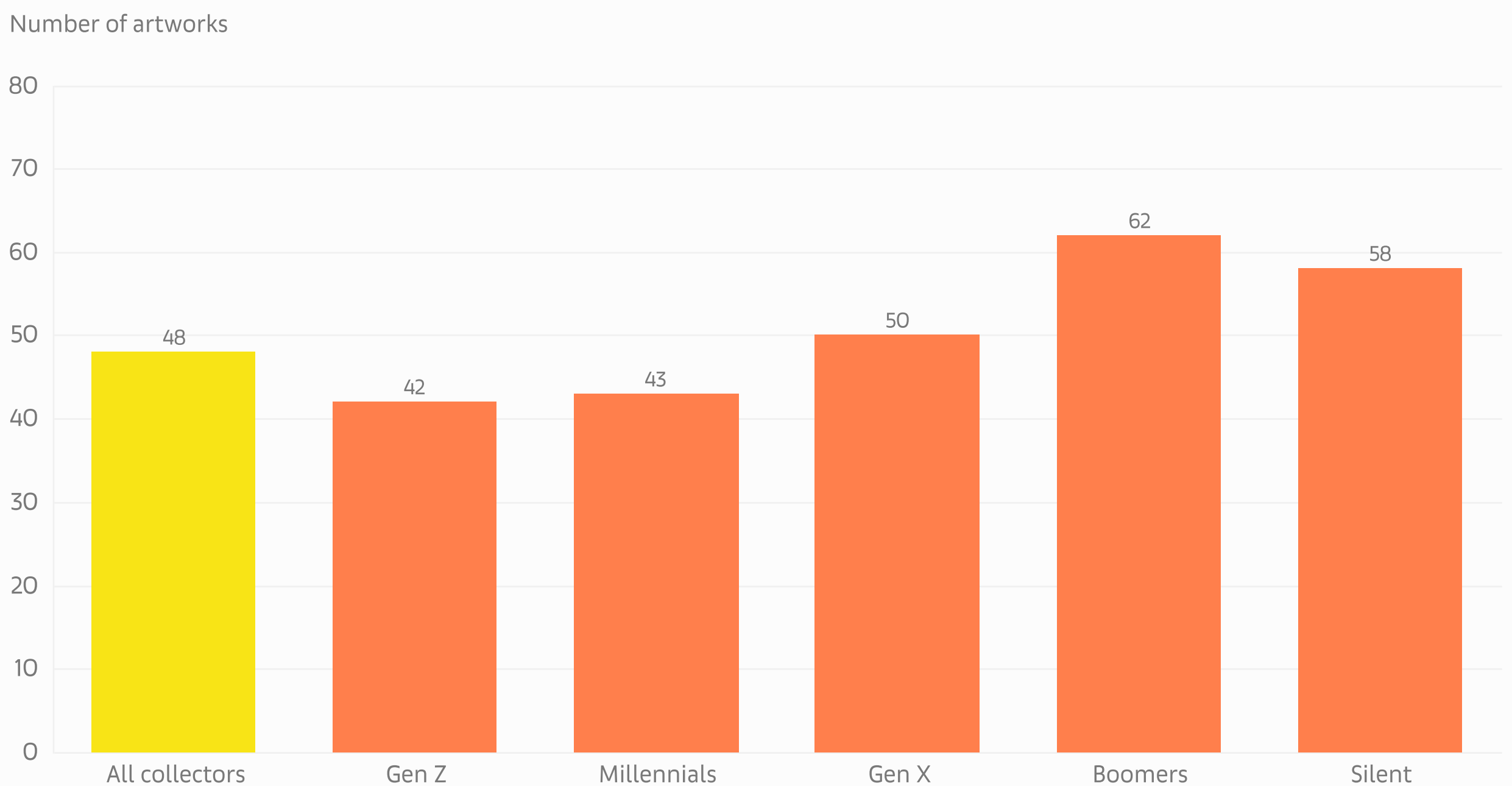
2.3 The Content of Collections

The size of collections varied between regions, from the smallest in Singapore (consistent with previous years and 39 works on average) to the largest in Taiwan (65). The average across all markets was 48 works, and only around one quarter of HNW collectors had larger collections of 100 works or more.

Predictably, Boomers tended to have the largest collections, averaging 62 works, and the size also expanded with wealth, with UHNW collectors owning 80 works on average versus almost half that level (41) for those with wealth of between \$1 million and \$5 million.

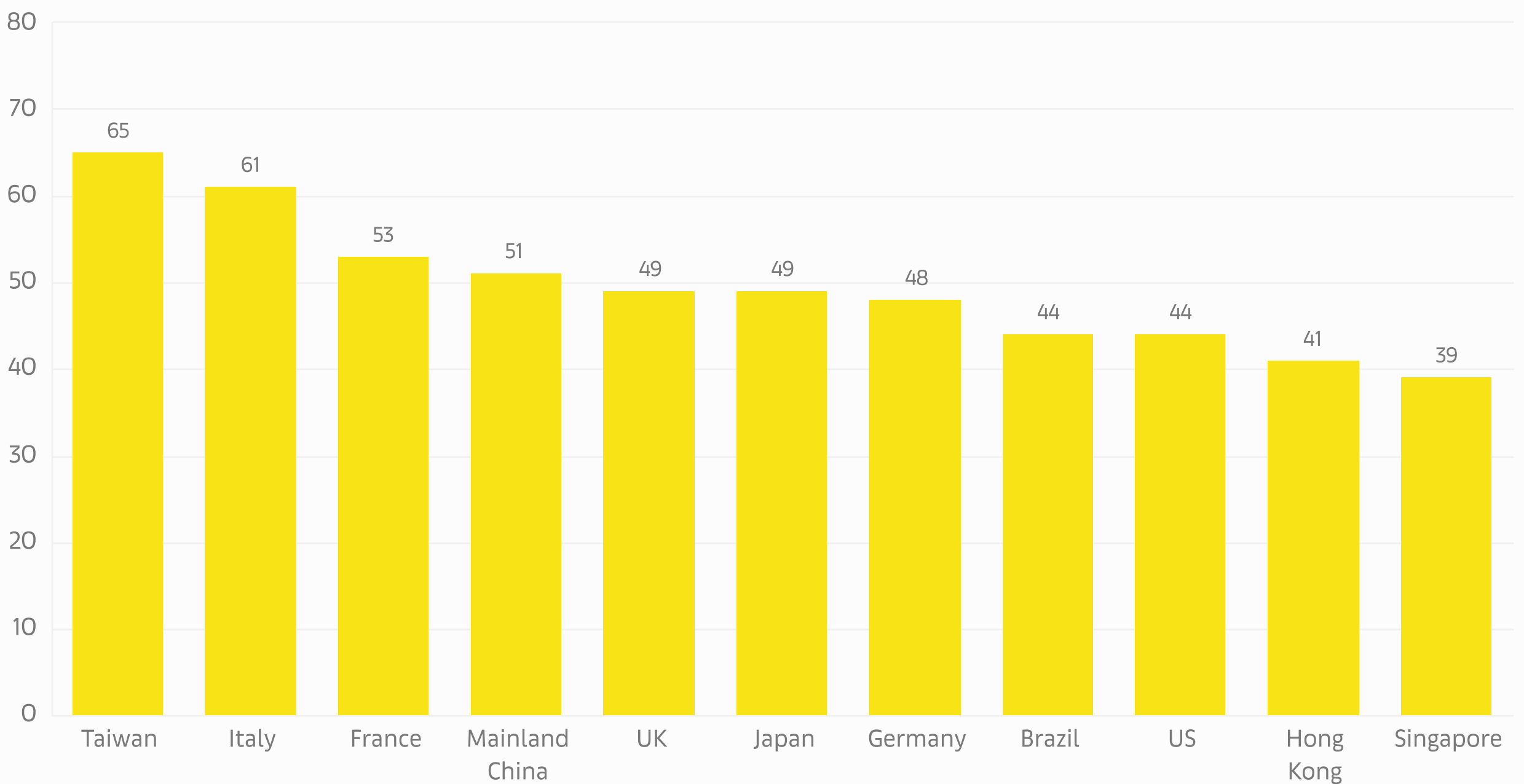
Figure 2.4 Size of HNW Collector Collections in 2023

a) Share by Generation and Number of Works



b) Share by Collector Location and Average Collection Size

Number of artworks



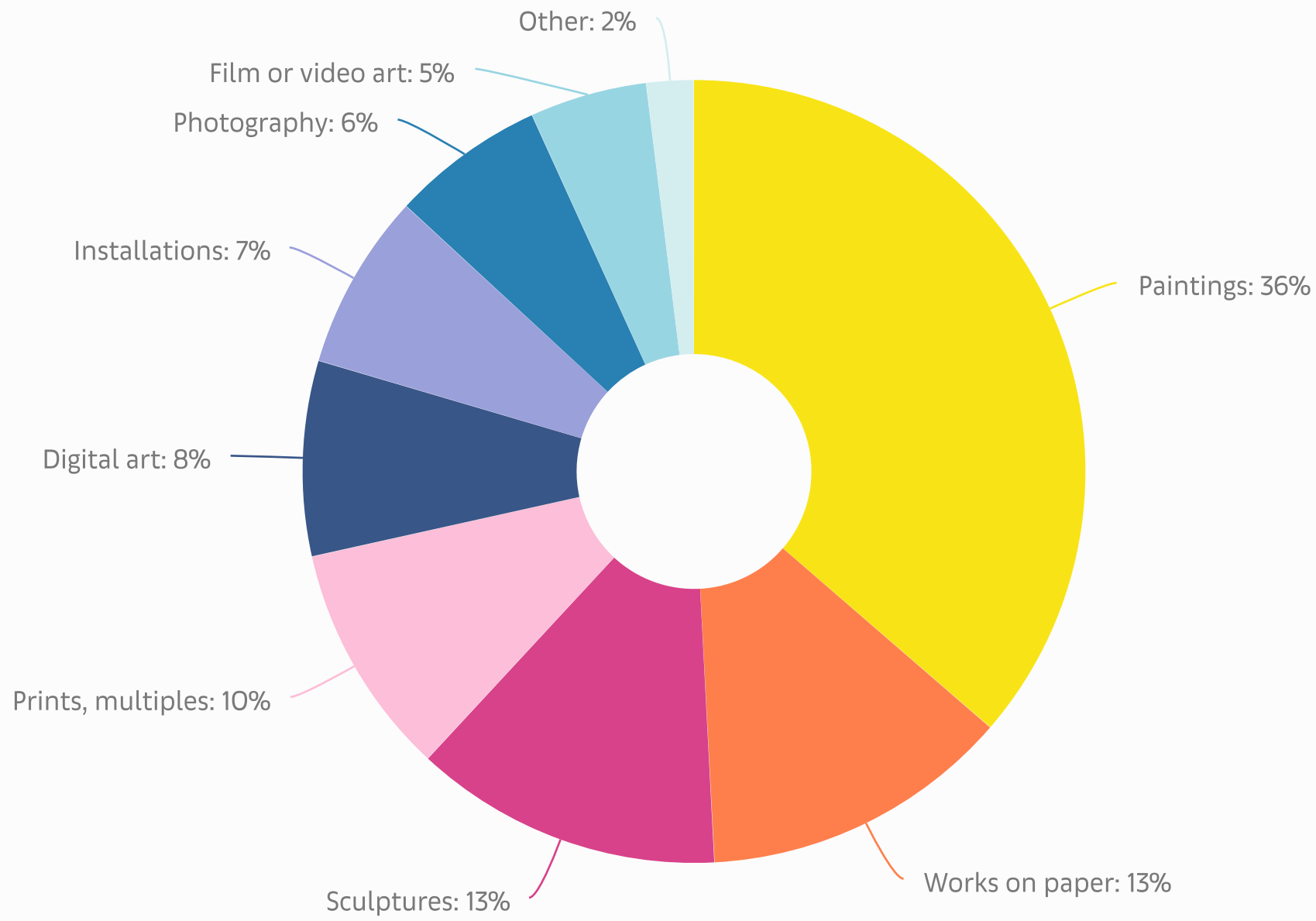
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Collectors focused on a range of different mediums in their collections. Across all markets, 62% of the works held were unique works in traditional fine art mediums (paintings, sculptures, and works on paper), up from 46% in 2022. Paintings were once again the largest area of collecting overall (36%) as well as across all generations, wealth levels, and length of experience collecting. They were also the largest segment for collecting in all markets, although ranged considerably in share, from as high as 52% of all collections in Mainland China down to 26% in Germany. In terms of new additions to their collections in 2022 and 2023, paintings continued to be by far the largest area of spending across all markets. (Collectors' expenditure by medium is discussed in more detail in Section 3.2.)

Prints, multiples, and photography made up a further 16% of HNWI's collections, and this share ranged from 10% in Mainland China to over 20% of the works held by Brazilian and Taiwanese collectors. While the share of prints and multiples remained stable on previous surveys, photographic works in collections fell from 8% in 2022 to 6% in 2023.

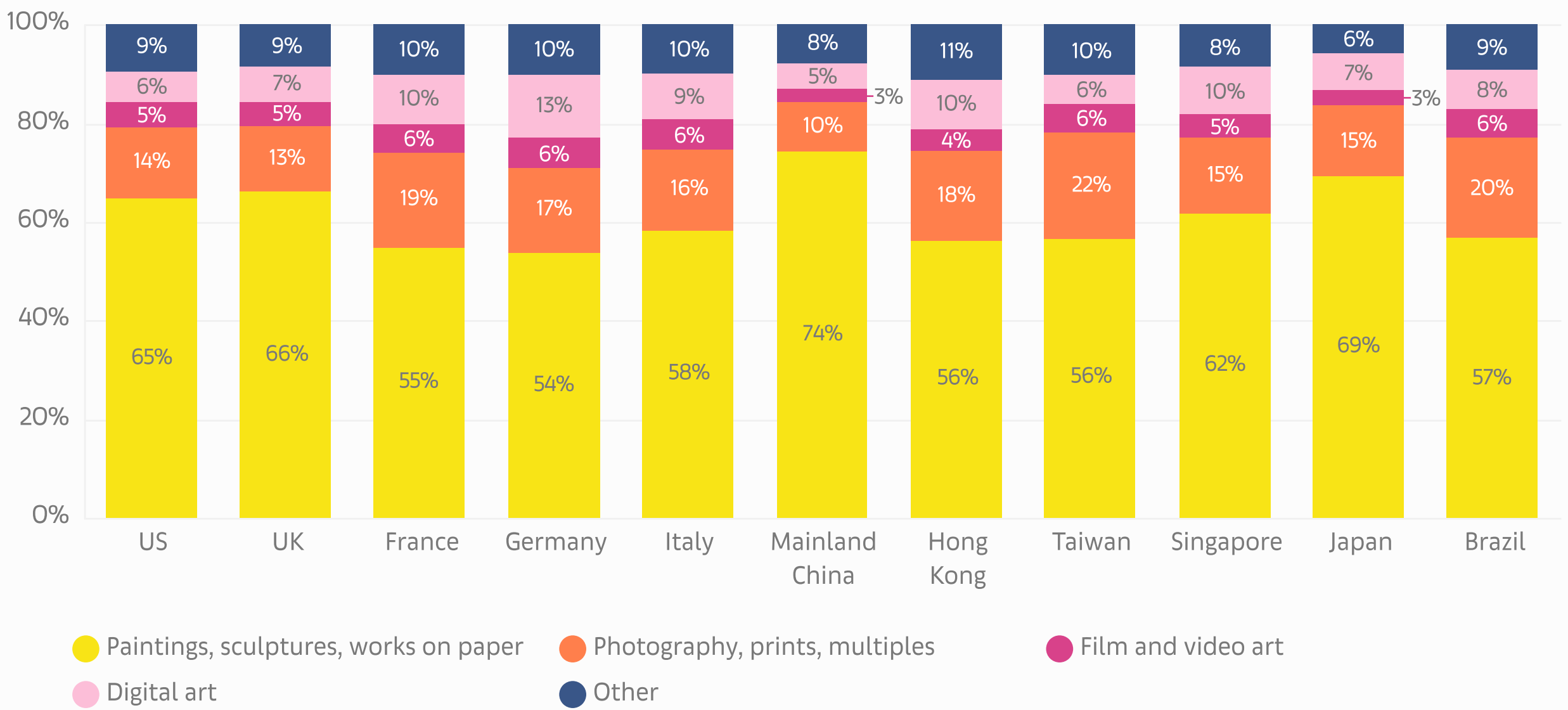
Figure 2.5 Share of Number of Works in Collections by Medium

a) In 2023



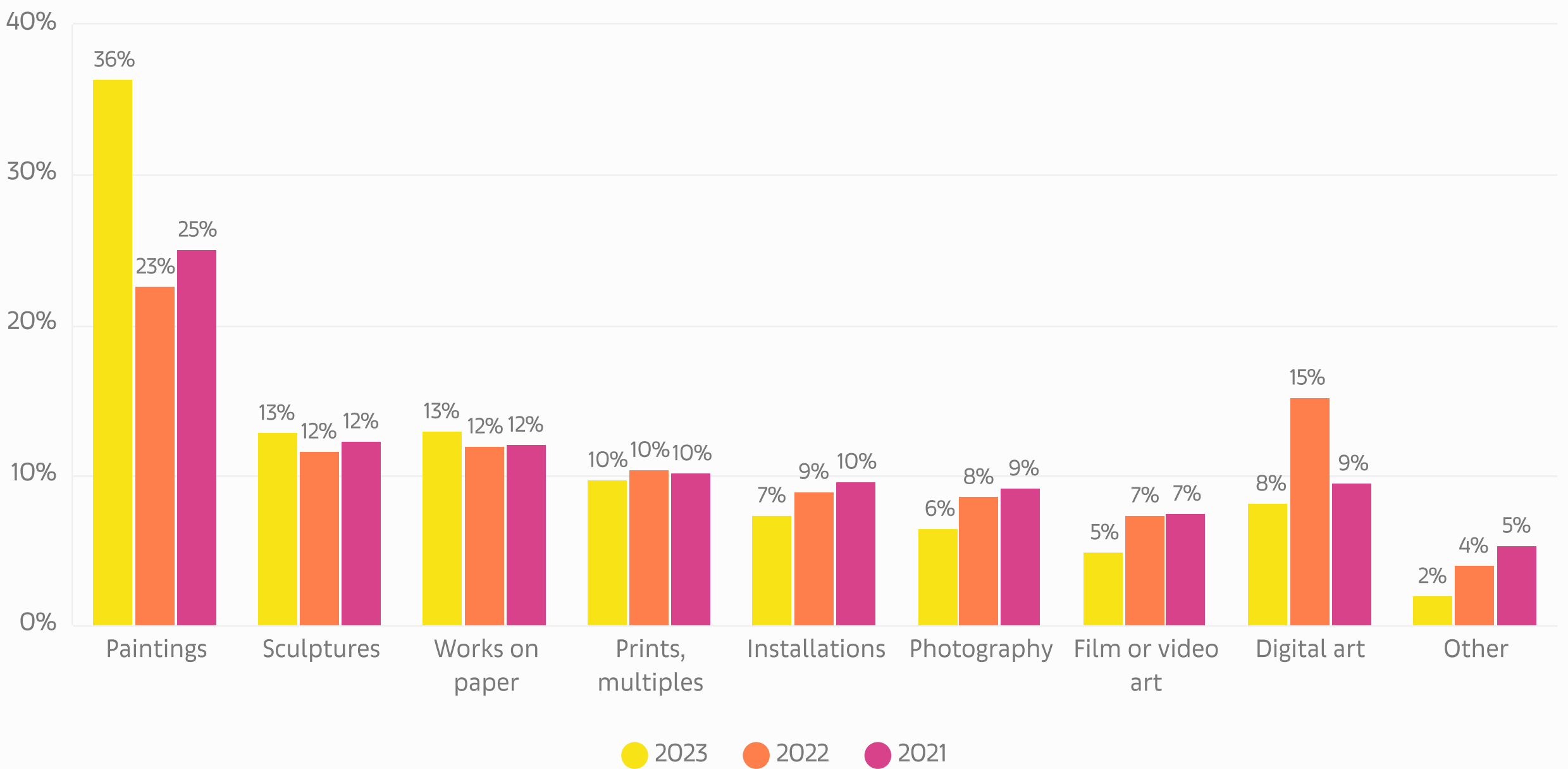
b) By Region in 2023

% of collection



c) 2021-2023

% of collection

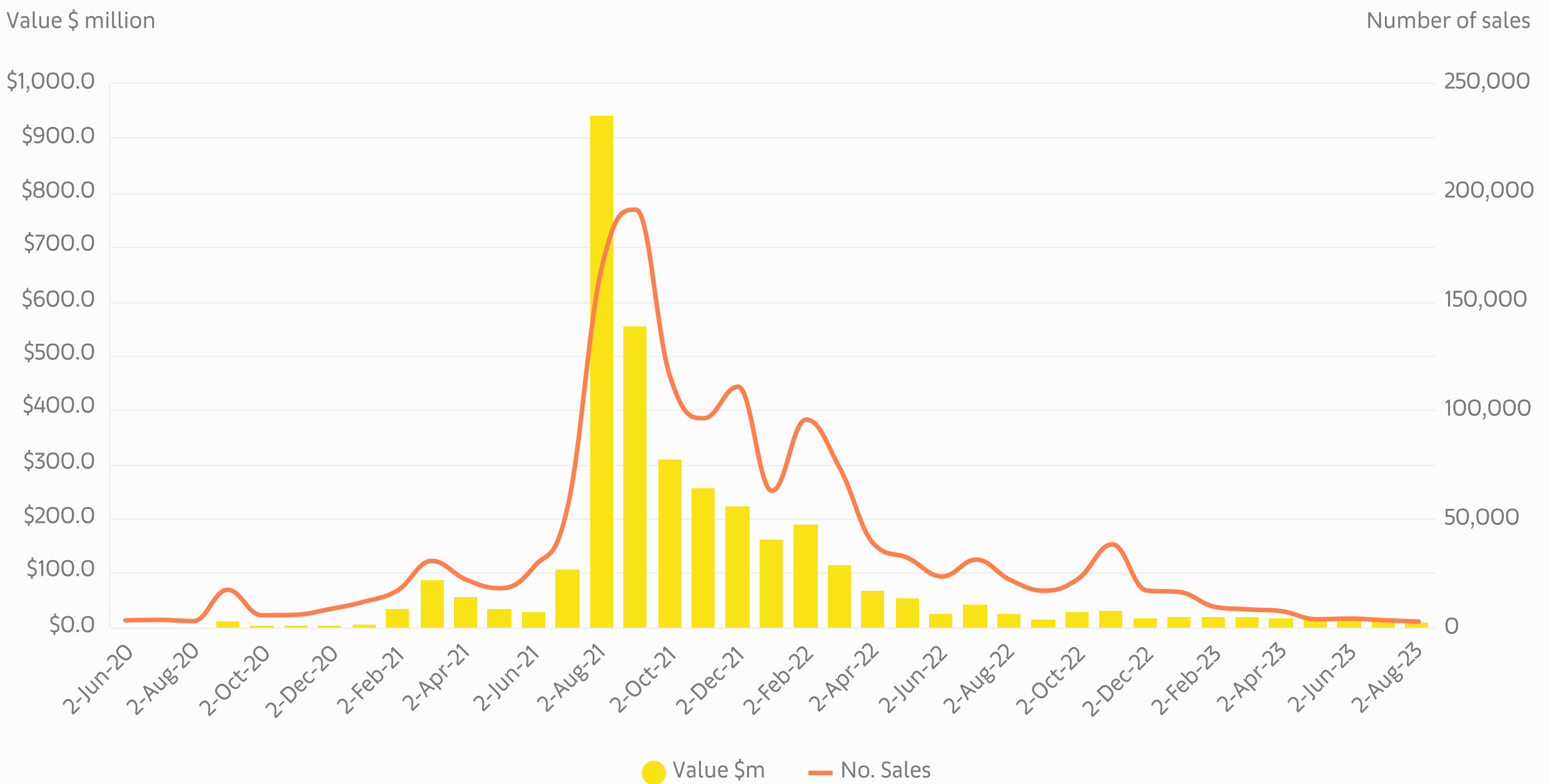


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While paintings became more dominant in collections, the share of digital art dipped to 8% in 2023, after a peak of 15% the previous year. German collectors had the highest share of digital art (13%), although even there, collectors reported a lower portion than in 2022 (16%). The share was down in all regions, with large reductions in major markets such as Mainland China and the US, which had some of the lowest levels in this medium in 2023. Collectors from Taiwan and Brazil who reported the highest shares in 2022, also showed significant declines of more than 10%.

The majority of the digital artworks in collections in 2023 were linked with an NFT. After a huge wave of activity in 2021, interest in and sales of art-related NFTs were much more subdued in 2022, and this decline continued into 2023, with the value and volume of sales falling on NFT platforms. Figure 2.6 shows that on Ethereum-based NFT platforms, by mid-2023, sales of art-related NFTs had fallen to their lowest level since January 2021, with monthly turnover at about 2% of the value at their peak later that year. The number of unique buyers fell dramatically from over 40,000 during that peak to less than 2,000 in mid-2023, with declining sales and values in both primary and resale NFT markets. The slowdown on these platforms parallels the loss in share of digital art in collectors' portfolios in 2023, as a greater number have anchored on more traditional and unique mediums, especially paintings.

Figure 2.6 Sales of Art-Related NFTs 2019-2023



©Arts Economics (2023) with data from Nonfungible.com

Looking further into the content of collections, the research showed that HNW collectors continued to be active in supporting the careers of contemporary artists, with collections fairly evenly split between works by living and deceased artists. Of those works where the artist's status was known by the collector, a slight majority of 52% were works by living artists and 48% by deceased artists. This balanced ratio was apparent across most regions, with the lowest share of living artists' works in the collections from Mainland China (47%) and highest in Hong Kong (58%). The wealthiest UNHW collectors had a higher majority of deceased artists' works, as did the highest spenders: those spending over \$1 million in either 2021 or 2022 had a majority of over 60% deceased artists' works. This is likely connected to greater spending by these collectors in the secondary market that is dominated by sales of more established and deceased artists' works, which often sell at higher prices than the majority of living artists' works.

Higher spenders and wealthier collectors also tended to report a higher-than-average share of works by top-tier and more established artists in their collections. In general, collections were divided between works by artists at a range of different stages of their careers, and the surveys once again reinforced previous findings that HNW collectors do not focus primarily on top-tier artists but hold a diversified range of artists. However,

the share of established artists was larger for those collectors who had spent the most over the last few years and rose in proportion to wealth levels, making up by far the largest proportion of the works in UHNWI's collections. They also accounted for most of the spending by these collectors in 2022 and 2023 (discussed in Section 3.3).

Overall, across all regions, the collections of the HNWIs surveyed included:¹⁴

- 22% of works by new artists, that is artists who were new to the commercial market and not yet represented by a gallery;
- 22% by emerging artists or artists developing in their careers that have been showing in galleries or museums for less than 10 years;
- 26% by mid-career artists who had been showing for more than 10 years in galleries or museums, and with an established name or reputation, but not yet considered top-tier; and
- 30% by established or top-tier artists that have a strong and well-established secondary market in the auction and/or gallery sector, and that were currently selling regularly for prices of more than \$100,000.

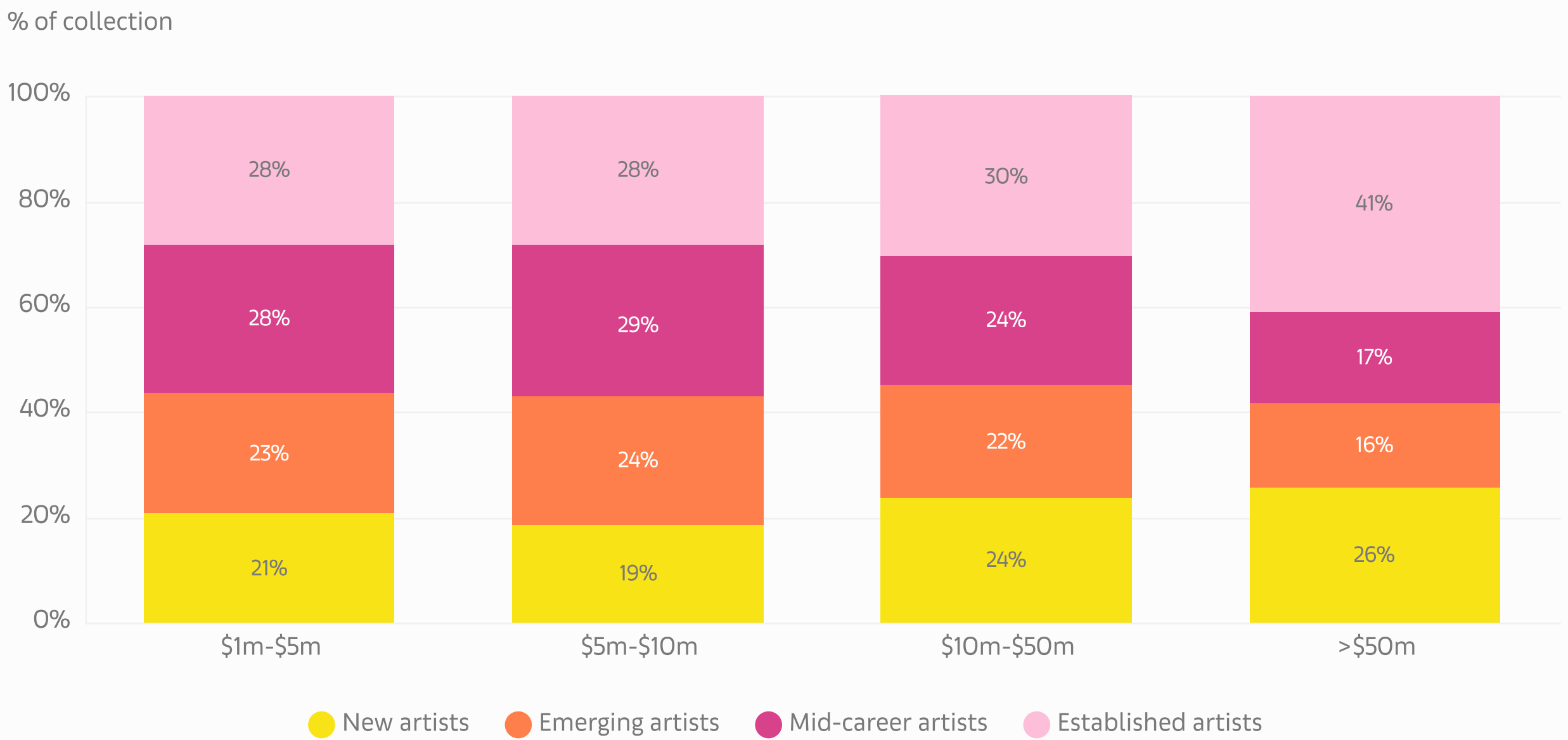
The share of works by new and emerging artists was slightly smaller (down by 3%) than the surveys in 2022, with an equally larger share of holdings by established artists. This could reflect differences in the sample but given there were less collectors in the highest wealth tier, it may also reflect a shift towards greater risk aversion over the last couple of years. The greatest focus on new and emerging artists was in Germany, France, and Hong Kong, where they accounted for more than half of the works contained in collections.

The highest concentration on established or top-tier artists was in collections from Mainland China and the US, where they made up shares of 42% and 36% respectively. While Chinese collectors had a relatively high focus on top-tier artists in previous years, this was a considerable change for US collectors. The share of established or top-tier artists grew by 11% year-on-year from just 25% in 2022, indicating a possible shift to more cautious and risk-averse collecting versus the previous year, when more than half of US collections had been dedicated to new and emerging artists' works.

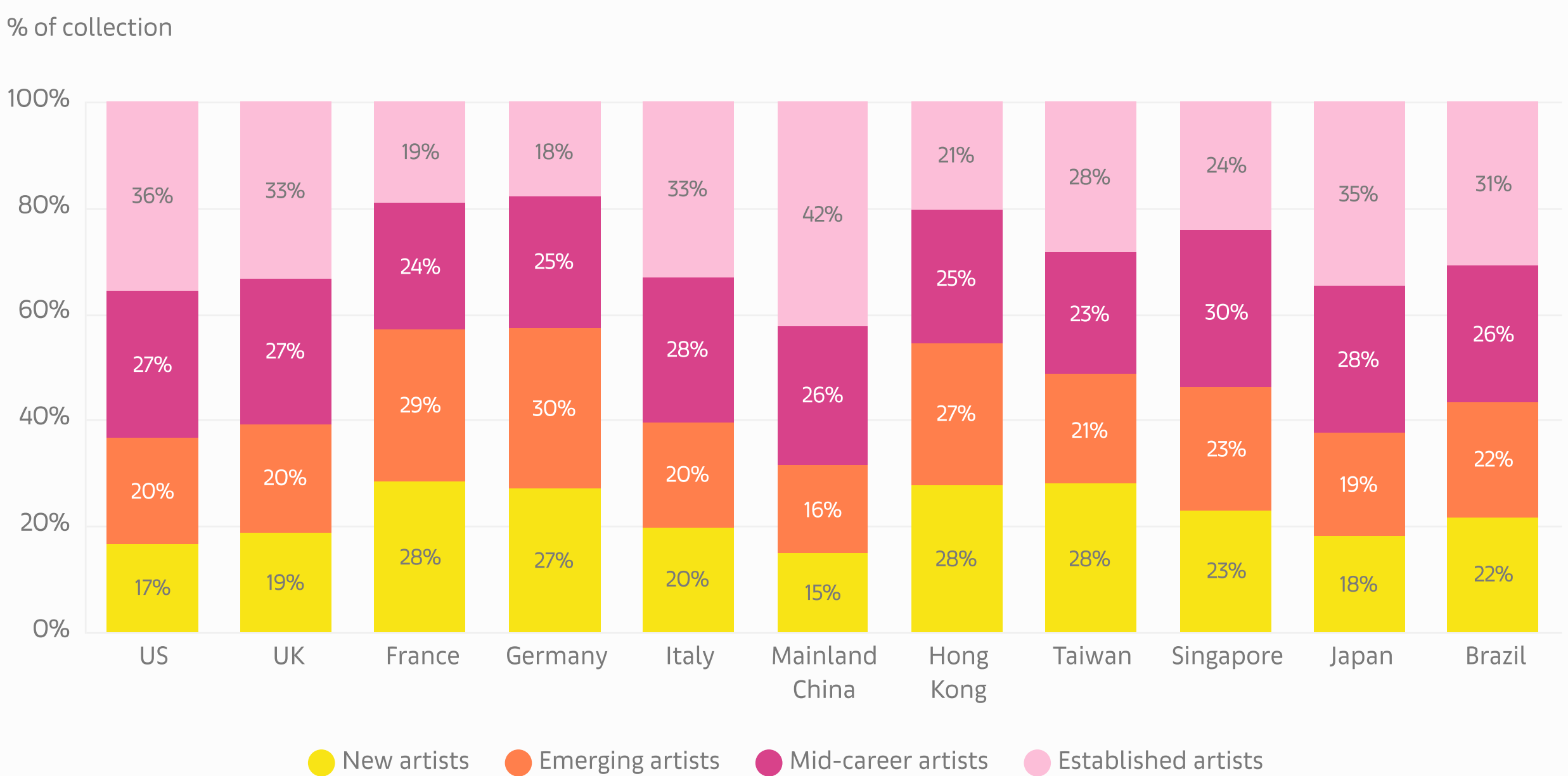
¹⁴ This excludes a small share of works (9%) where collectors were unsure of the career status of the artist.

Figure 2.7 Share of Works in Collections by Artist Career Status in 2023

a) By Collector Wealth Level



b) By Region



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The much-discussed increase in focus on female artists in exhibitions and sales over the last few years does not appear to have filtered down into balancing the content of these privately held collections when it comes to gender. HNWI's collections remained persistently dominated by works by male artists, with a ratio of 61% to 39% female.¹⁵ Although there has undoubtedly been progress over the last five years, from a share of just 33% in 2018, rather than improving in 2023, the share of female artists' works decreased by 3% year-on-year, returning the ratio to the 2020 level. As noted in previous reports, although collectors may not be biased in their choice of artists, and gender may play a minor role in purchasing decisions, the availability of artists' works in galleries and auctions will influence the composition of collections. The trend therefore indicates that there are either less female artists' works available to collectors and (or) less being bought by them over time. It is notable that the share of spending on works by female artists in 2022 and 2023 was similarly a minority at 39%, and less than the spending on male artists in all markets.

HNWI's collections remained persistently dominated by works by male artists, with a ratio of 61% to 39% female

Female artists' works were a minority in collections in all regions, with the highest representation in Germany (44%), Singapore (43%), Hong Kong, and Brazil (both 42%). The lowest representation of female artists was in collections in Mainland China (31%), which was also among the lowest in 2022 and showed a significant 8% drop in share year-on-year. There were significant declines in representation in the UK too (down by 11% year-on-year), as well as the US and France (both down by 5%). The only region with a significant increase in female artists' representation was Italy, which had shown the lowest share in 2022, but with a 4% increase reached 37% in 2023 (still below the average).

While the lower level of representation of female artists' works was relatively consistent across ages, wealth, and most spending levels, one exception was the narrow segment of collectors who had spent over \$10 million in each period. These highest-spending collectors tended to have both a higher share of female artists in their collections and had spent more on female than male artists in 2022 and 2023. Although in 2021, female artists made up just 43% of their collections, in 2022, this increased to 52% and again to 54% in 2023, and their share of spending on female artists also increased in similar proportion (from 46% in 2021 to 55% in 2023). This could indicate that, although undertaken by a minority of collectors, some of the spending at the very highest levels was on female artists.

¹⁵ The share of works of male versus female artists cited here and in terms of spending compares only those works where gender could be assigned to either. On aggregate in the sample, 15% of the works held could not have a gender assigned. These included 7% where it was unknown and 8% 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.

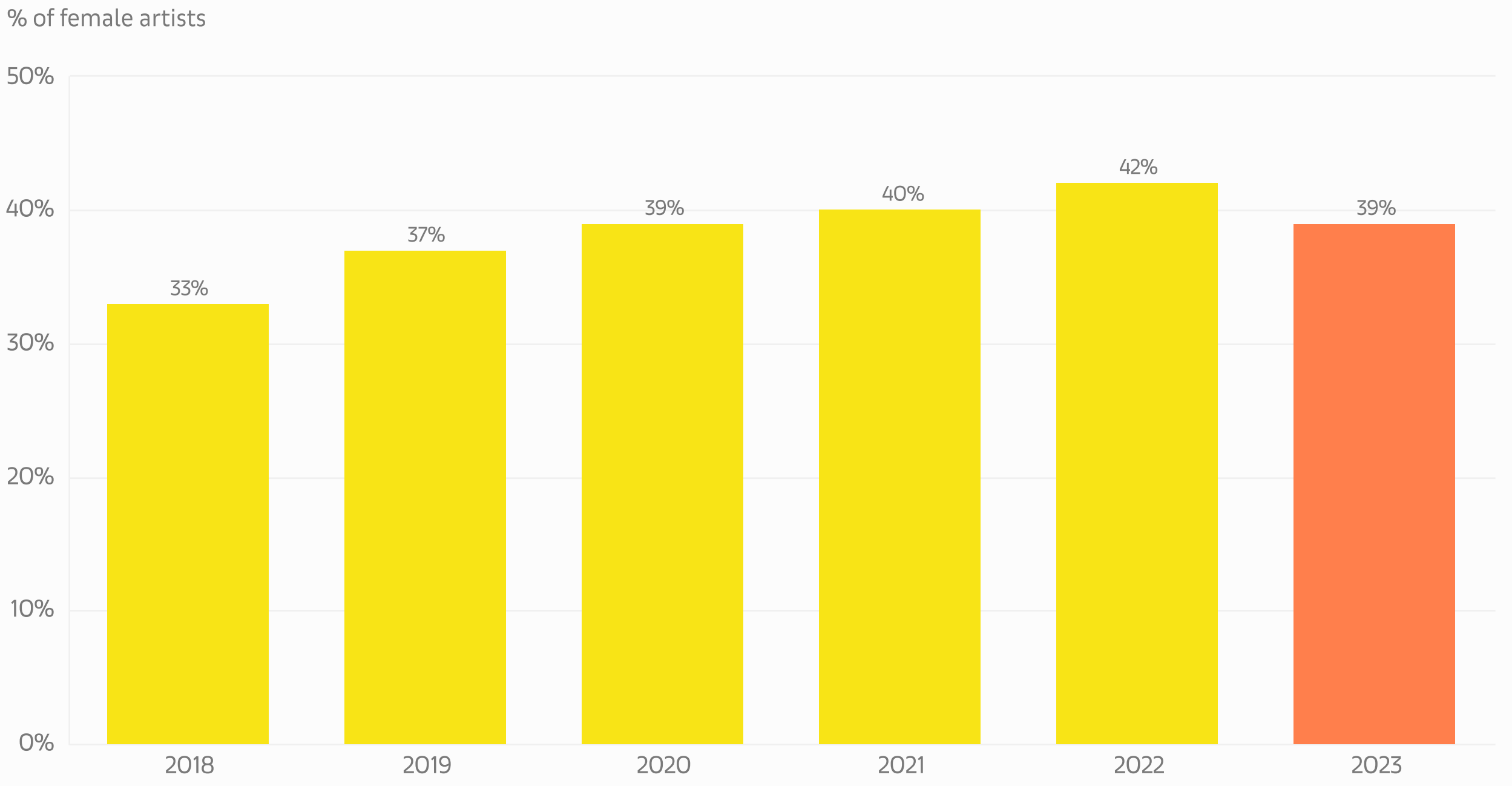
Wider studies have shown that female artists are still underrepresented in exhibitions and sales, both in the dealer and auction sectors.¹⁶ Despite being over- or equally represented at many art schools, there is still well-documented evidence of inequality in terms of career longevity and commercial success. However, some research has found that due to the seemingly more rigorous quality filters and other issues faced by women in their careers as artists, while the number of their works reaching the market is less, the minority that do so sell at a premium rather than a discount for artists at similar levels.¹⁷ This is an important issue to explore as it implies that some of the biases women face relate to institutions and other aspects of their career paths rather than simply the market itself, with the issue still being the lack of progress in commercial careers rather than only a gender discount for female versus male artists once they are on the market.

¹⁶ Research on the gallery sector in 2022 showed that 38% of the artists represented by galleries globally were female and they accounted for 30% of their sales. They are also under-represented at auction, both in terms of the value and volume of sales. See Arts Economics (2023) *The Art Market 2023, an Art Basel and UBS Report*, available at theartmarket.artbasel.com.

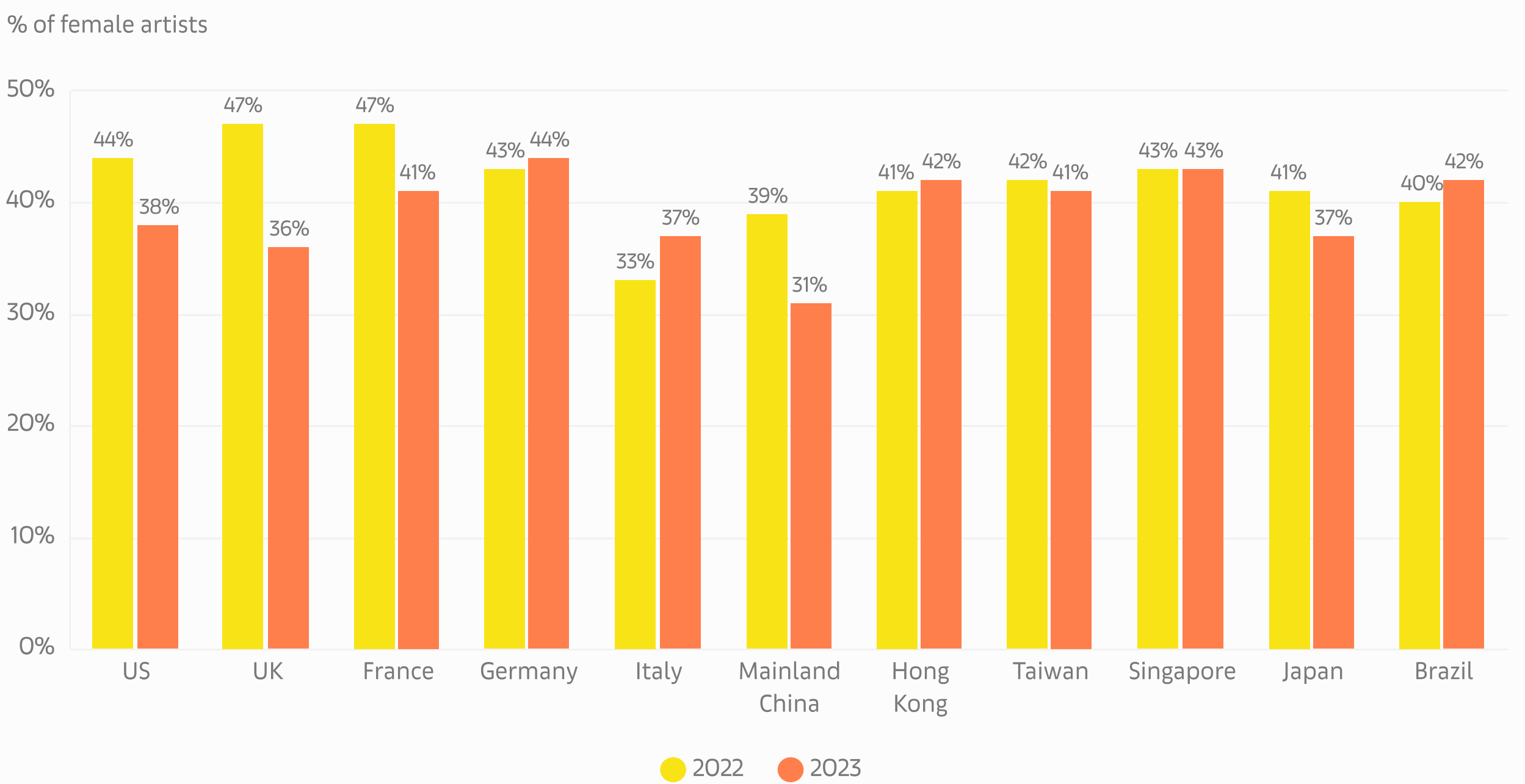
¹⁷ Goetzman, W., Cameron, L. and Nozari, M. (2019) 'Art and Gender: Market Bias or Selection Bias?' *Journal of Cultural Economics*. Volume 43: 279–307.

Figure 2.8 Share of Works by Male versus Female Artists in Collections

a) Share of Female Artists in Collections 2018-2023



b) Share of Female Artists by Region in 2023 versus 2022

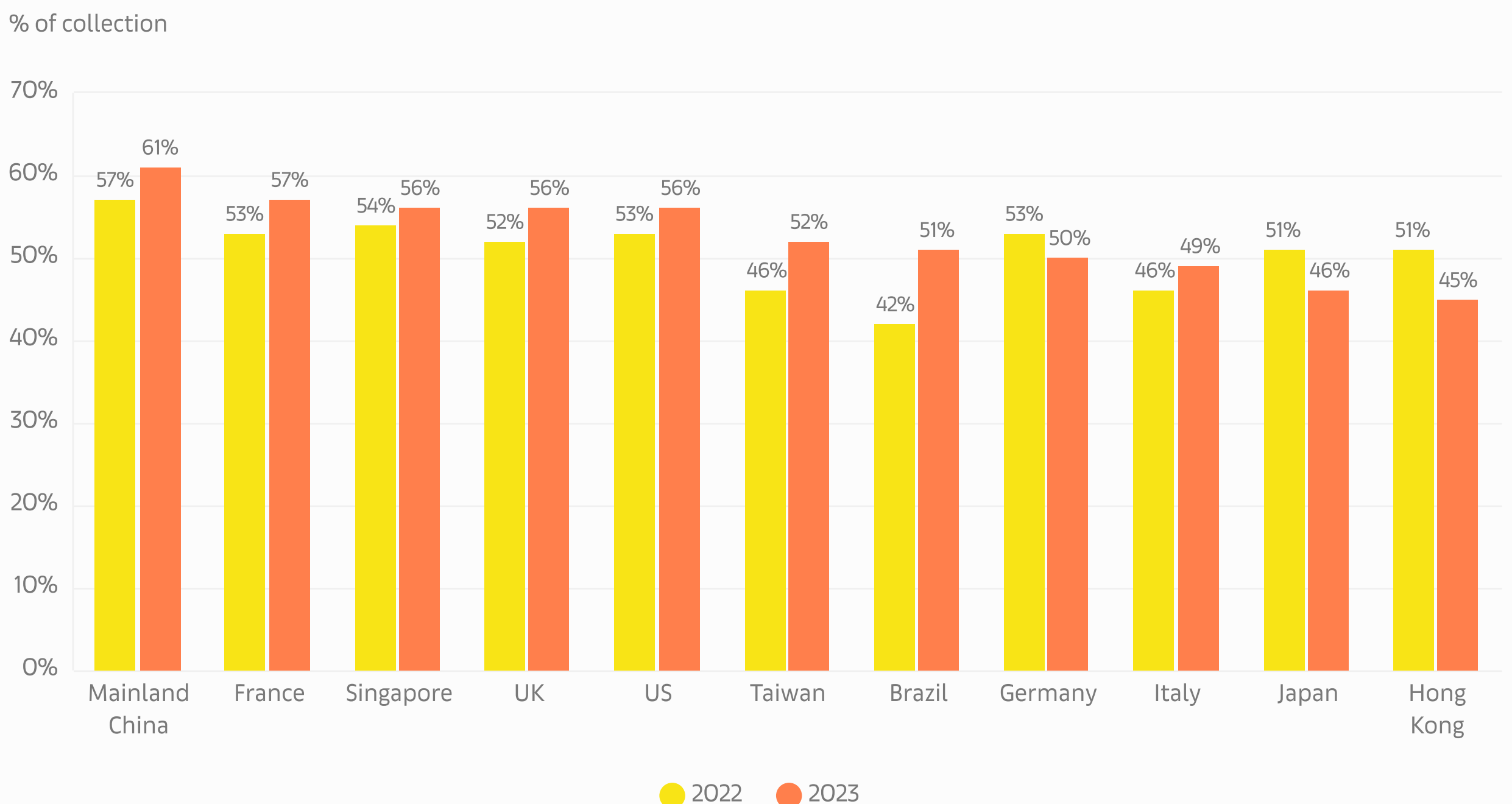


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HNW collectors tended to mix the focus of their collections between local artists and those from outside their region. While the share of local artist works held in collections had decreased in 2022 to 51%, this increased again marginally in 2023 to 53%, which was around the same level as 2019, suggesting that the pandemic, the rollout of greater digital sales, issues related to sustainability and other factors have not yet led to any notable changes in collecting habits when it comes to the nationalities and origins of the artists HNW collectors focus on.¹⁸

There were regional differences in these ratios, with collectors from Mainland China having the highest share of local artists' works in their collections (61%), as was the case in 2022. In Hong Kong, however, collectors had a significantly more international approach, with foreign artists making up the majority and the share of local artists in their collections falling from 51% in 2022 to just 45% in 2023, the lowest of all markets. Japan also had a lower share of local artists (46%, also down by 5% on the previous year). In most other markets, the share of local artists increased slightly, with the largest increases in Brazil and Taiwan.

Figure 2.9 Share of Works in Collections by Local/National Artists in 2022 versus 2023



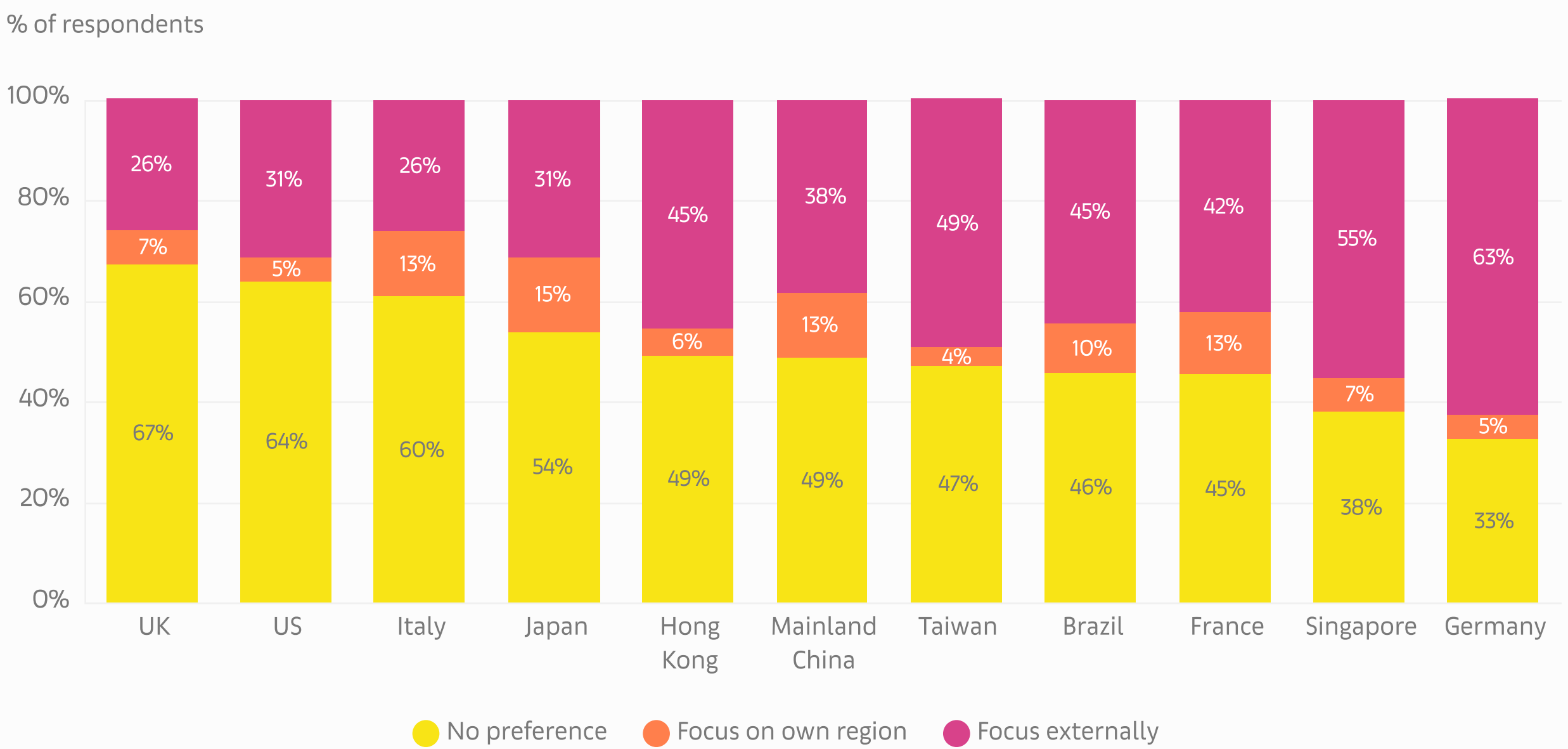
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¹⁸ These shares exclude the share of artists where collectors did not know the nationality of the artists, which averaged 19%.

Although there was a slight majority of local artists in HNWI collections in 2023, when asked about their purchasing plans over the next 12 months, many were more open-minded, with around half the sample stating they had no preferences for artists from specific regions. For the remaining half focusing on specific regions, most (83%) were hoping to buy works by artists from outside their own national or regional markets. Figure 2.10 highlights that for those collectors that had a distinct focus over the next 12 months, a relatively small proportion wanted to concentrate specifically on local artists from their own region. The relatively even balance of local versus foreign artists in collections may therefore be a result of the tendency of collectors to work with local galleries or see more exhibitions locally than a specific drive to purchase local artists (see Section 3.6).

For those looking at artists in other markets, Table 2.1 shows that the focus was quite narrow, tending towards mid-sized or large markets in Europe and Asia along with the US. This indicates that while collectors are not necessarily becoming more localized with regard to the artists they view and purchase, they are also not extending their focus to a diverse set of international markets. The large proportion of those having no preference by region suggests that many collectors may be open to simply following artists and programs they find at galleries, auctions, fairs, and through other channels. Their regional focus is therefore also dependent on the diversity of these programs.

Figure 2.10 Intended Future Focus for Purchasing by Artist Region



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Table 2.1 Five Leading Artist Regions of Interest to HNW Collectors for Future Purchasing*

	US	UK	France	Germany	Italy	Mainland China	Hong Kong	Taiwan	Singapore	Japan	Brazil
1	France	France	Japan	France	France	France	France	Japan	Japan	France	France
2	Japan	Japan	Germany	Japan	UK	Italy	Japan	France	Mainland China	Italy	Japan
3	UK	US	Hong Kong	Mainland China	Germany	Hong Kong	UK	Hong Kong	France	Hong Kong	UK
4	Germany	Mainland China	Mainland China	Hong Kong	Japan	Japan	Mainland China	UK	Hong Kong	UK	US
5	Hong Kong	India	Italy	US	Mainland China	UK	Italy	US	US	Mainland China	US

* Preferences of HNW collectors interested in purchasing from specific regions

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3. HNW COLLECTOR SPENDING

3.1 Expenditure by HNW Collectors in 2023

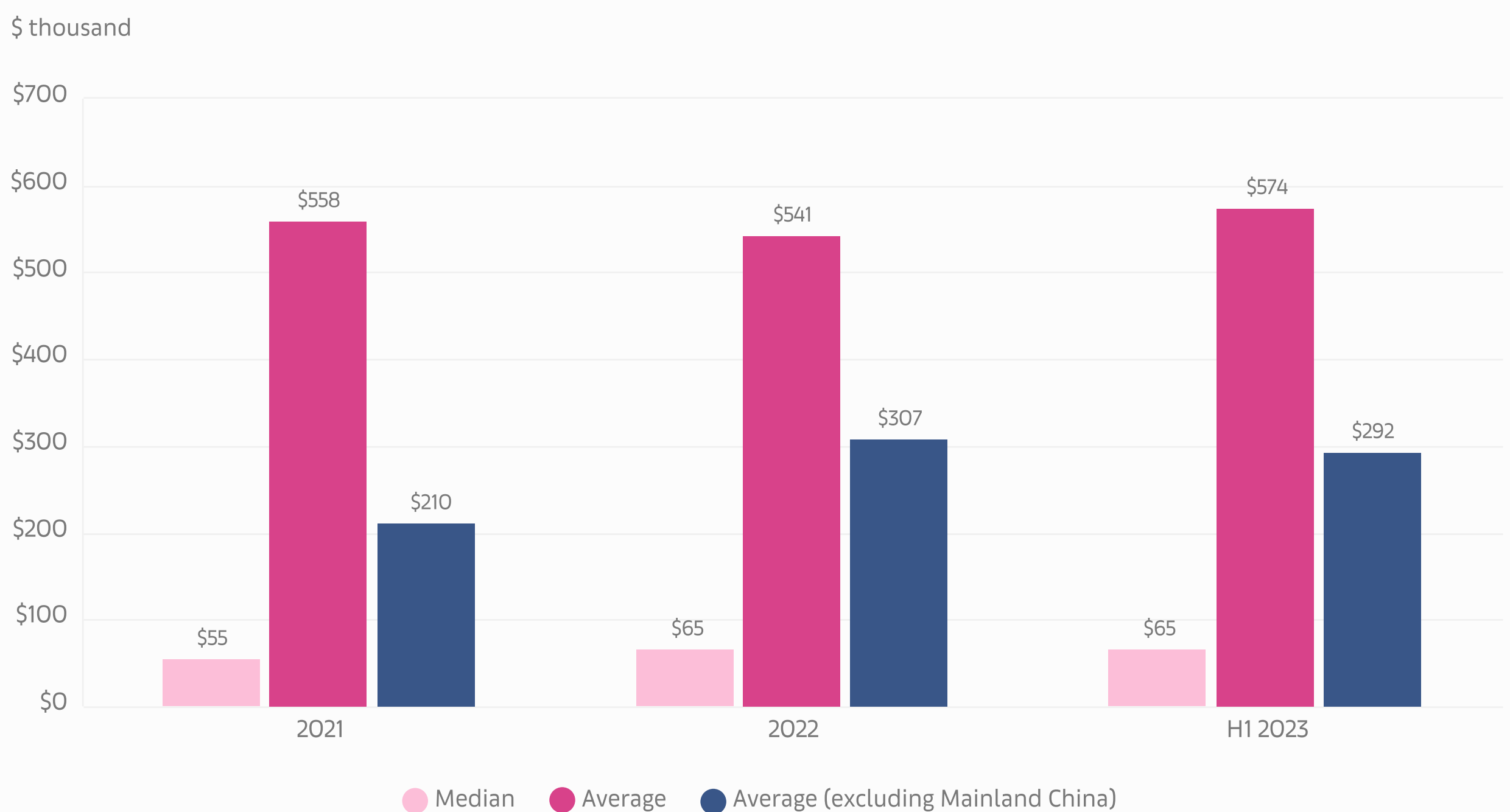
Despite the challenges of the last few years, the research on HNW collectors has shown consistent and increasing spending. The high end of the market was key to maintaining aggregate growth in 2022, and in both the dealer and auction sectors, the \$1 million-plus segment tended to fare better than other lower-price tiers.

The surveys conducted in 2020 and 2021 revealed that most HNW collectors remained actively engaged in the art market during the pandemic and were spending at higher levels than in previous years, while the surveys in 2022 showed an even stronger uptick in spending. This continued in 2023, although there were differences in the level and content of spending in different regions and demographics. In this survey, as in previous years, the screening criteria ensured that all respondents had spent over \$10,000 on fine and decorative works of art and antiques in 2021 and 2022, and more than \$5,000 already in 2023. The average spending on these three categories was significantly higher, reaching \$541,240 in 2022 and a reported \$573,960 in the first half of 2023.

The average expenditure figures reported include a small number of very high spending collectors, with 7% having spent over \$1 million on art and antiques already in 2023. Median expenditure is a more stable measure of central tendency that is less influenced by these very high spenders (obtained by sorting the amounts spent in each segment in ascending or descending order and selecting the value in the middle, where half of the sample have lower values, and half, higher). Median combined expenditure on art and antiques reached \$65,000 in 2022, up by 19% on 2021. The expenditure for the first half of 2023 was reported as \$65,000 too, indicating the year as a whole could reflect a substantial rise if spending continues.

It is notable that in this sample, the share of Mainland Chinese collectors was significantly larger than in previous research. These collectors were the highest spenders, but they also had the largest decline in spending in 2022 as China's strict zero-COVID-19 policies meant the cancellation of many events and auction sales in the region throughout the year, which took a heavy toll on sales growth. These lockdowns restricted the access and supply to collectors, while events such as fairs and live auctions were cancelled or cut short. While the average expenditure of HNW collectors in all other markets rose from 2021 to 2022, spending on art and antiques by those in Mainland China fell by 26% year-on-year. Measured without Mainland China, the average spending across all other markets increased by 46% from 2021 to 2022 versus a decline of 3% with China included. Mainland Chinese collectors returned to strong spending in early 2023, being instrumental in driving the averages to higher levels than in the whole of 2022.

Figure 3.1 Average and Median Expenditure on Fine Art, Decorative Art, and Antiques 2021-H1 2023



Spending advanced across all generations from 2021 to 2022, with indications of continued growth likely for 2023 based on the spending patterns in the first half of the year. While younger millennial and Gen Z collectors showed the largest advances on average from 2021 to 2022 (with median expenditure up by 31% and 22% respectively), Gen X and Boomers led spending growth in early 2023. Previous surveys also revealed that younger millennial collectors reported the highest spending prior to the pandemic, whereas in this sample, including all three segments of fine art, decorative art and antiques, Boomers had the highest median values in both 2022 and the first half of 2023. Gen X collectors were the second-highest spenders, and along with Boomers, have seen the most consistent growth, with spending in the first half of 2023 already exceeding the median level for 2022.

Both male and female collectors saw an increase in 2022, and based on median expenditure women outpaced men's spending in the first half of 2023, continuing to grow in value and reaching a higher level than the previous year. With a median of \$72,500, women spent more than men in 2023 and the two previous years, although men reported higher average spending with values skewed up by a small number of very high male spenders (and there was more than double the number of men spending over \$1 million in each period than women).

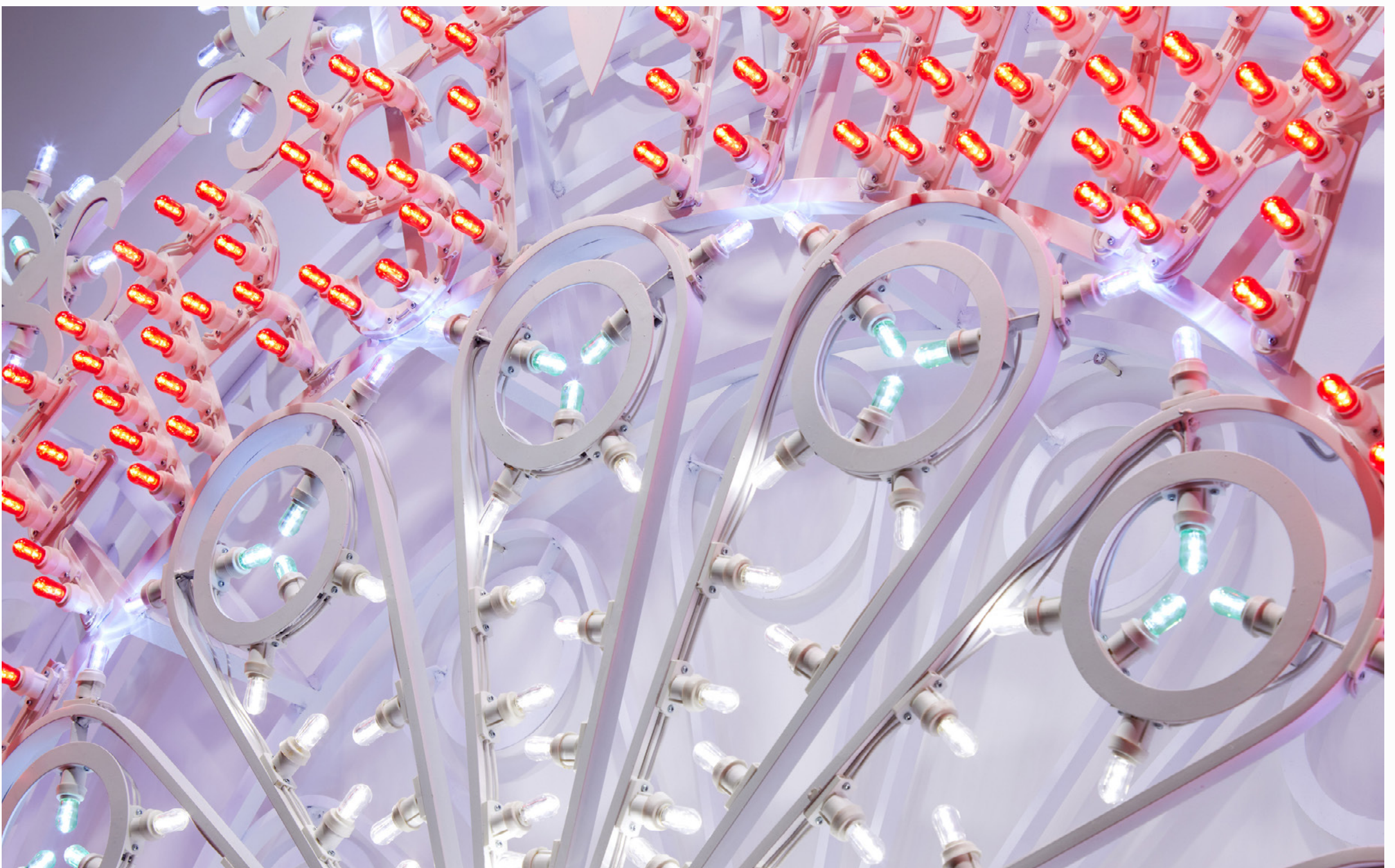
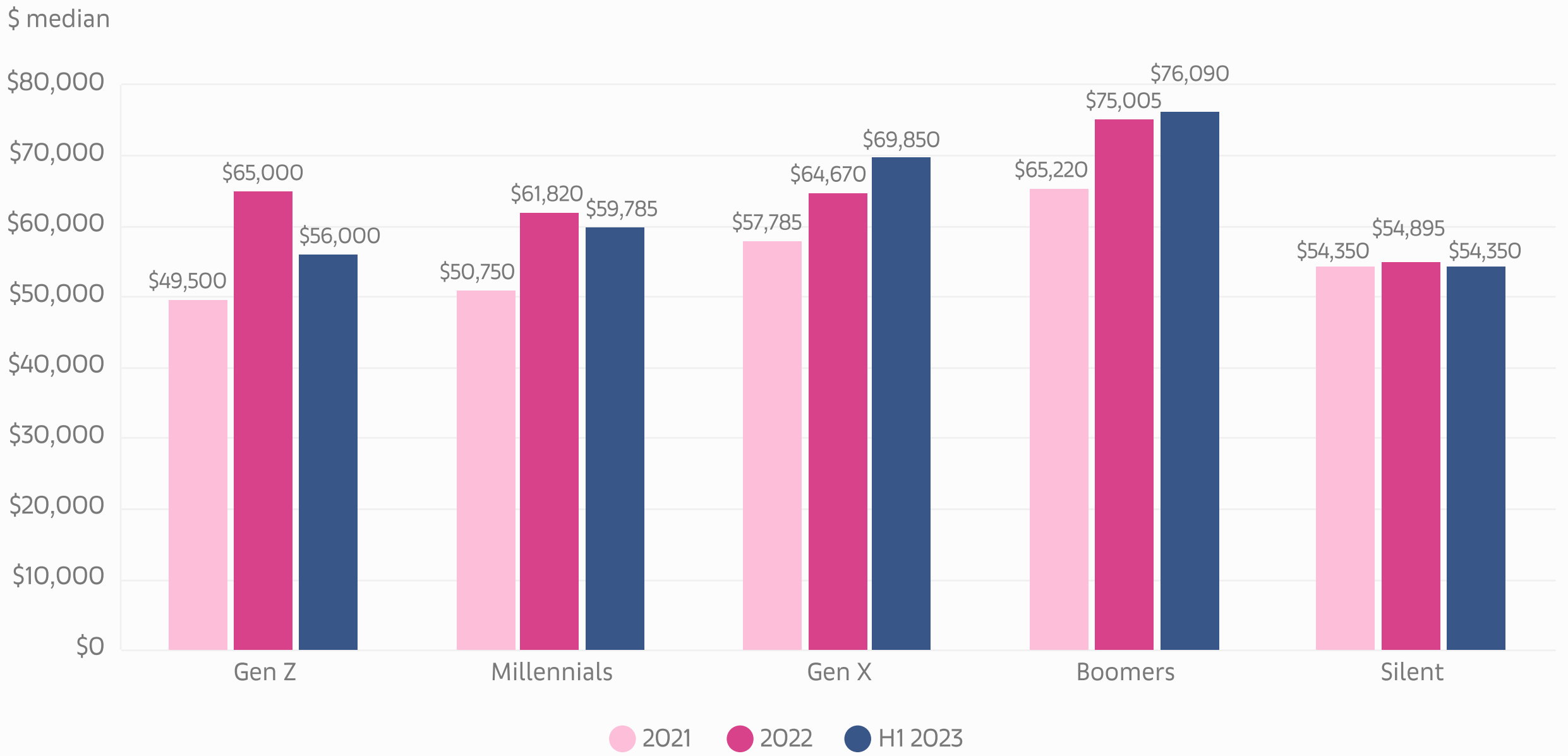
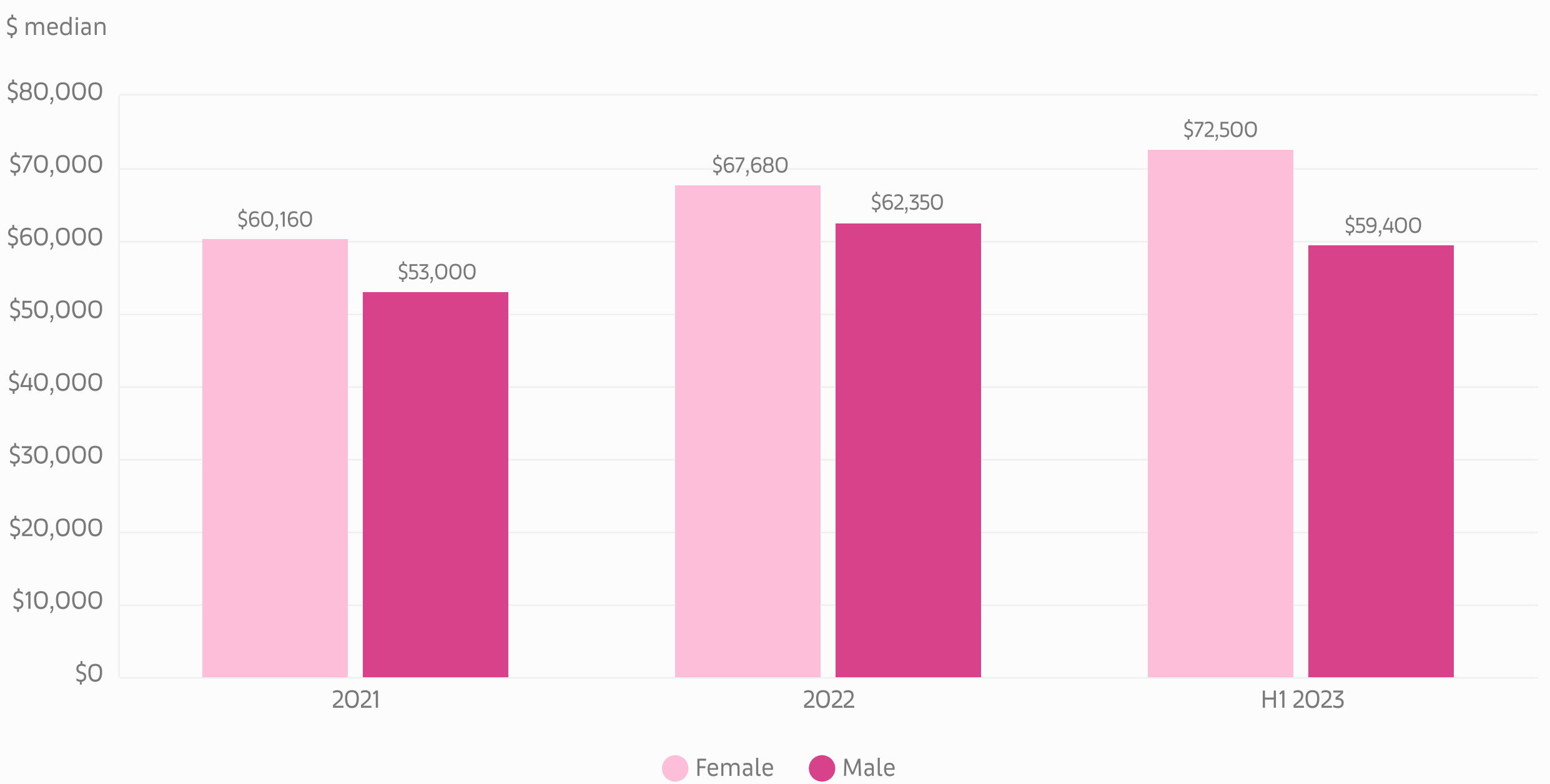


Figure 3.2 Median Expenditure on Fine Art, Decorative Art, and Antiques by Generation and Gender 2021-H1 2023

a) By Generation



b) Male versus Female

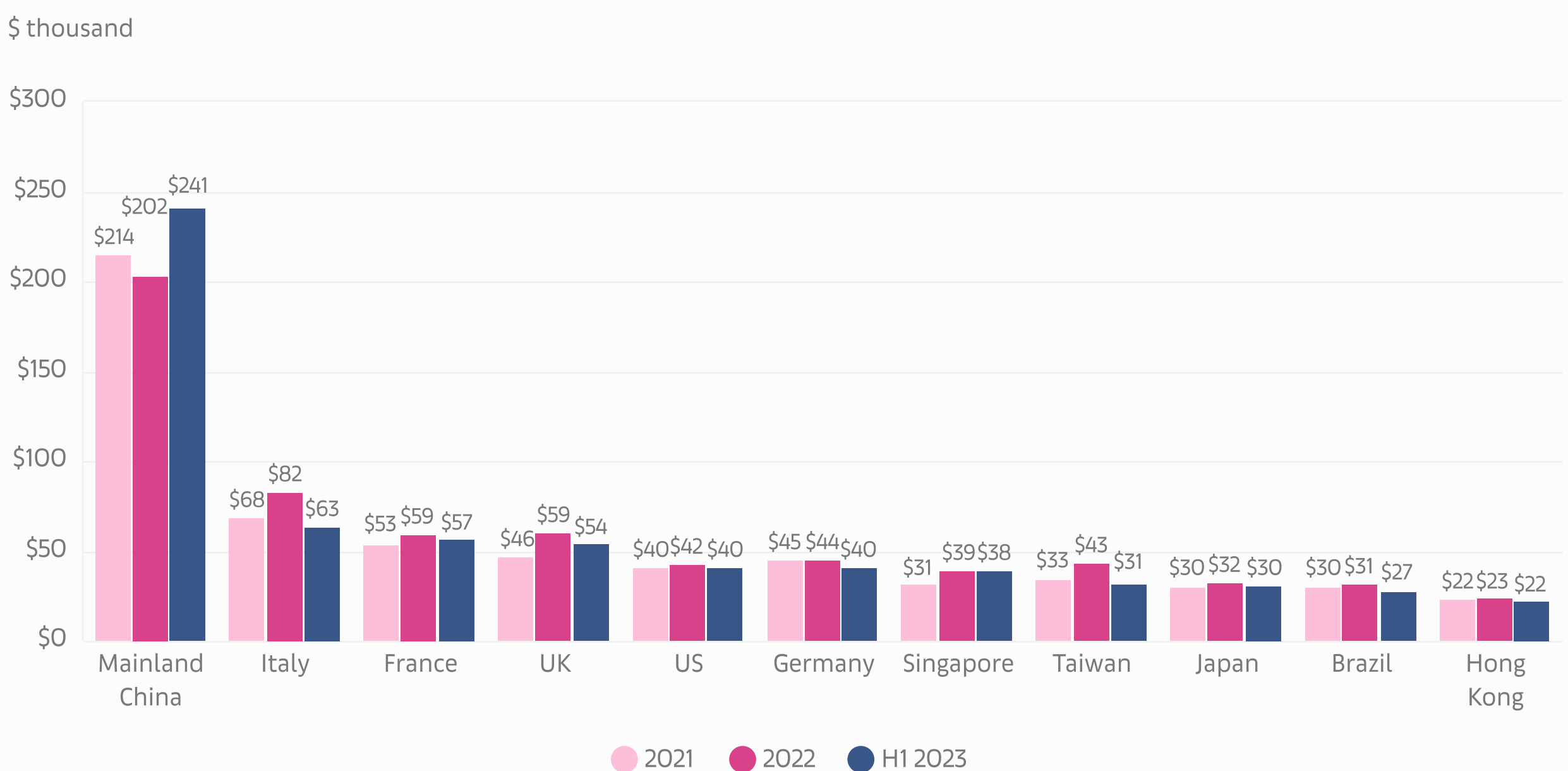


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Median expenditure increased in nearly all markets in 2022, with the exception of Mainland China (down by 6%) and a small decrease of 2% in Germany. Some of the largest advances were in the UK (up by 30% to \$59,480) and Taiwan, which also showed a 30% increase to \$43,260, with more moderate progression in some other larger markets such as the US (up by 5%) and Hong Kong (up by 2%).

Collectors from Mainland China had the highest median expenditure on art and antiques in each period, including in 2022. They also reported a higher median expenditure in the first half of 2023 than in the whole of the previous year, suggesting a strong return to spending post-lockdown. Spending for the first half of 2023 was also strong across most other markets, with reported values in the first half of the year already two-thirds or more of the spending level for the entire year in 2022. Spending so far in 2023 surpassed reported values for 2021 in the UK, France, Mainland China, Singapore, and Japan, and was roughly on par in the US.

Figure 3.3 Median Expenditure on Fine Art, Decorative Art, and Antiques by Region 2021-H1 2023¹⁹

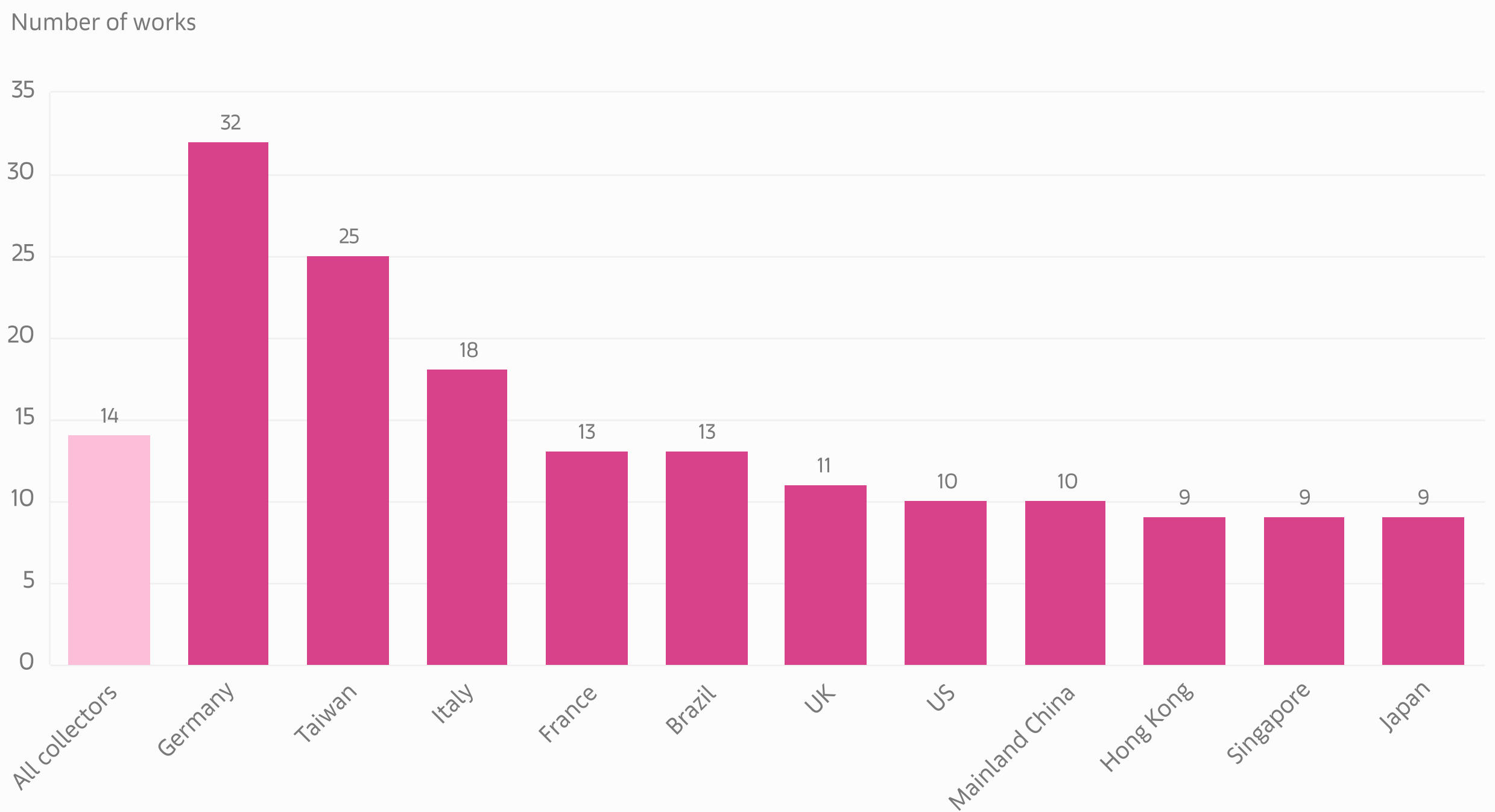


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¹⁹ Regional medians are based on the sum of medians in each category (fine art, decorative art, and antiques).

The volume of art and antiques purchased over the last three years remained relatively stable over time, with an average of 14 works or objects purchased in 2023, including six fine artworks (the same level as in 2022). There were some differences between regions, with collectors from Germany and Taiwan being the most active in terms of the number of transactions, including double the average in Germany (32 in total, including 12 fine artworks).

Figure 3.4 Average Number of Works Purchased by HNW Collectors in H1 2023



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It was a requirement of the survey that respondents had purchased fine art, decorative art, or antiques in recent years, however, there was also evidence of significant amounts of cross-collecting with other collectibles and luxury segments in 2023. Figure 3.5 shows that along with art and antiques, a majority of the sample had also purchased jewelry, gems, and watches, while over a third were active in other collectibles and luxury segments, including luxury wine and spirits (42%), collectible luxury handbags (40%), and collectible sneakers (38%).²⁰

Average spending on fine art was the highest of all categories, and along with decorative art and antiques accounted for 40% of spending on art and collectibles in the first half of 2023, with a similar share in both 2022 (39%) and 2021 (41%). Spending on fine art was around four times the level of some other luxury collectibles segments in 2023, although these reached significant levels of \$59,740 for sneakers and \$63,745 for handbags. These totals are all influenced by some very high spending collectors, with a very small share of 1% of respondents having spent over \$1 million in these segments in 2023.

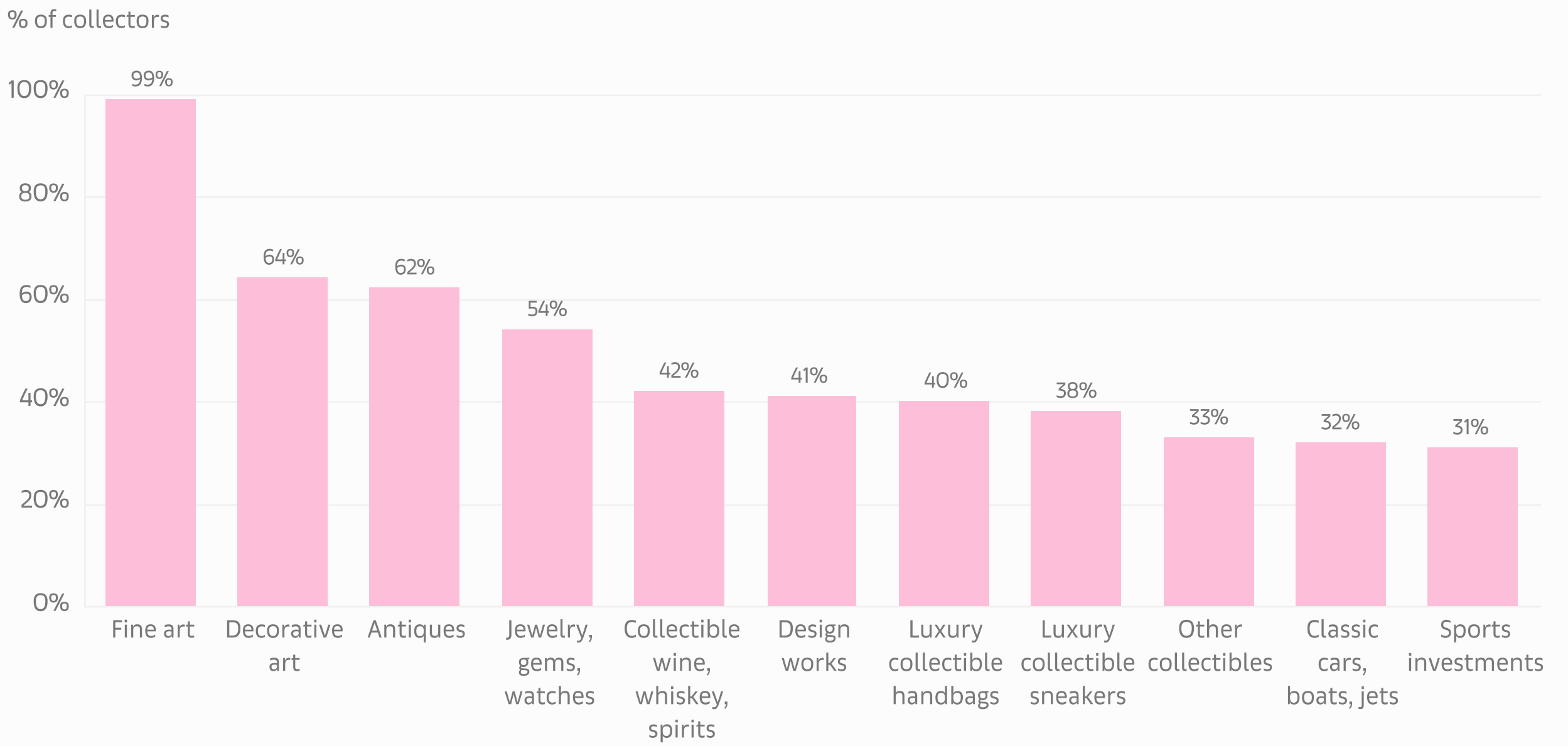
Average spending on fine art was the highest of all categories, and along with decorative art and antiques accounted for 40% of spending on art and collectibles in the first half of 2023

Across all regions, the average spending on all art and collectibles sectors by HNWI collectors in the first six months of this year reached \$1.4 million, 45% of which was fine art, decorative art, and antiques, purchasing an average of 35 works or objects (six of which were fine art and 14 including decorative art and antiques).

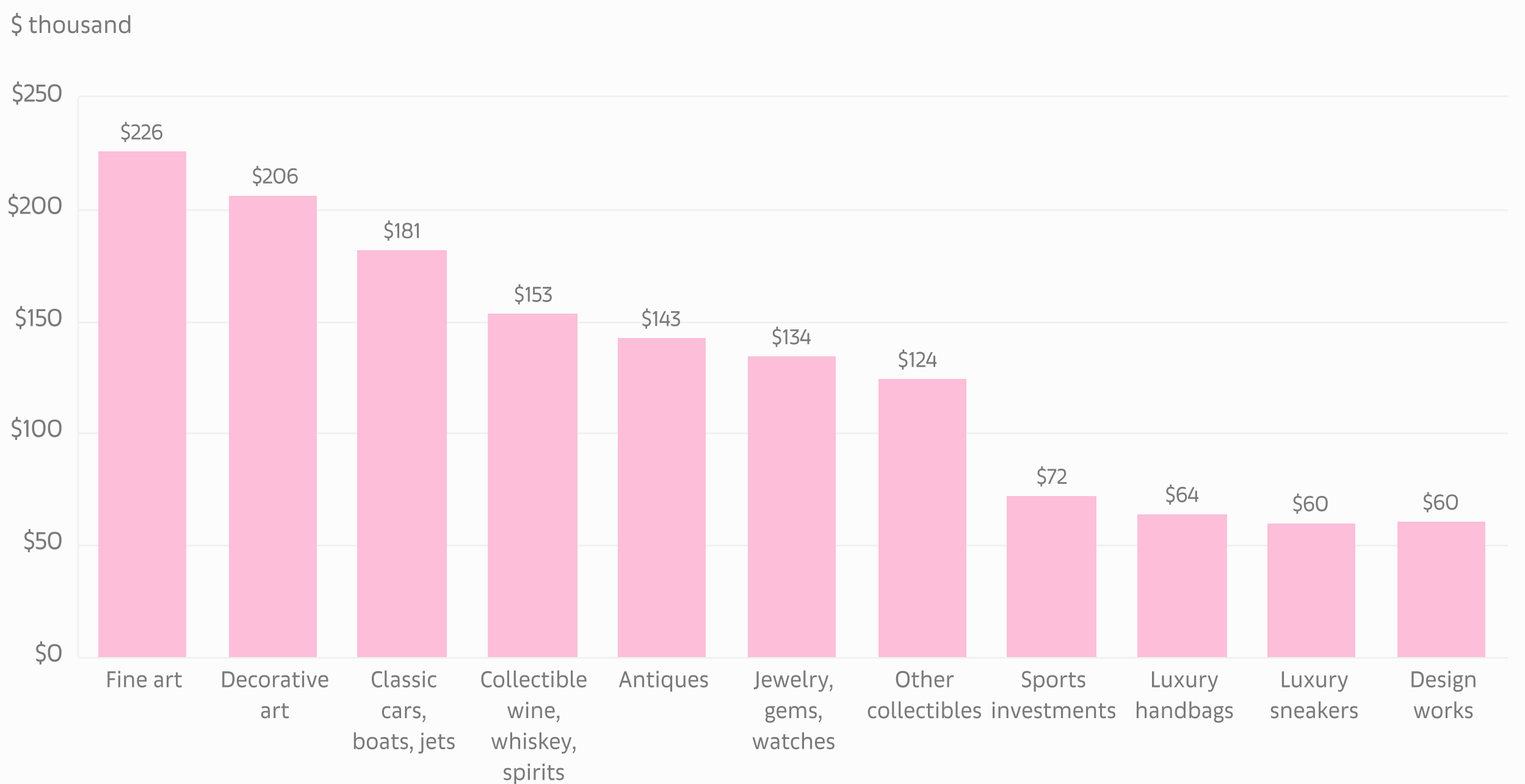
²⁰ Collectible luxury handbags and sneakers included only those items purchased for more than \$1,000 each.

Figure 3.5 HNW Collectors Spending in Art and Collectibles Segments in H1 2023

a) Share of Collector making Purchases by Segment



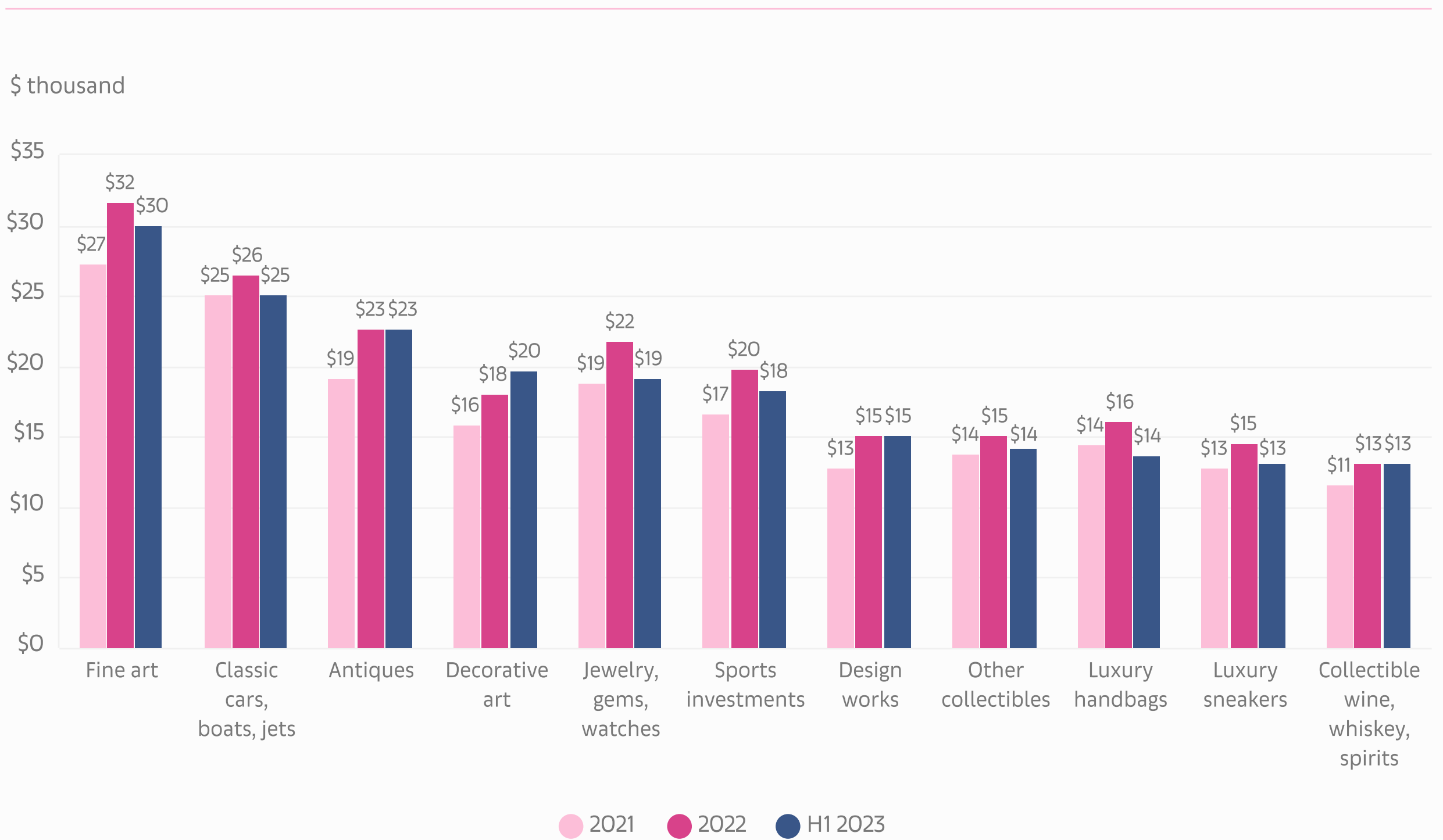
b) Average Spending in each Segment



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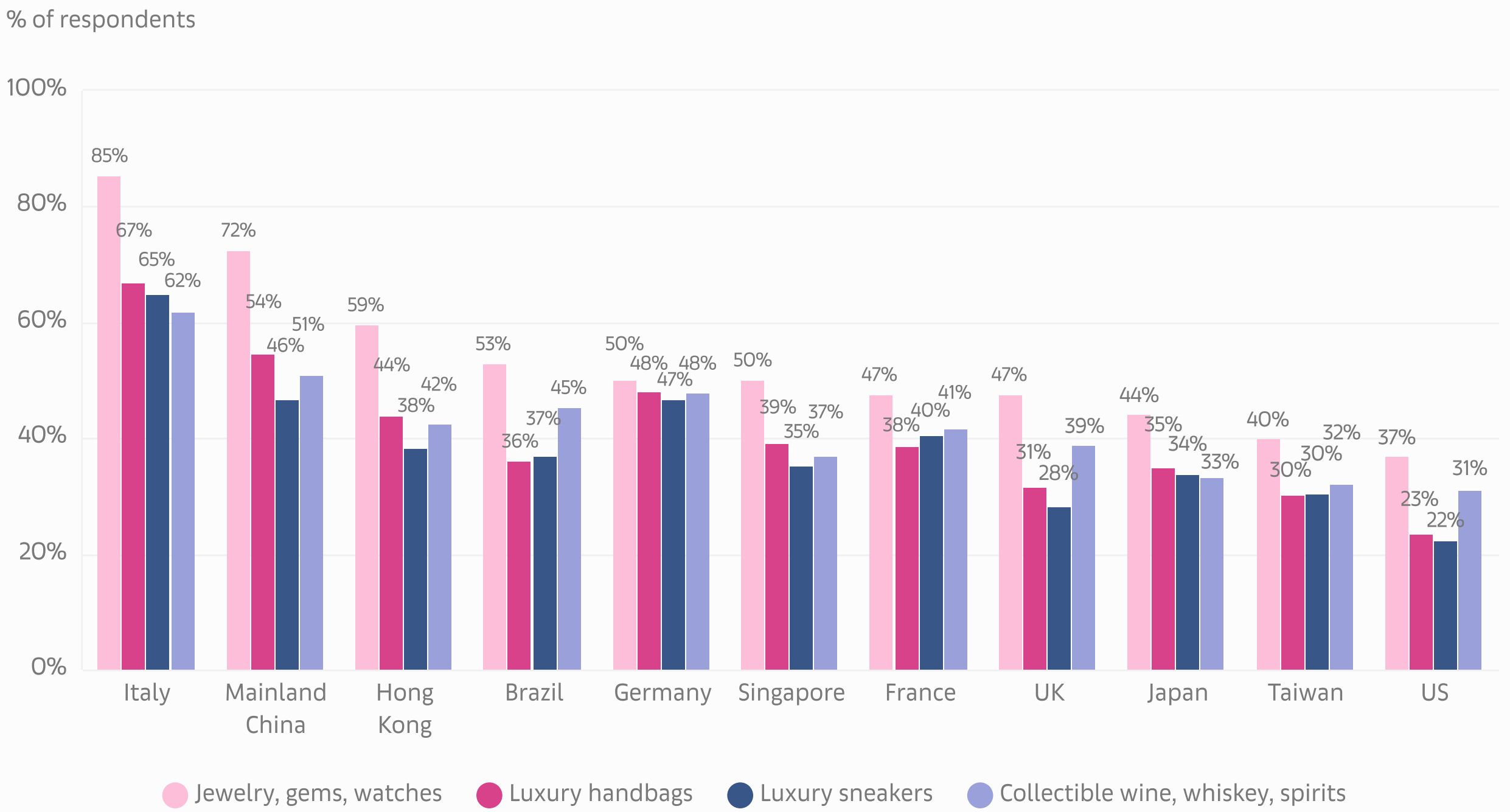
Due to varying participation levels by collectors, the median expenditure in some segments was nil. To compare median spending for those that were active in each segment, Figure 3.6 sets out values for participating collectors only. The median expenditures are significantly closer between segments than the averages without the influence of the narrow group of very high spenders in each category, but fine art was still around twice the level of spending in luxury categories such as handbags, sneakers, design works, and collectible wine and spirits. Median spending in all categories rose in 2022, and in the first half of 2023, has either matched or exceeded the entire year in 2021. Some of the strongest participation in luxury collectibles sectors has been in Italy, where a majority of collectors were actively spending in 2023. A majority of Mainland Chinese collectors had also purchased jewelry and luxury handbags.

Figure 3.6 Median Spending by Participating HNW Collectors in Art and Collectibles Segments 2021-H1 2023



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Figure 3.7 Share of HNW Collectors Active in Selected Luxury Collectibles Segments in H1 2023



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3.2 Expenditure by Medium

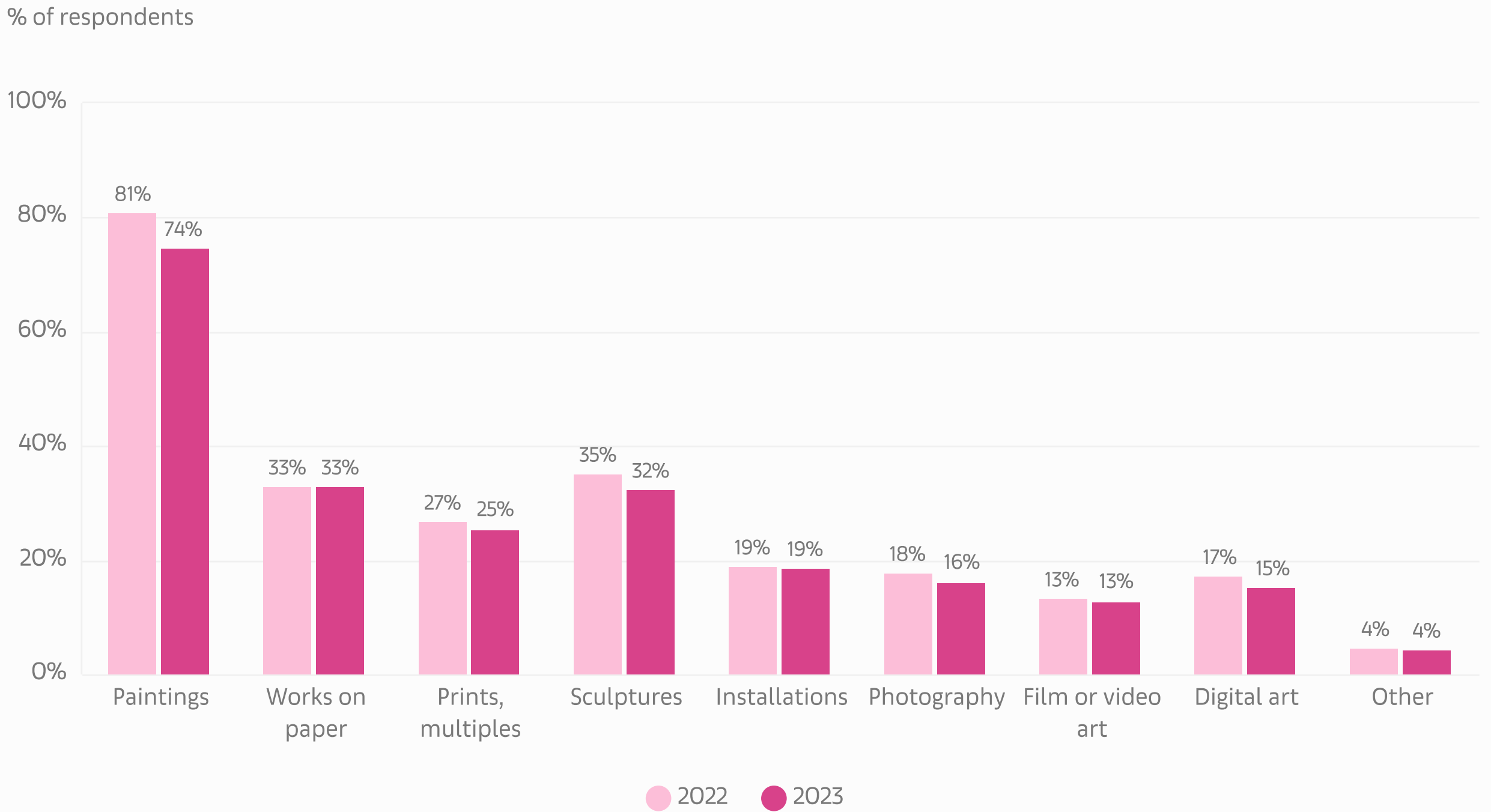
Despite an increased focus on digital art and other mediums in the last few years, by far the most activity and largest spending by HNW collectors on aggregate was in the traditional medium of paintings. In the first half of 2023, around three-quarters of the sample worldwide had purchased a painting for their collections, compared to a third or less active in other mediums, including just 15% having bought digital art.

Paintings accounted for the majority (58%) of total expenditure by collectors, with works on paper the second-largest element at 13%. The share of paintings increased slightly (by 2%) on 2022, while digital art was down (by 1%) to 3% of the total value of expenditure. The share of sculptures also fell by 5% year-on-year to 8%, on par with installations, which saw a doubling in share, despite involving spending by significantly fewer collectors than sculptures. While continuing to represent a minority share of spending by a small segment of collectors, advances in these more challenging mediums are promising, as they have been under-represented in collections to date. Some anecdotal evidence from dealers has suggested that artists working in these mediums have struggled to make sales in recent years, particularly those focusing on installations, video, and conceptual art, and that the problems in these market segments are often obscured from collectors by the much more positive results for paintings and more mainstream areas of the market.²¹

Paintings accounted for the majority (58%) of total expenditure by collectors, with works on paper the second-largest element at 13%

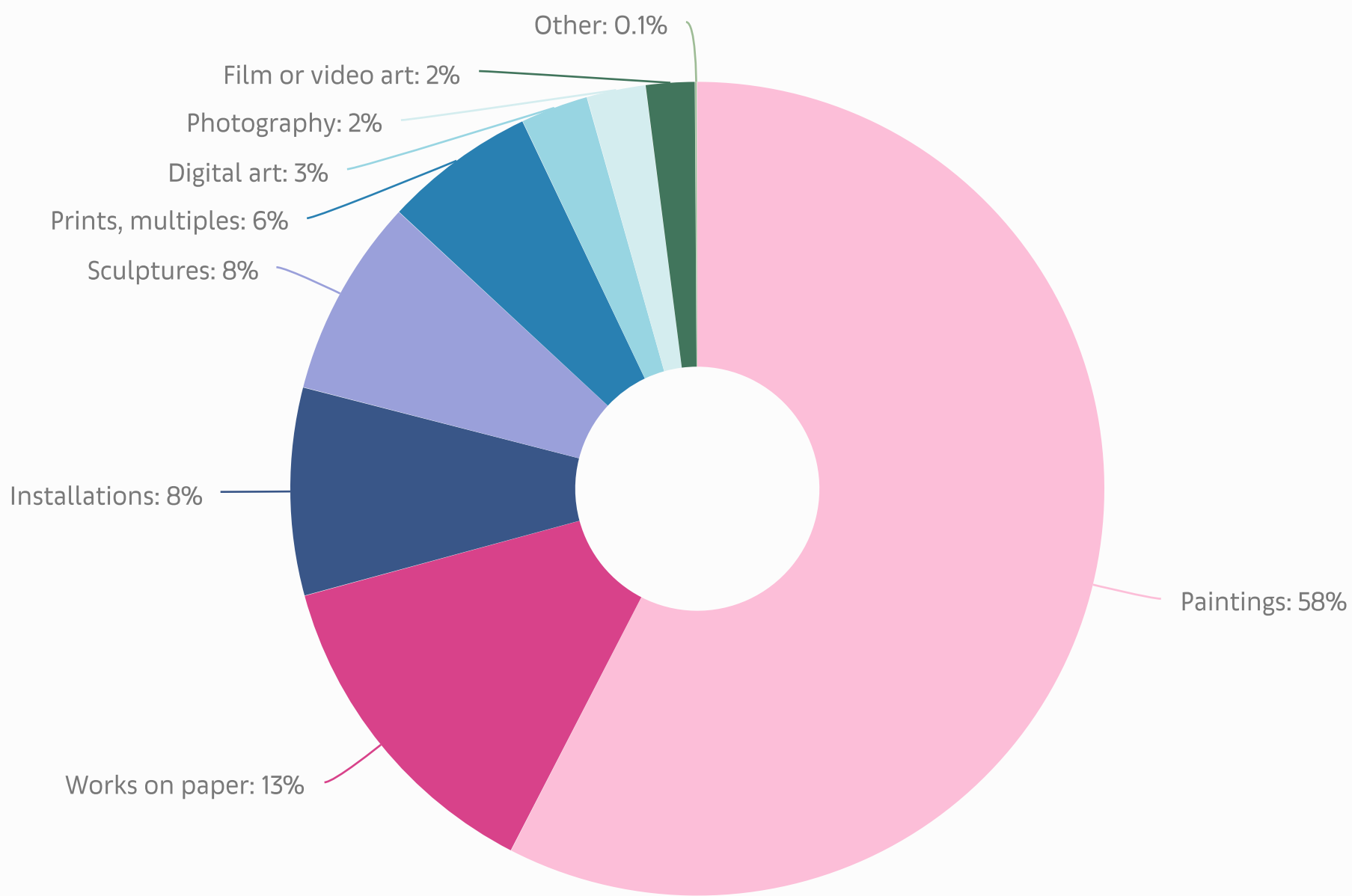
²¹ See Arts Economics (2023) *The Art Market 2023, An Art Basel and UBS Report*, available at theartmarket.artbasel.com.

Figure 3.8 Share of HNW Collectors Having Purchased Art by Medium in 2022 and 2023



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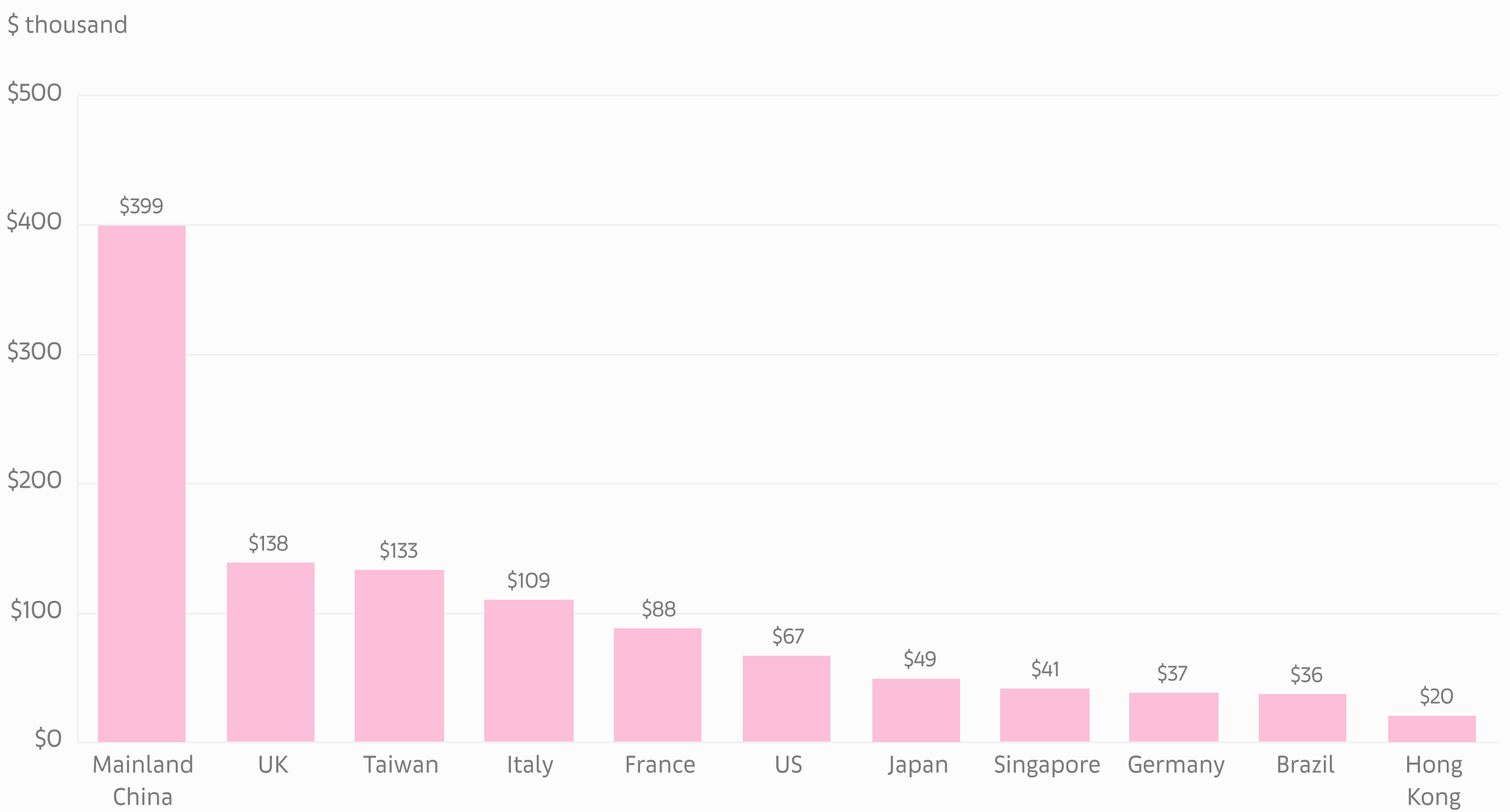
Figure 3.9 Share of HNW Collector Total Expenditure on Art by Medium in 2023



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Considering the largest-value medium of paintings, the highest expenditure in 2023 was by Mainland Chinese collectors with an average of close to \$400,000, nearly four times the overall average, and up by 20% on 2022. They were also the highest spenders in several other segments, with the notable exception of digital art, where Italian collectors reported the highest level in both 2023 (just over \$18,000) and 2022 (\$40,180).

Figure 3.10 Average Spending on Paintings by HNW Collectors in H1 2023



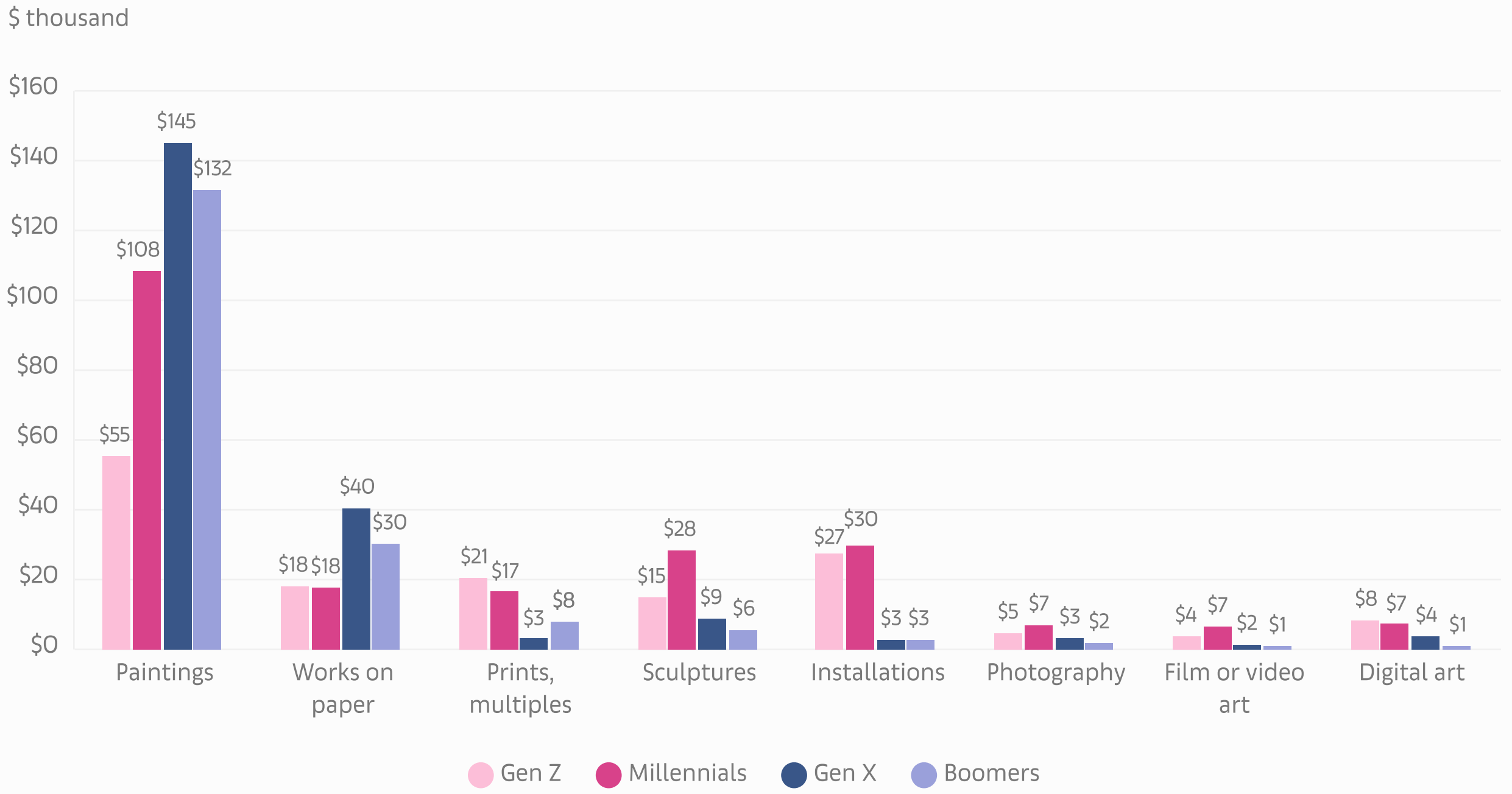
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In 2022, millennial collectors were the highest spenders in nearly all fine art segments, aside from works on paper and film or video art. In 2023, however, Gen X collectors and Boomers both significantly outspent their younger peers in some of the largest-value mediums. Gen X collectors averaged the highest overall at just under \$145,000 for paintings (against \$108,000 for millennials). They were also the highest spenders on works on paper, although millennials still outranked their spending on sculptures, installations, photography, and film or video art. It is notable that the youngest Gen Z collectors had the highest average expenditure on prints and digital art, indicating that these could be important and accessible mediums for younger collectors entering the art market.

In all segments, spending was predictably positively related to wealth, and UHNW collectors spent over 10 times more than those with a personal wealth of less than \$5 million in categories such as paintings and works on paper. In traditional mediums like paintings, the collector's level of experience in the market also played an important role, with more established collectors of over 20 years spending three times more than those collecting for fewer than five years. However, new collectors were higher spenders in some categories, especially photography, where the newest collectors of just two years or less spent four times the level of their most experienced peers. Similarly, collectors with less than 10 years market experience spent considerably more on installations than more experienced collectors.



Figure 3.11 Average HNW Collector Spending by Medium and Age in H1 2023



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3.3 Expenditure by Artist Characteristics

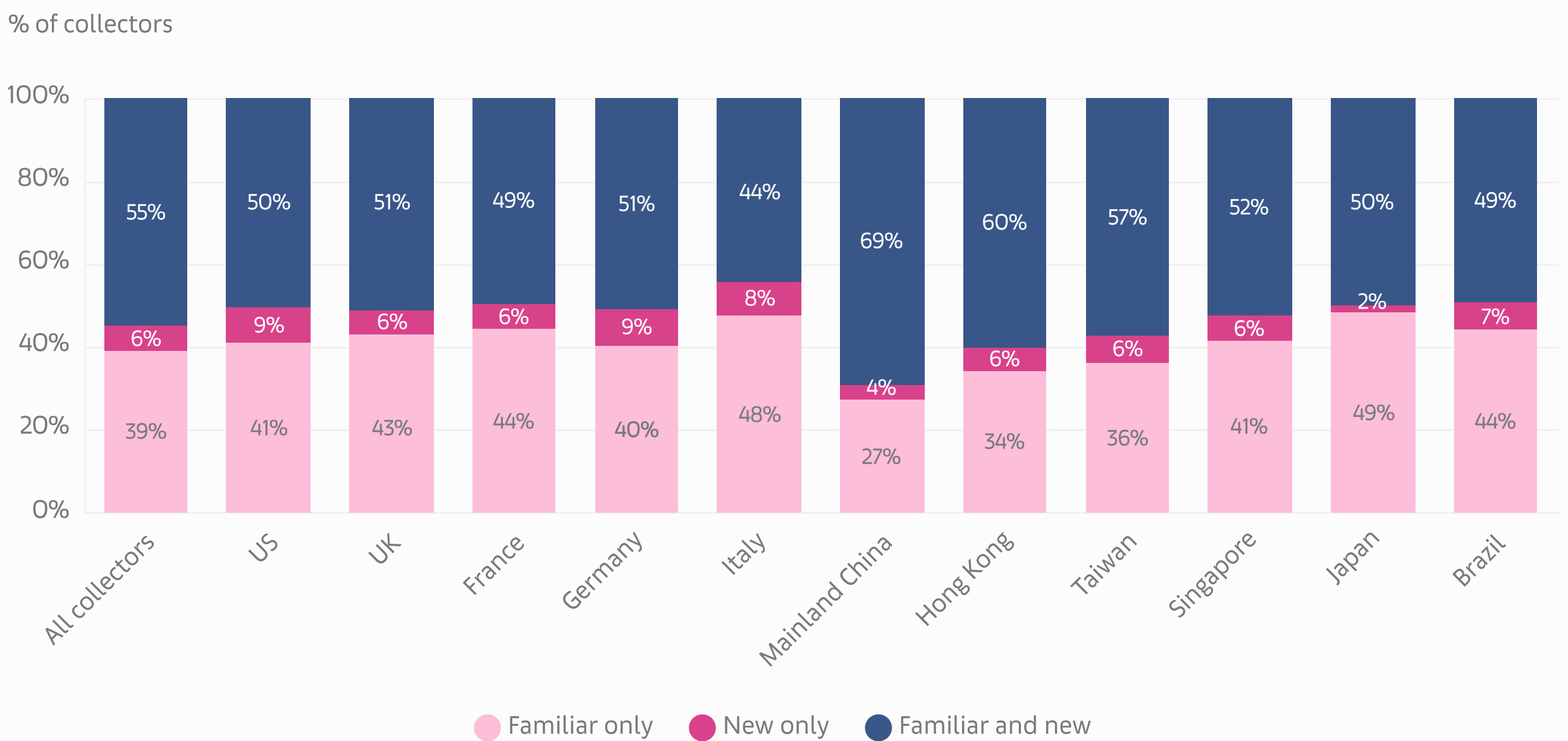
The pandemic and its aftermath increased risk aversion in some collectors, with the uncertain context encouraging many to stay with what they knew, buying works by familiar artists from businesses they had established relationships with. As noted in previous studies, staying true to these patterns of buying behavior helped collectors to reduce perceived risk, while also being a means for some to proactively support the artists and galleries they knew through a challenging period.

However, there were indications from the survey of some increasing openness to explore new artists in 2023, with a smaller share of collectors only purchasing works by familiar artists, or ones they had bought before (39%, down by 4% on research in 2022). The majority of collectors (55%) reported having bought both works by artists they knew and newly discovered artists in 2022 and 2023, while a small and stable minority of just 6% only focused on purchasing works by artists that they had just discovered, on par with the findings of the last three years.

There were some regional differences, with the greatest share of collectors only buying works by familiar artists in Japan (49%), Italy (48%), Brazil (44%), and France (44% too, but down significantly from a high of 65% the previous year). Consistent with the last two years of research, the share only buying known artists was considerably lower in Mainland China (27%) and Hong Kong (34%, up from 22% in 2022), also among the lowest in the surveys in 2022, and with most collectors in these markets looking at both established and new artists. In all markets, a minority had only purchased works by artists they discovered in 2022 and 2023, ranging from a low of 2% in Japan to 9% in the US and Germany.

Buying behaviors were relatively similar between generations, with Boomers again being slightly more risk averse, with 48% sticking only to artists they knew versus around 40% for millennial and Gen Z collectors, and the lowest share of 34% for Gen X collectors, the majority of whom had purchased works by both new and established artists.

Figure 3.12 Share of HNW Collectors Buying Works by Familiar versus Newly Discovered Artists during 2022/2023



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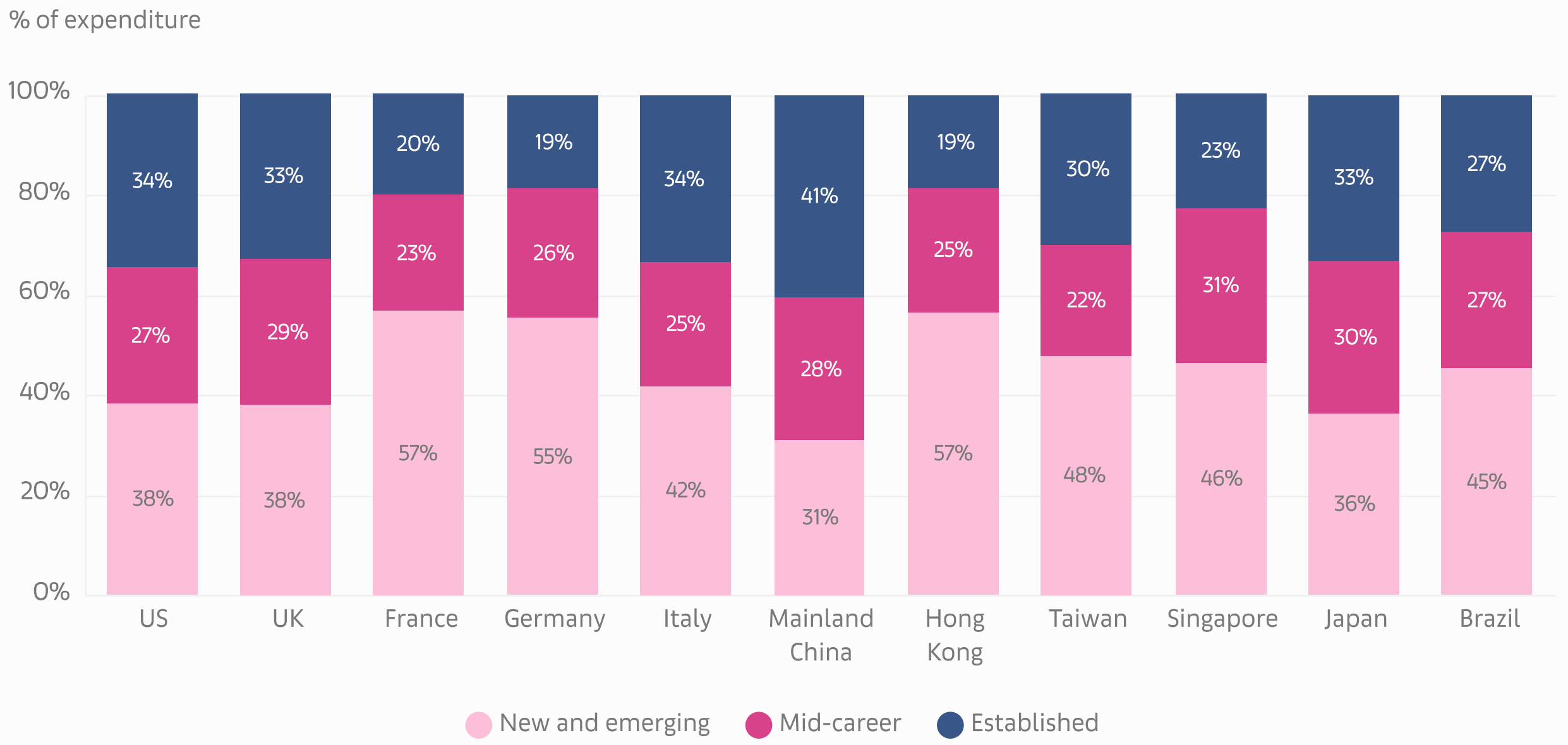
Looking in further detail at the artworks they had purchased over the last year, collectors reported that just over half of their spending in 2022 and 2023 had been on works by living artists.²² This was fairly consistent across age and wealth brackets, and also by region, ranging from a low of 48% of spending on living artists' works in Japan to a high of 59% in Hong Kong. Collectors had a relatively diversified focus in terms of the career stage of the artists' works they purchased, with a slight boost in spending on mid-career artists from 2022. Using the previously defined segments of artists:

- 44% of the expenditure by HNW collectors in 2022 and 2023 was on works by new (22%) and emerging artists (22%, down by 2% on research in 2022);
- 27% on mid-career artists (up by 3%); and
- 29% on established, top-tier artists (down by 2%).

While these figures were relatively stable across generations, there were some variations between regions. Collectors from Mainland China had the highest share of spending on established artists (41%), while the highest share of spending on new and emerging artists' works was by collectors in France and Hong Kong, both 57%.

²² This share reflects the divide of spending of artists whose status was known by collectors, omitting around 12% where the collector did not know whether the artist was alive or deceased.

Figure 3.13 Expenditure in 2022/2023 by Artist Career Stage



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3.4 Price Levels for HNW Collector Spending

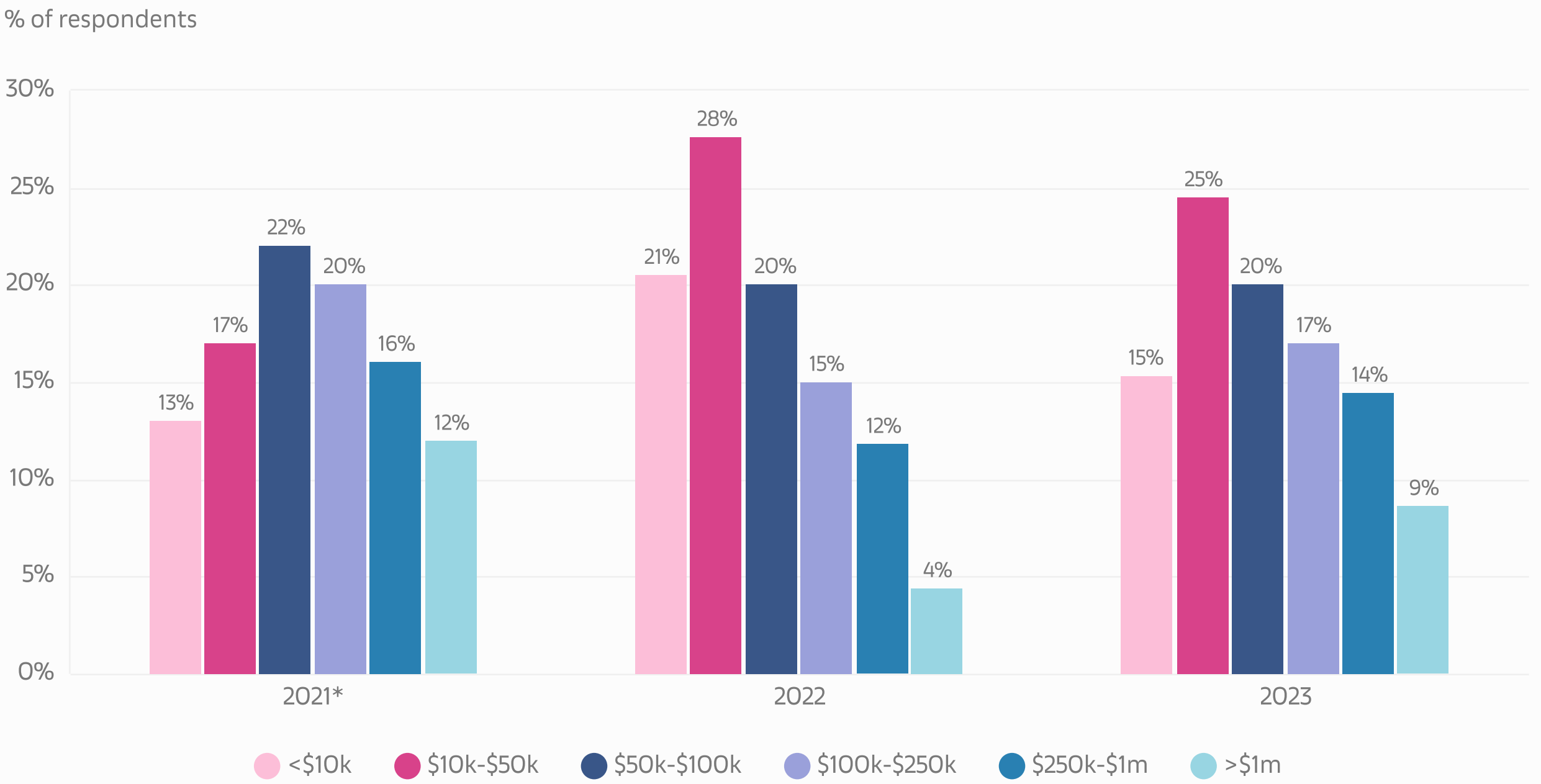
The findings on spending over the last three years revealed that HNW collectors are buying more art and antiques than in previous periods, and research in 2021 and 2022 indicated that they were transacting at higher prices. When collectors were asked about the price ranges they most often purchased at in 2023, there was some evidence of a decline in those transacting at prices above \$100,000. In previous surveys in 2021, 48% of collectors most commonly bought artworks priced at over \$100,000, whereas this fell to 31% in the current sample in 2022. Those most commonly buying works priced at over \$1 million also fell substantially from 12% in 2021 to 4% in 2022. There was some revival of higher-priced spending in the first half of 2023, with spending at prices over \$100,000 back to 40% and the share of those at the \$1 million-plus price level rising to 9%. However, even with these increases, spending at higher levels was below that in 2021 and previous years. While this is likely to be linked to changing characteristics of the sample, it has some parallels to other sales and anecdotal evidence which has documented an increasingly thin high end in 2022, after a strong bounce back in sales in 2021.

The share of HNW collectors most commonly buying works priced at over \$1 million fell from 12% in 2021 to 9% in the first half of 2023

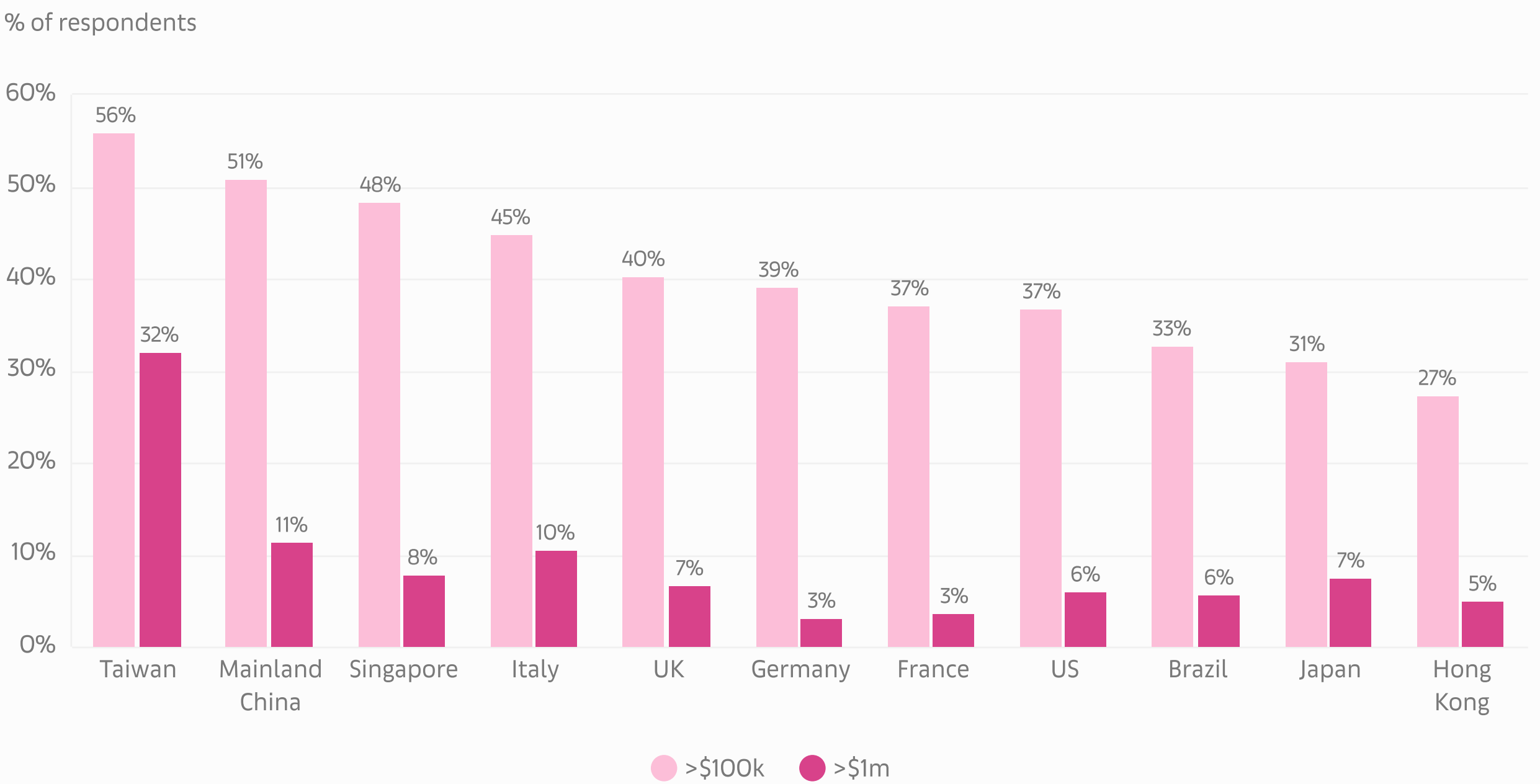
As would be expected, the price points at which HNW collectors regularly bought at rose in direct proportion to both their wealth and the length of time they had been collecting. Around one third (34%) of those with wealth in excess of \$50 million most regularly bought works for over \$1 million in 2023, versus only 1% in the segment of collectors with wealth of less than \$5 million. There were also some regional differences, and notably, the highest share of collectors reporting spending of over \$100,000 was in Taiwan (56%), which also had the largest proportion of \$1 million-plus spenders (32%) followed by Mainland China (11%) and Italy (10%). Although they were down on 2021, all markets saw a significant increase in the share of collectors regularly spending more than \$1 million from 2022 to 2023, with levels at least doubling in most markets.

Figure 3.14 Most Common Price Range for Purchasing Works of Art

a) All Collectors 2021-2023



b) Collectors by Region in H1 2023



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3.5 Buying Channels Used by HNW Collectors

The ways in which collectors access the market have changed and expanded over the last few years. The pandemic was pivotal in developing online channels, and e-commerce increased dramatically in the years since 2019, doubling in value in 2020 alone. As the event-driven art market returned to its regular schedule in 2022, trends in how sales were made continued to develop, and although the share of e-commerce fell back to 16% of total art market sales (from a peak of 25% in 2020)²³, this was still significantly higher than pre-pandemic years (at just 9% in 2020). Many businesses in the art market, having increased investment in their digital sales platforms and online presence, have now maintained strong online sales alongside a fuller return to live sales, fairs, and exhibitions. Collectors have become more comfortable with purchasing through online-only channels as their experience in doing so has grown.

The most commonly used channel for purchasing art in 2023 was through a gallery or dealer, with 86% of respondents purchasing either directly, online, or through an art fair

To assess how these trends shaped HNW collectors' current purchasing habits, respondents were asked a series of questions about their engagement with different sales channels in 2022 and 2023. As in previous years, the most commonly used channel for purchasing art in 2023 was through a gallery or dealer, with 86% of respondents purchasing either directly, online, or through an art fair. Excluding art fairs, 79% had purchased from a dealer or gallery. This share was relatively stable year-on-year for respondents in this survey but down from 88% in 2022, when engagement across all channels was reported at a higher level. However, it was up by 3% on the surveys in 2021 (76%).²⁴

While the most common way for collectors to access dealer sales has been purchasing through their gallery premises, in 2021, gallery websites and OVRs overtook in-person sales as more collectors became comfortable buying online. However, in 2022 and 2023, buying

²³ See Arts Economics (2023) *The Art Market 2023, an Art Basel and UBS Report*, available at theartmarket.artbasel.com.

²⁴ In the survey of HNW collectors in 2022, 86% reported buying from a dealer or gallery in the first half of 2022. The lower proportion here is likely due to the higher share of respondents from Mainland China where auction sales tend to be more dominant. See Arts Economics (2022) *A Survey of Global Collecting, An Art Basel and UBS Report*, available at theartmarket.artbasel.com.

in-person gained greater popularity again and purchasing from a dealer's premises or gallery was the most common access method for collectors. In the first half of 2023, of those respondents that had purchased from a dealer:

- 84% had purchased from a dealer at their gallery or premises (up from 73% on surveys in 2022);
- 65% had purchased from a dealer directly through their website or OVR (down from 69%); and
- 51% had made a purchase using either an email or phone call to the dealer only (down from 60%).

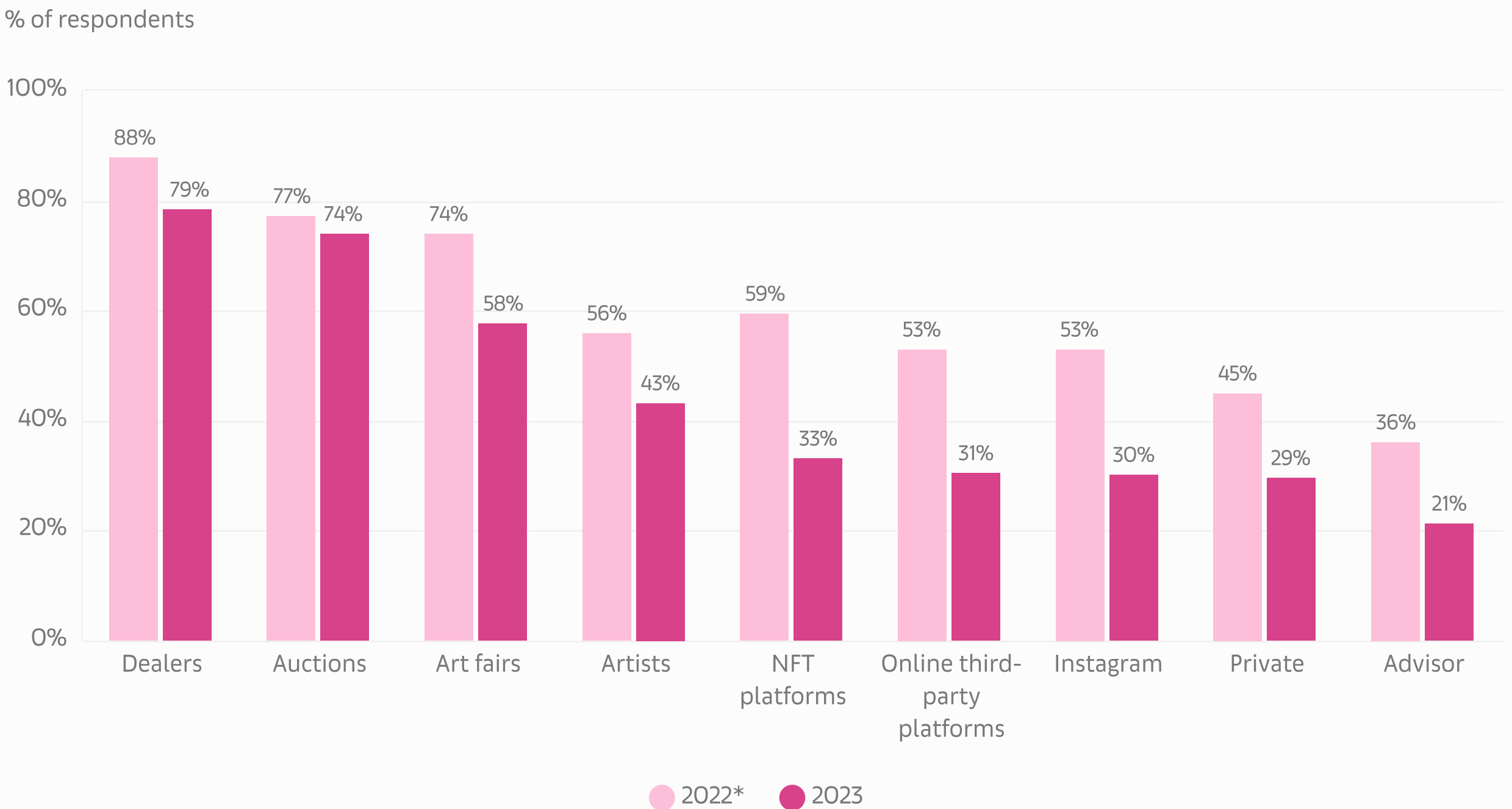
Some collectors accessed dealers in multiple ways, with almost 40% of those buying from a dealer in 2023 having used all three access routes to sales, and a minority only using one: 25% bought exclusively from dealers through their gallery premises, although this was up from just 13% in the previous year's survey; 10% only bought from their websites or online platforms; and just 4% purchased using phone or email.

The majority of HNW collectors (58%) made a purchase at an art fair in 2023. While this was again relatively stable for respondents in this survey year-on-year, it was down on research in 2022 (74%), although still higher than 2021 (54%). These purchases included both those who had bought at live events (50% of all respondents) and collectors buying through an art fair OVR (37%).

Figure 3.15 sets out the share of HNW collectors that used the different sales channels, demonstrating a pull back at varying levels across all channels versus similar research in 2022. Auctions were the second most widely used sales channel, with around three-quarters of respondents having bought at auction in 2023. Buying directly from artists was also commonly used, with 43% of collectors having either purchased directly from an artist's studio (38%) or having commissioned a work directly from an artist (28%). 27% had done both.

A considerably smaller share of HNW collectors used external online platforms to buy art than in 2022, with NFT platforms showing the most significant decline in use. One third of the collectors surveyed in 2023 bought art through an NFT platform, down from a reported 59% of collectors in the 2022 surveys. At 31%, other online third-party platforms were on par with buying from Instagram (that is, an artwork found on Instagram and purchased directly or through a link on Instagram to an artist, gallery, or other seller).

Figure 3.15 Sales Channels Used by HNW Collectors for Purchasing in 2022/2023



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In addition to it being the most widely used channel, HNW collectors spent the most through dealers in 2023, accounting for 47% of total expenditure, up by 2% on 2022. This included 33% directly from dealers (up by 3% on the 2022 research), including 13% at galleries (up by 4%), 10% through dealers' online platforms, and 6% by phone or email. A further 14% of spending was through dealers at art fairs. Including art fairs, the share of spending through dealers was higher in every market, with the narrowest margin vis-à-vis other channels in Mainland China where spending at auction accounted for 35% of the total versus 41% through dealers (or 28% excluding art fairs). Japan, Hong Kong, and Brazil all reported an above-average share of direct spending through dealers, while the US- and Hong Kong-based collectors allocated the highest spending to art fairs (both 17%).

The second-largest channel for spending overall was buying at auction (25%, up by 8% on the surveys in 2022, driven in part by the higher number of collectors in Mainland China, and their relatively high levels of spending in 2023). Both US- and UK-based collectors also showed an above-average share of spending at auctions in 2023 (both 28%), which was on par with the portion through dealers if art fairs are excluded. The wealthiest collectors with personal household assets of over \$50 million also spent more at auction (46%) than their combined spending through dealer channels, including art fairs (36%).

HNW collectors were active outside of galleries, auctions, and fairs, with 13% of their total spending in 2023 through external online and social media platforms. This was considerably lower than the share in 2022 of 20%, with the biggest contraction in the proportion spent on NFT platforms (from 8% to 5%), but declining too on other third-party platforms and Instagram (both from 6% to 4%). As noted in previous research, although collectors allocate a relatively low proportion of their spending to Instagram and art fair OVRs (5% in 2023), these platforms can often be used as the initial discovery channel for sourcing and discovering new works and artists, with the actual sale itself then made through a gallery or fair, at auction, or sourced directly from the artist. This can also account for the consistently low share allocated to art advisors at just 2% in this sample (versus 4% reported in 2022). It can often be the case that HNW collectors use advisors for information and advice on an artist's body of work, sourcing, legal and regulatory issues, and appraisal and valuation, but still conduct the actual purchase of a work through other channels. It is notable that the newest collectors relied a little more on advisors for conducting sales, with a share of 4% for collectors in the market for two years or less.

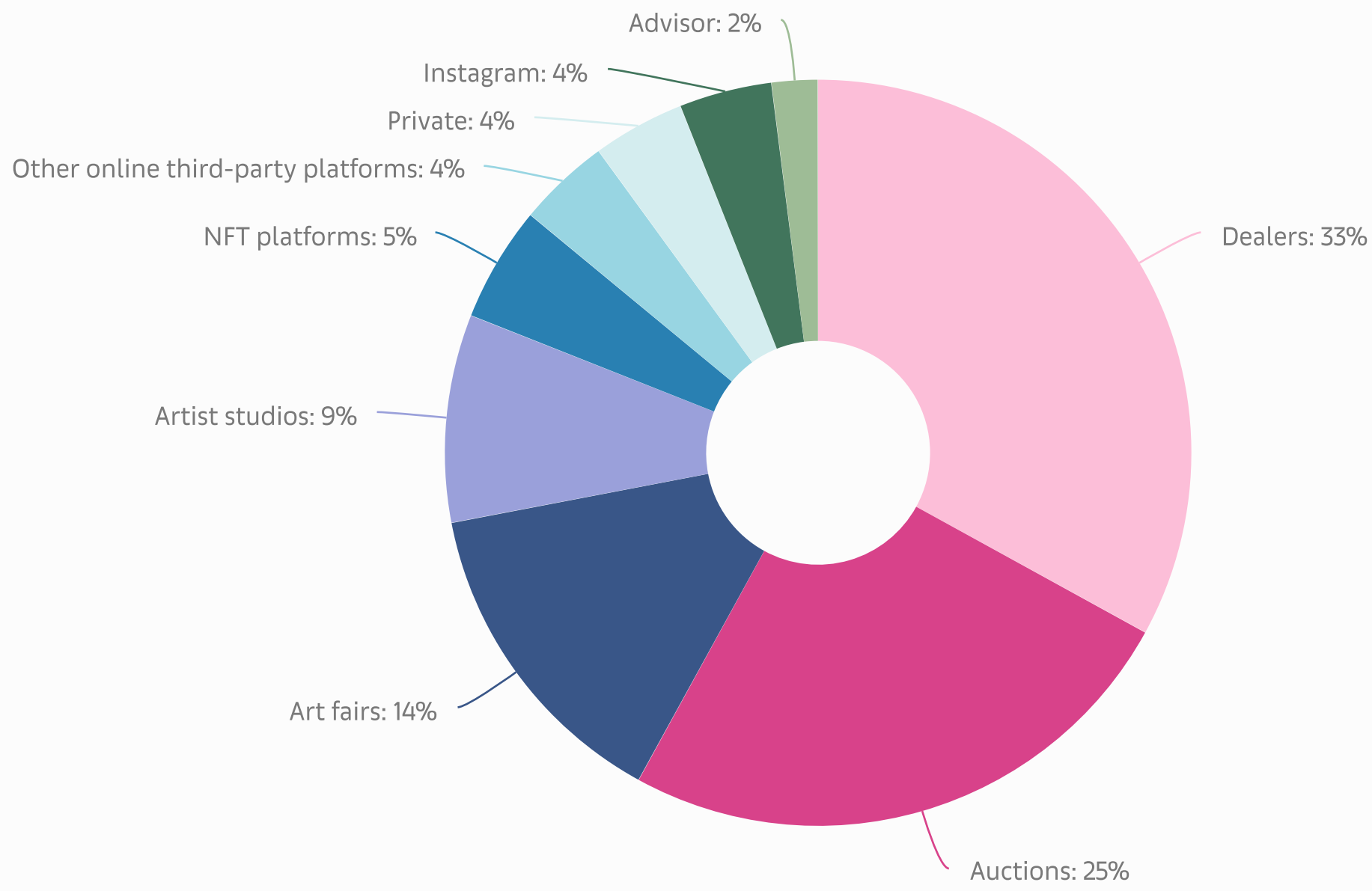
Collectors were active outside of galleries, auctions, and fairs, with 13% of their total spending in 2023 through external online and social media platforms, down from 20% in 2022

Disintermediation, or the potential reduction in the role or importance of intermediaries such as dealers and auction houses in making sales, has been a widely discussed topic in recent years, partly driven by advances in technology and the proliferation of online platforms and social media channels offering artists the chance for more direct communication, marketing of their works, and exchange with collectors. The surveys indicated that the impact of disintermediation on spending has as yet been relatively limited, with HNW collectors making just 9% of their purchases by value directly through artist studios (6%) or direct commissions (3%). These shares were relatively stable across regions and generations, with Gen Z collectors comprising a slightly higher-than-average share (12%).

Purchasing directly from collectors or other private parties accounted for a small share of spending (4%), stable on the last three years, and, as noted above, just less than 30% of all collectors had used this channel at all.

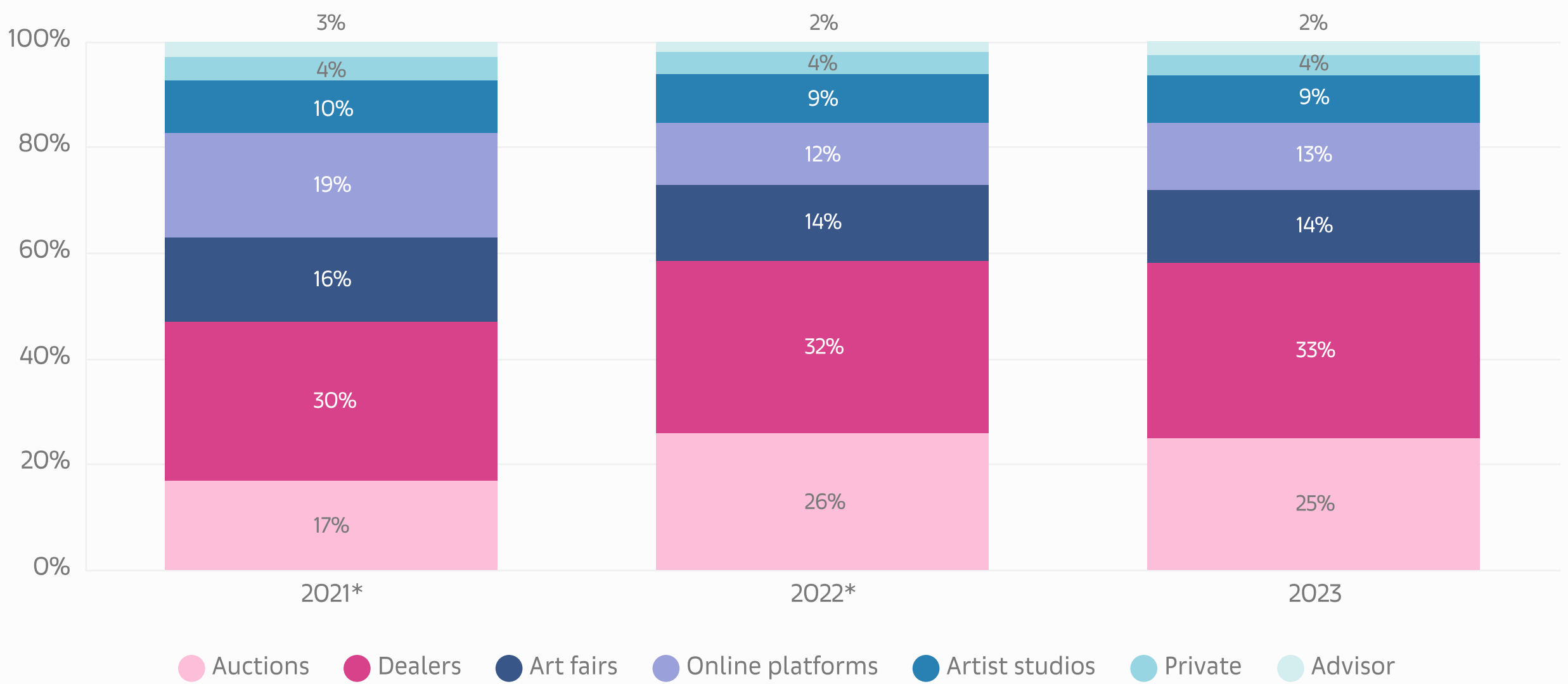
Figure 3.16 Share of HNW Collector Expenditure by Sales Channel

a) In 2023



b) 2021-2023

% of respondents



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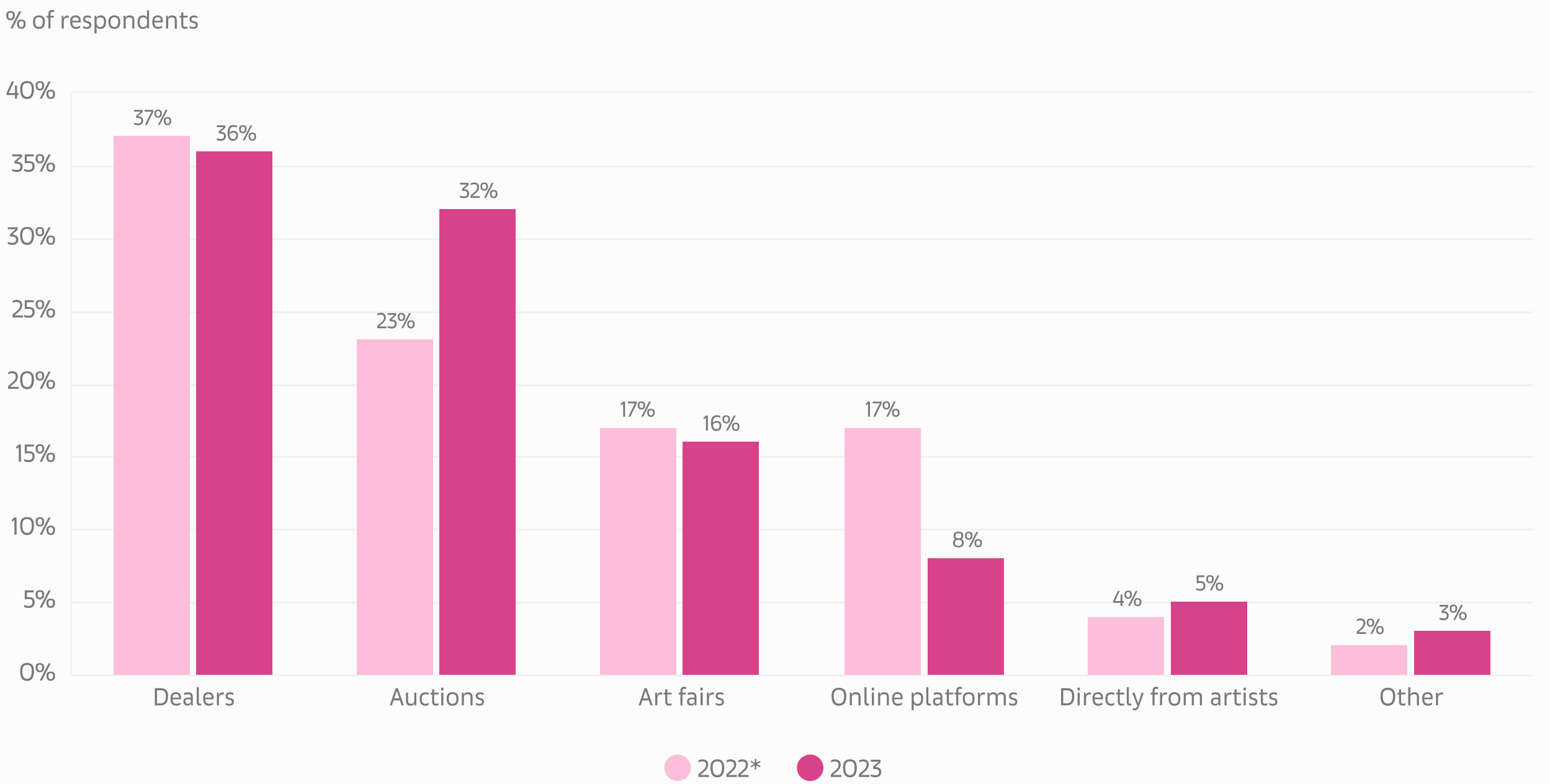
In addition to being the most widely used channel and accounting for the highest share of spending, dealers and galleries were also the first preference for most HNW collectors when it came to buying art, as they have been in most previous years. 36% of respondents preferred to buy from a dealer (relatively stable year-on-year but down from 40% reported in 2021) and a further 16% preferred buying from them at art fairs (up by 2% year-on-year).

Including art fairs, dealers were the most preferred way to purchase in nearly all regions, except for Taiwan where auctions led. It was notable that excluding art fairs, collectors in some of the largest markets of the US, the UK, and Mainland China also preferred auctions in 2023. Auctions were the second most popular channel overall and showed a significant increase from 23% in 2022 to 32% of collectors in 2023. Auctions were ranked lowest in Germany (16%) and Hong Kong (20%), where dealers were more popular, and buying from a dealer at art fairs ranked the highest of all the regions surveyed.

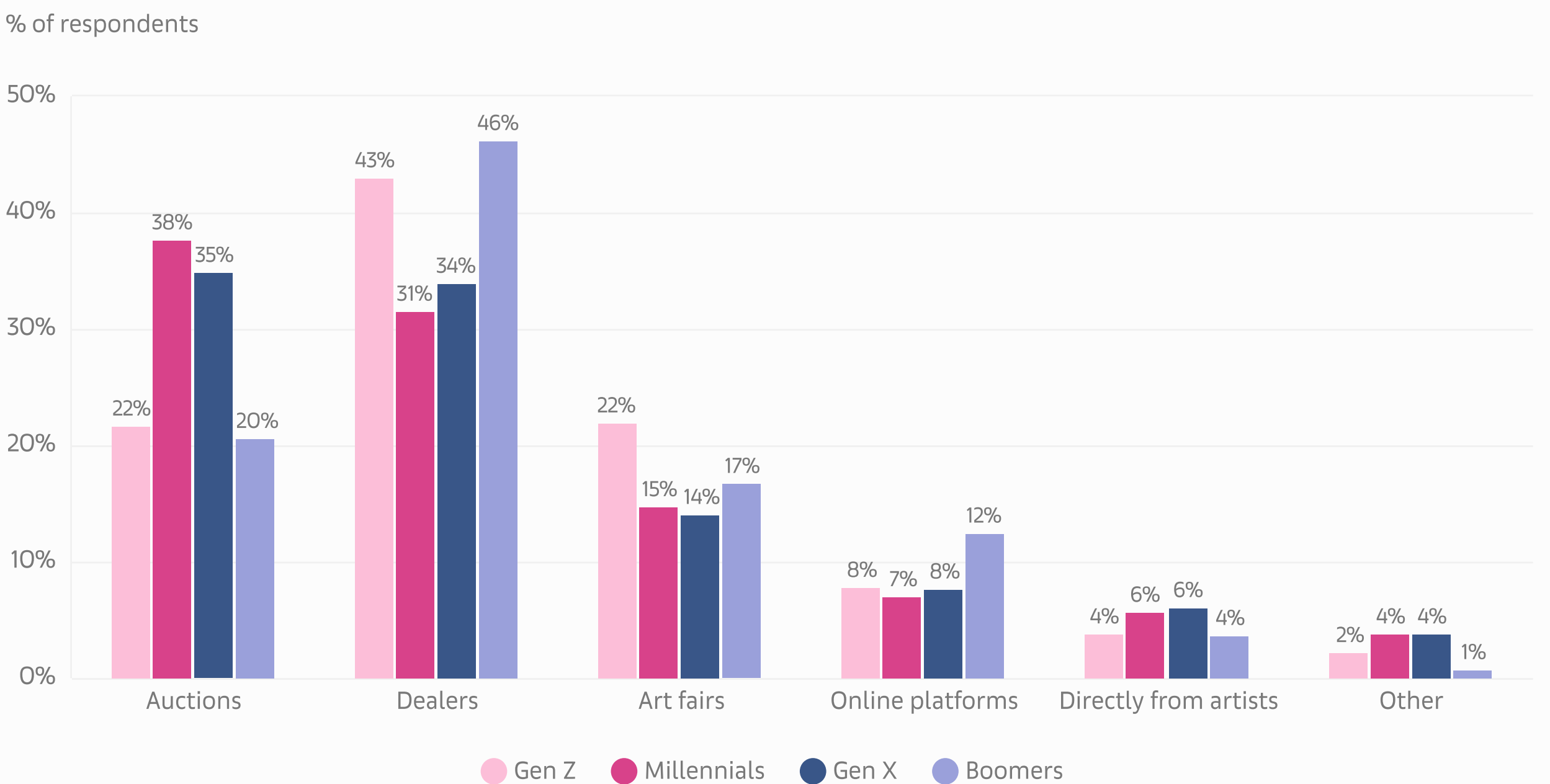
There was a considerable drop in the popularity of external online platforms, from 17% in 2022 to just 8% in 2023, including NFT platforms and Instagram (both 3%) along with other online third-party platforms (2%). Unlike the cliché of social media and online channels being favored by younger collectors, these platforms were much more popular with Boomer and older collectors than Gen Z collectors. Boomers and Gen Z collectors in all regions preferred dealers, but excluding art fairs, millennials and Gen X collectors had a higher preference for auctions in 2023.

Figure 3.17 HNW Collector Preferences for Purchasing Art

a) All Collectors in 2022 versus 2023



b) Collectors by Generation in 2023



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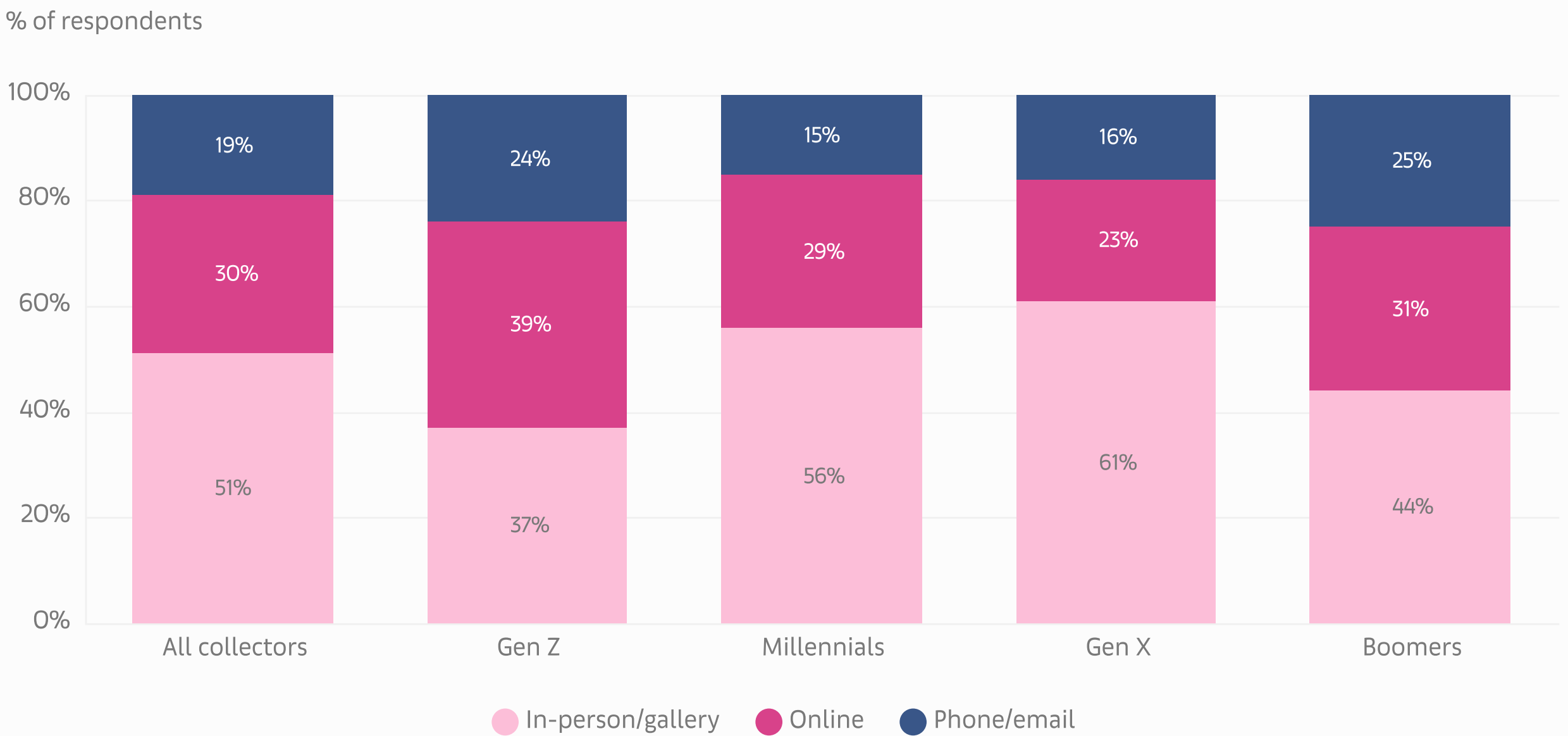
3.6 HNW Collector and Dealer Relationships in 2023

Drilling deeper into the interactions between HNW collectors and dealers, of those respondents who preferred dealers, 51% preferred buying from them in person, up from 42% in 2022, 44% in 2021, but still slightly lower than the 57% in 2020.²⁵ Preferences for working with a dealer online have followed an opposite path, with 30% preferring online sales in 2023, down by 7% on 2022, 5% on 2021, and just marginally ahead of 2020 (29%). While the wider market data has shown an increasing acceptance of buying online, it is still not necessarily the preferred method for a majority of collectors. There were some regional variations, with a higher-than-average share of collectors in Taiwan (41%), Brazil, and Germany (both 37%) preferring to access sales from dealers online, with the lowest preferences in Japan and Mainland China (22%, and the lowest in 2022). There were also differences between generations, with the tendency in this case for younger collectors to prefer to use online channels.

Similarly, when asked about buying from dealers at art fairs, collectors have continued to shift away from online and towards more in-person exhibitions and sales, with the majority preferring live events (71% in 2023, up by 5% from 2022, and 11% from 2021) versus art fair OVRs (29%).

²⁵ These shares are based on reported preferences for dealer sales only, excluding art fairs. If art fairs were included, the share of preferences would be: 35% in-person or gallery sales, 31% art fairs, 21% online, and 13% by phone or email.

Figure 3.18 HNW Collector Preferences for Purchasing from a Dealer in 2023



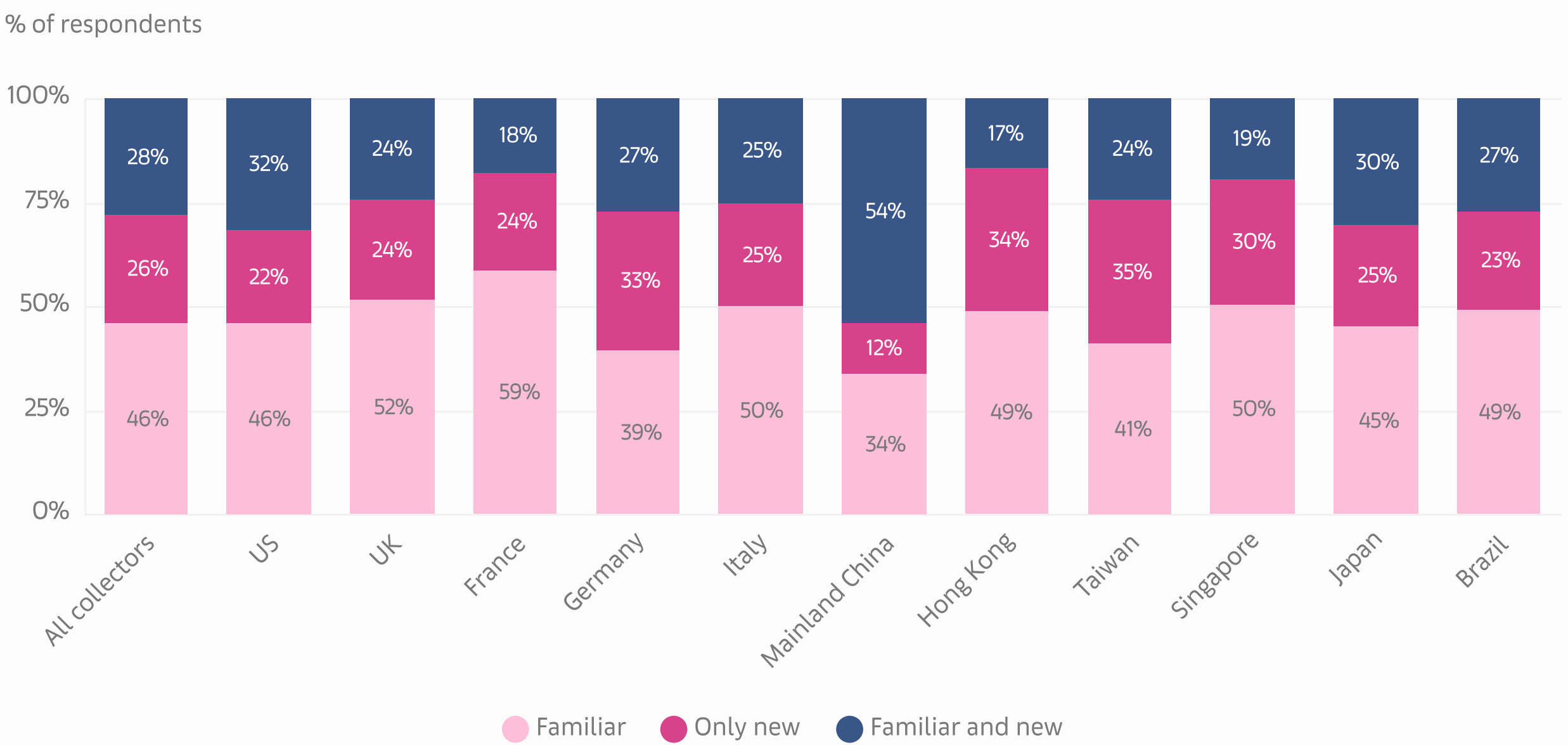
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While dealers have remained one of the key channels for purchasing art over the last few years, previous research indicated that a possible outcome of the pandemic was a trend to collectors sticking with familiar territory and buying from dealers they already knew and had relationships with. In surveys of HNW collectors in 2021, 48% had only bought from galleries they had bought from before and had established relationships with, and this stayed relatively high at 46% in 2022. In 2023, there was no evidence of any global broadening of interest in terms of galleries, with a stable 46% buying only from the galleries and dealers they knew. This was the most common behavior in France (59%, also the highest in 2022, but with a much higher share of 74%). There was a reduction in focus on familiar galleries in the US (from 54% to 46%) and Germany (from 50% to 39%). All other markets showed an increased concentration on familiar galleries year-on-year in 2023, including the most substantial rises in Hong Kong (from 30% to 49%), Singapore, and the UK.

While risk aversion may be an important factor, the trend to staying with established galleries equally indicated the potential success of some businesses in managing to maintain a steady collector base. As noted in Section 3.3, when asked about their focus at the artist level, 39% of collectors were only focusing on artists they knew and were familiar with (versus 55% looking at known and new artists and 6% at

only new artists). In some markets such as Brazil and Taiwan, although collectors tended to buy more from galleries they knew, their purchasing focus still widened to include new artists, which seems to indicate the success of these galleries in retaining collectors while building more geographically diverse collections with them.

Figure 3.19 Share of HNW Collectors Purchasing from Familiar versus Newly Discovered Galleries in 2022/2023



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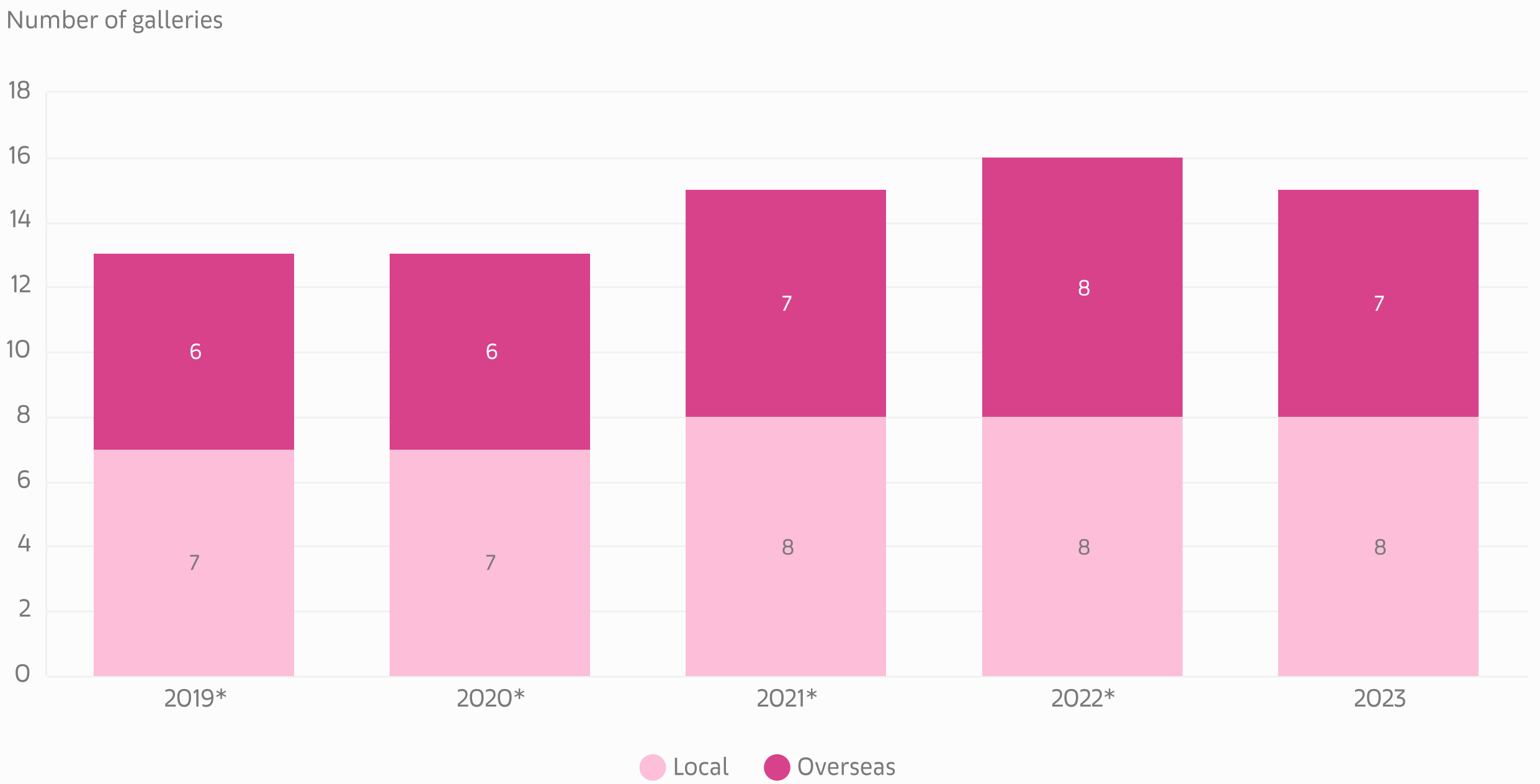
The number of galleries that collectors purchased from was stable, although has increased slightly over time: the average fell from 16 in 2022 to 15 in 2023, but this was still above surveys in 2019 (averaging 13). Collectors dealt with a balanced mix of local and overseas galleries, with the slight fall in number year-on-year due to collectors buying from one less overseas gallery (seven in total in 2023 versus eight in 2022).

Collectors from most regions dealt with a stable or increasing number of galleries compared with pre-pandemic 2019, apart from a slight decline in number for collectors from Mainland China, who had the lowest average number in 2023 (at nine galleries) along with Singapore. Collectors from Brazil focused their sales on a significantly smaller group of galleries, from an average of 22 in 2022 to 15 in 2023. The largest advance, on the other hand, was in Italy, which saw a spike in the number of galleries to 33, its third consecutive annual increase.

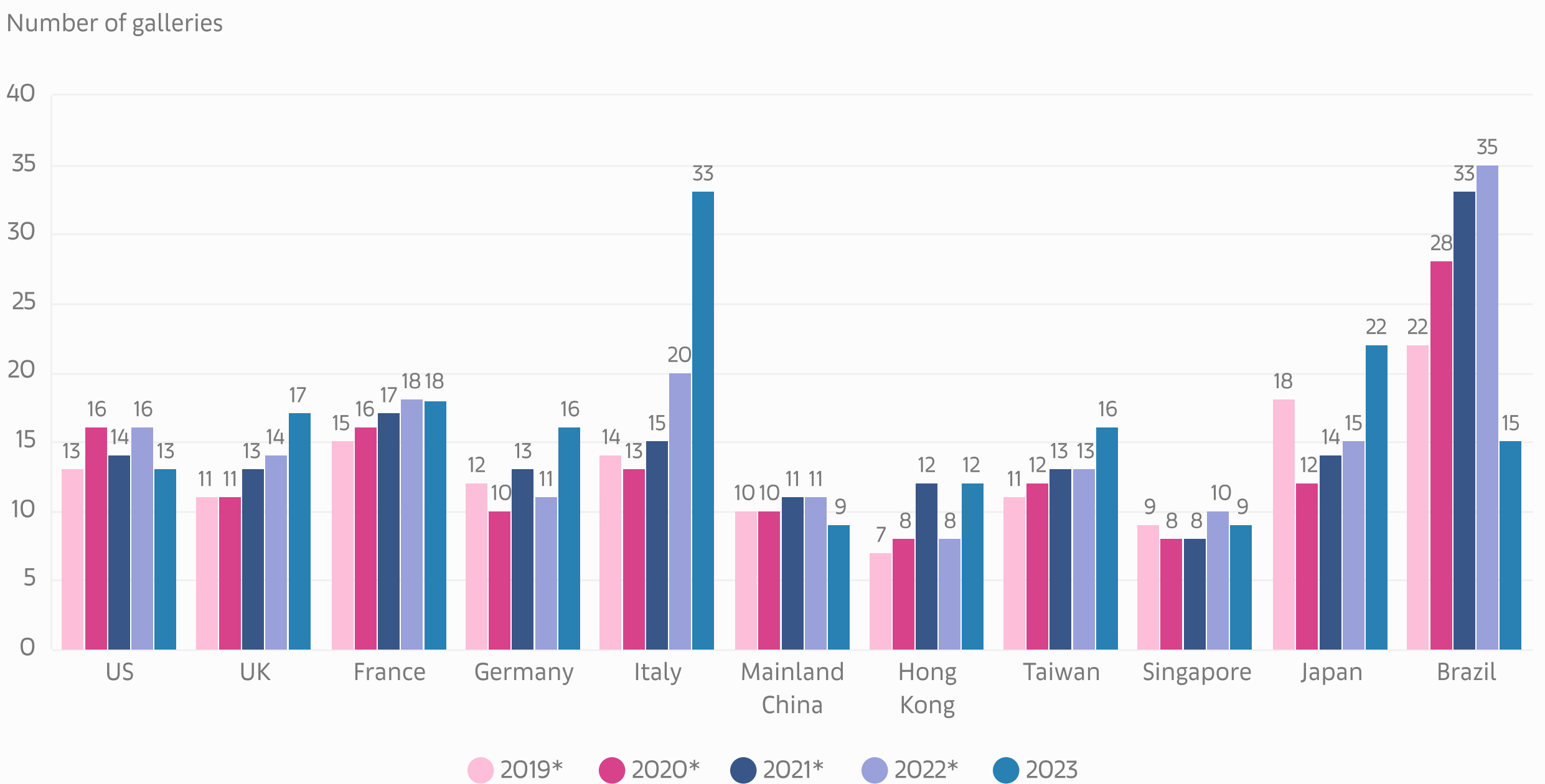


Figure 3.20 Total Number of Galleries HNW Collectors Purchased from during 2019-2023

a) All Collectors



b) By Region



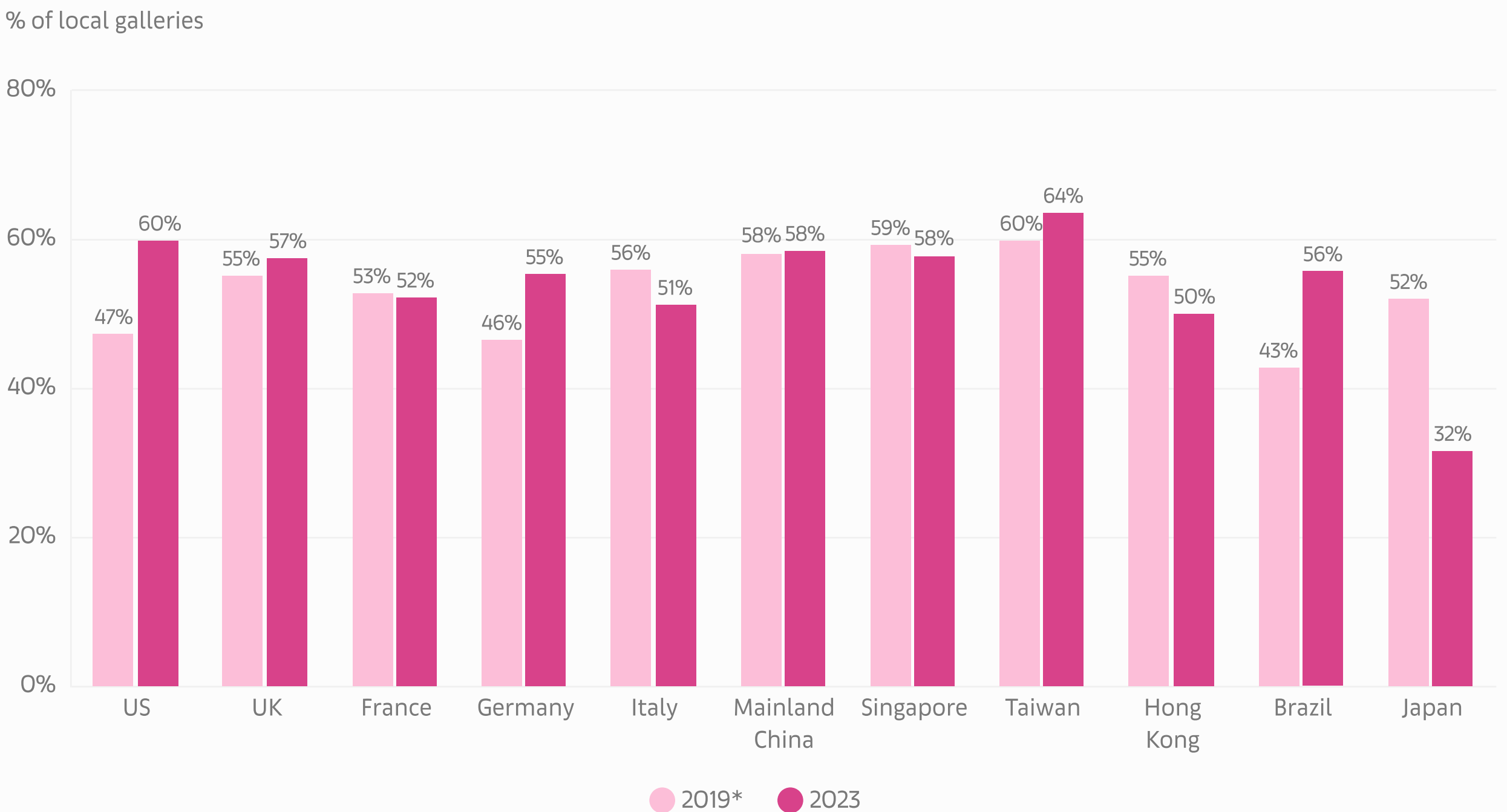
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Overall, the aggregate figures revealed limited evidence that the pandemic had any significant impact on localizing the focus and purchasing habits of collectors regarding galleries or artists. Although it has fluctuated to a small degree from year to year, the split of local versus overseas galleries that collectors purchased from in 2023 remained on par with 2019. Similarly, despite the urgency of the climate crisis, concerns about the artworld becoming more locally focused and barriers to the movement of artworks ranked higher on the list of collector concerns in 2023 than sustainability and the market's carbon footprint (see Section 5.3).

Overall, the aggregate figures revealed limited evidence that the pandemic had any significant impact on localizing the focus and purchasing habits of collectors regarding galleries or artists

Analyzing the breakdown of local versus overseas galleries that collectors had purchased from did, however, reveal some differences over time by region. In the largest market, the US, there was a significant increase in local galleries, with the share collectors purchased from rising from under half in 2019 to a majority of 60% in 2023. As the total number of galleries remained constant, this does indicate some geographical narrowing of collector focus. Of the 40% of overseas galleries US collectors had bought from, most were in larger markets in Europe (the UK, France, and Italy) as well as Mainland China and Japan. The UK showed a more marginal increase in the share of local galleries, with increases also in Germany, Taiwan, and Brazil. It is important to note that Figure 3.21 presents the number of galleries and does not measure differences in the value of sales collectors conducted through local versus overseas galleries. However, it does suggest that the shifts in localization have not been uniform and have affected collectors in regions in different ways. Other regions such as Hong Kong experienced the opposite trend, with a wider concentration on overseas galleries. Half the galleries that collectors purchased from in Hong Kong in 2023 were overseas galleries, with the top locations reported as France, Japan, the UK, and the US. Collectors from Japan also demonstrated a more international focus, with only one third of the galleries they purchased from being local (and their top overseas markets were similarly France, Hong Kong, the UK, and the US).

Figure 3.21 Share of Local Galleries HNW Collectors Purchased from by Region in 2023 versus 2019



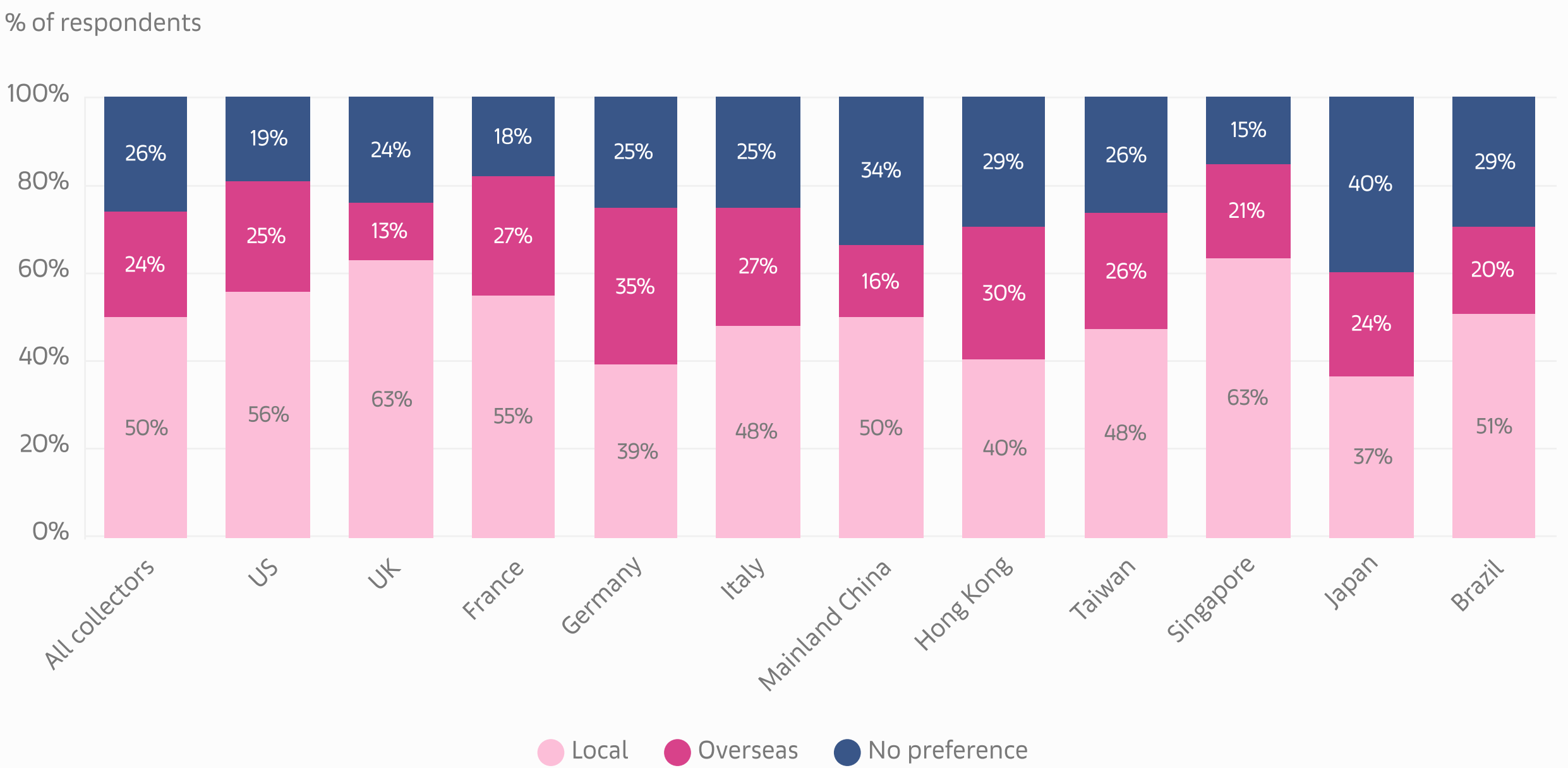
©Arts Economics (2023) * Results from previous surveys by Arts Economics/UBS

There are many factors that influence collectors' choices of where to buy from, including convenience, access, and the quality, range, and pricing of artists' works, as well as the relationships they have built up with individual dealers. It is interesting to note that around half of those surveyed in 2023 said they would prefer to buy from a local gallery if given the choice, down by 6% on 2022. For the remainder, a stable 24% would prefer an overseas gallery, and 26% had no preference either way.

Collectors in Singapore and the UK were the most likely to prefer local galleries. While this was also the case for the UK in 2022, it was a substantial change in Singapore, from less than half of the collectors in 2022 to 63% in 2023. However, in most of the other larger markets, there was a distinct shift in preferences away from local galleries – from 68% to 56% in the US, 75% to 55% in France, and 61% to 50% in Mainland China. Although this shows a lower share of collectors would choose their own market, there were still more in all regions than those actively picking overseas galleries, with a significant proportion indifferent to where galleries were from. German collectors had the lowest preference for local galleries (39%) and the greatest share opting for overseas if given a choice (35%).

As in previous research, newer collectors showed stronger local preferences (61% for those new to collecting in the last two years), with local galleries being important bases for introducing and incubating future collectors. Boomers also revealed a slightly higher preference for buying local (56%), with the lowest share reported by Gen X collectors (39%).

Figure 3.22 Preferences of HNW Collectors for Local versus Overseas Galleries in 2023



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Collectors who preferred overseas galleries for purchasing were also asked which locations they would most like to buy from over the next 12 months, with popular regions including France, Japan, the US, the UK, and Hong Kong. Although some individual collectors had much more geographically diverse choices, most were focused on medium to large art markets in Europe, Asia, and the US.

Table 3.1 Five Leading Gallery Regions of Interest to HNW Collectors for Future Purchasing*

US	UK	France	Germany	Italy	Mainland China	Hong Kong	Taiwan	Singapore	Japan	Brazil
France	France	Japan	Japan	France	France	France	France	Japan	Hong Kong	UK
Japan	Germany	Germany	France	UK	US	Japan	Japan	France	France	France
UK	Italy	UK	Mainland China	Germany	Japan	UK	US	US	Japan	Japan
Germany	US	Hong Kong	Hong Kong	US	UK	Italy	UK	Mainland China	US	US
Italy	Brazil	Mainland China	US	South Korea	Germany	US	Germany	Hong Kong	Mainland China	Italy

©Arts Economics (2023) *Preferences of HNW collectors interested in purchasing from overseas galleries



4. COLLECTOR MOTIVATIONS

4.1 HNW Collector Motivations in 2023

Individual collectors have a range of different motivations for building collections, with most having multiple drivers that lead them to purchase particular works and interact in specific ways within the market. Surveying collectors on their motivations presents challenges due to the complexity of the drivers and the diversity of backgrounds and contexts of respondents. The tendency to anchor on what appears to be appropriate or socially acceptable motivators can also skew answers. Nonetheless, asking collectors how they identify and report their motivations and the processes they engage in when identifying, purchasing, and owning works of art offers interesting insights as well as the chance to assess possible regional and demographic characteristics and differences.

In previous surveys, to investigate what motivates them to purchase art, collectors were asked to rank the importance of a number of factors in their decision to buy new works for their collections. While this offered insights into which motivations were important, there was a tendency for collectors to rank many or most of them as important. While this underlines the fact that there are many motivations present at different lifecycle and collecting stages and between different individual transactions, to better focus on the key drivers of collecting behavior in 2023, respondents were asked for the single most important motivation or consideration in purchasing a work of art for their collections. Using a background of perspectives from the psychology of collecting, six main motivations were offered:²⁶

1. Financial investment, including the expectation of gaining a financial return on investment or balancing risk in the collector's overall portfolio of wealth;
2. Self-focused motivations including self-identity or self-esteem, personal pleasure, the desire to improve one's self-image, or other aesthetic and decorative drivers;
3. Relations to others, including social and networking motivations for collecting and being part of the art market;
4. A compulsion, passion, or addiction to collecting;
5. The preservation or continuation of family or historical traditions; and
6. Support of artists and culture or other philanthropic motivations.

²⁶ The series of questions related to motivations and collecting were designed for the survey in collaboration with Andrew Dillon, Professor of Psychology at the University of Texas. These motivations were derived from his research and previous surveys conducted by Arts Economics and UBS. There were also based on prior work by Formanek on assessing collectors' self-declared motivations. See Ruth Formanek (1991) 'Why they Collect: Collectors Reveal their Motivations.' *Journal of Social Behavior and Personality*. Volume 6: 275-286; and Dillon, A. (2019) 'Collecting as Routine Human Behavior: Motivations for Identity and Control in the Material and Digital World.' *Information & Culture*. Volume 54: 255-280.

The results showed that across all collectors, self-identity and self-esteem were ranked highest (37%), and this was the highest motivator for buying art in all markets with the exception of Brazil and Japan, where financial motivations ranked higher.

Across all regions, financial motivations ranked second highest (28%), and were the second highest in every region aside from the two noted exceptions. Previous surveys had revealed a slightly higher tendency for collectors from certain regions to be more financially motivated, with European and US collectors ranking financial drivers as more important than collectors from markets in Asia. In 2023, while European collectors from the UK, France, and Italy did feature among the highest shares (around one third of collectors being financially driven in each region), this was not the case with the US, which was just below average at 27%. Asia again had a lower share of financially motivated collectors, with the US still ahead of Hong Kong, Singapore, Taiwan, and Mainland China (which showed the lowest financially motivated share of all at just 23%). Aside from the highest-ranking self-focused motivations, social motivations, building connections, and making friendships with like-minded individuals were also important in the US for 17% of collectors, with above-average shares in France (21%), Germany, Singapore, and Taiwan (all 17%).

The rankings were consistent across generations, although there were some differences in shares. Boomers accounted for the highest share of financially motivated investors (32%), while millennials had the largest share being driven by a compulsion or passion for collecting. Financial drivers were somewhat less important for wealthier collectors, particularly UHNWIs and those who had spent the most in 2023, dispelling the idea that the high end of the market was necessarily where collectors were the most financially driven. The segment of primarily financially motivated collectors also showed lower average spending levels in 2023 than those with the other non-financial drivers, spending about 20% less on fine art and only around half of the level considering fine art, decorative art, and antiques combined.

Financial drivers were somewhat less important for wealthier collectors, particularly UHNWIs and those who had spent the most in 2023, dispelling the idea that the high end of the market was necessarily where collectors were the most financially driven

Only 14% of collectors reported that their primary motivation was a passion or compulsion to purchase art, with the highest share in Hong Kong (at 23%), ranking just below the third most popular motivator of relations to others (including social and networking motivations for collecting and being part of the art market). In previous surveys when collectors were asked to rank motivations, when worded as simply a ‘passion for collecting’, the share of those claiming this to be their top or most important motivator was much higher. In surveys of HNW collectors in 2021, 91% of respondents claimed they were driven by art collecting as a passion, with 70% rating this very or extremely important. However, when passion was described alongside compulsion or addiction, the take-up was much lower, with possible negative connotations associated with these terms despite the similar meanings in this context.

Preserving family and historic traditions was the prime motivator for a very small share of collectors (4%). This corroborates other past research which found that preservation motives and ensuring the continuity of the human record were ranked low, with these motivations often cited as reasons for collecting as they are projections of what is a socially acceptable or desirable reason rather than a more genuine motive for many collectors.²⁷

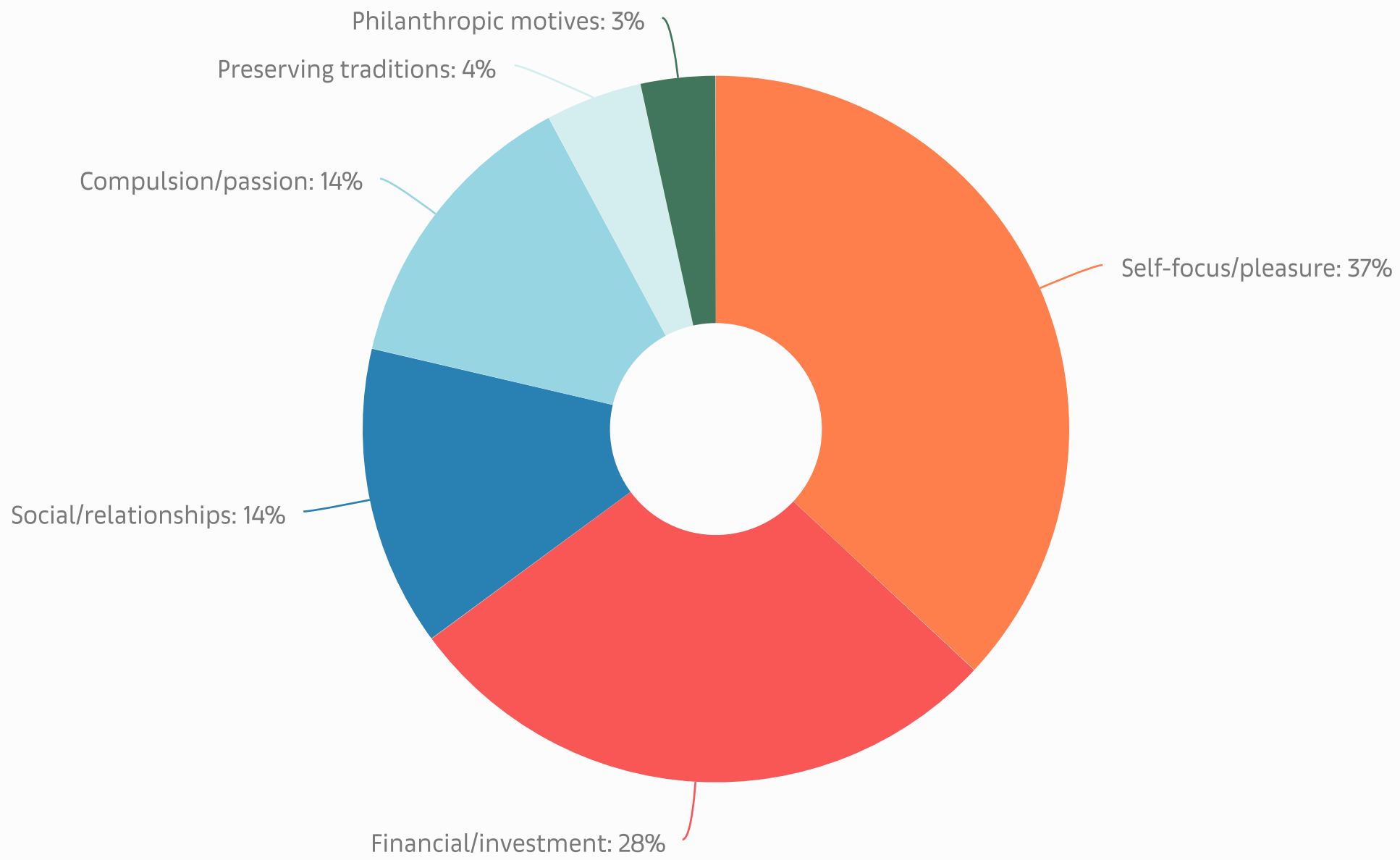


IMAGE Sandra Mujinga, image courtesy Art Basel

²⁷ Formanek (1991) and Dillon (2019) *ibid.*

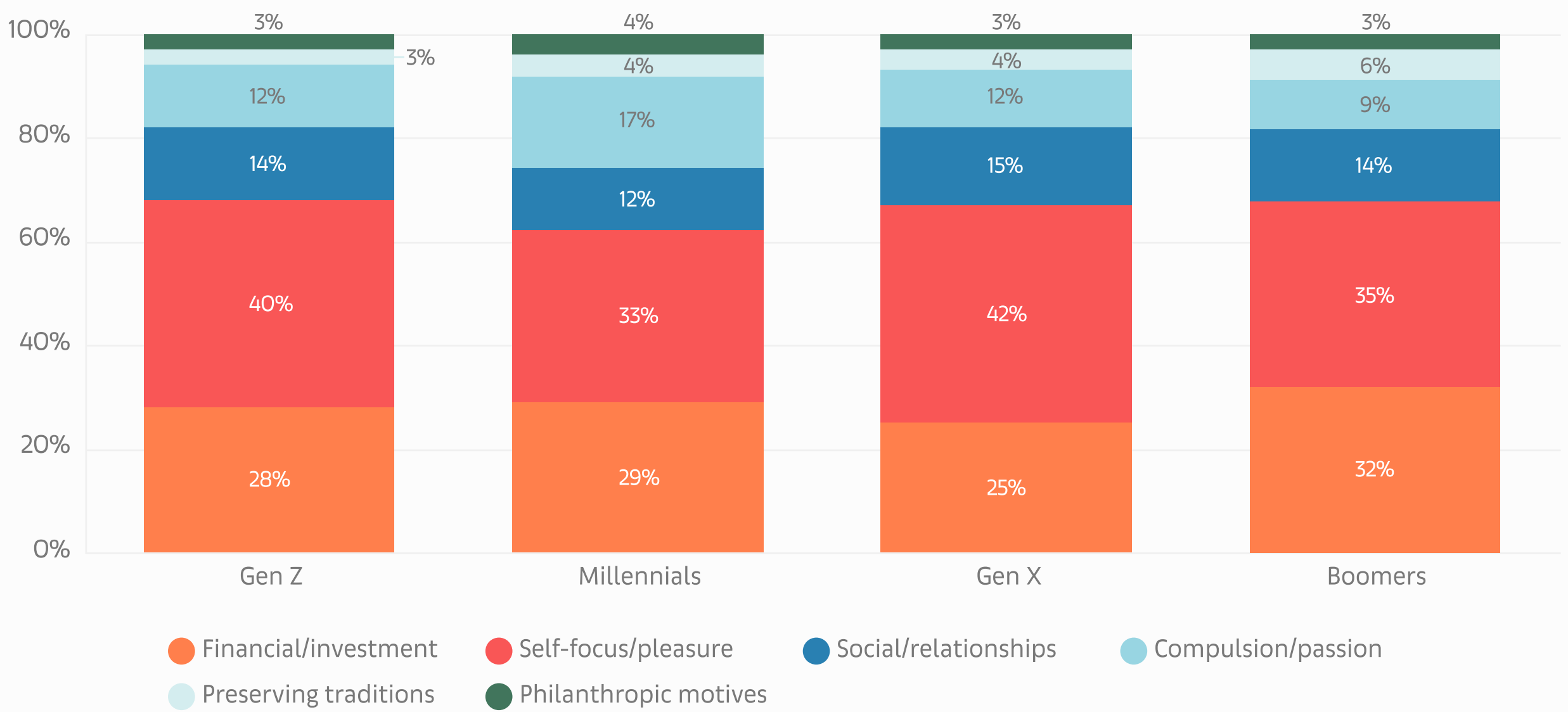
Figure 4.1 HNW Collector Motivations for Purchasing Art in 2023

a) All Collectors



b) By Generation

% of respondents



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The prevailing economic, political, and social context can have a significant effect on some collectors' willingness to engage in buying and selling from their collections and the types of art they choose to buy. As noted in Chapter 3, there has been a tendency in recent years for some collectors to only buy from galleries that they know or have established relationships with, and their willingness to buy newly discovered artists has varied over time and between regions. Expanding their collections and looking at new artists is also tied to the amount of risk collectors are willing to tolerate. There is a spectrum of collectors ranging from those who are more risk averse and take a cautious approach to their purchasing decisions whatever the context, to those who buy more on impulse or simply opportunistically as works become available or are presented to them. However, particular contexts can shift the outlook and perspectives of individual collectors along this spectrum.

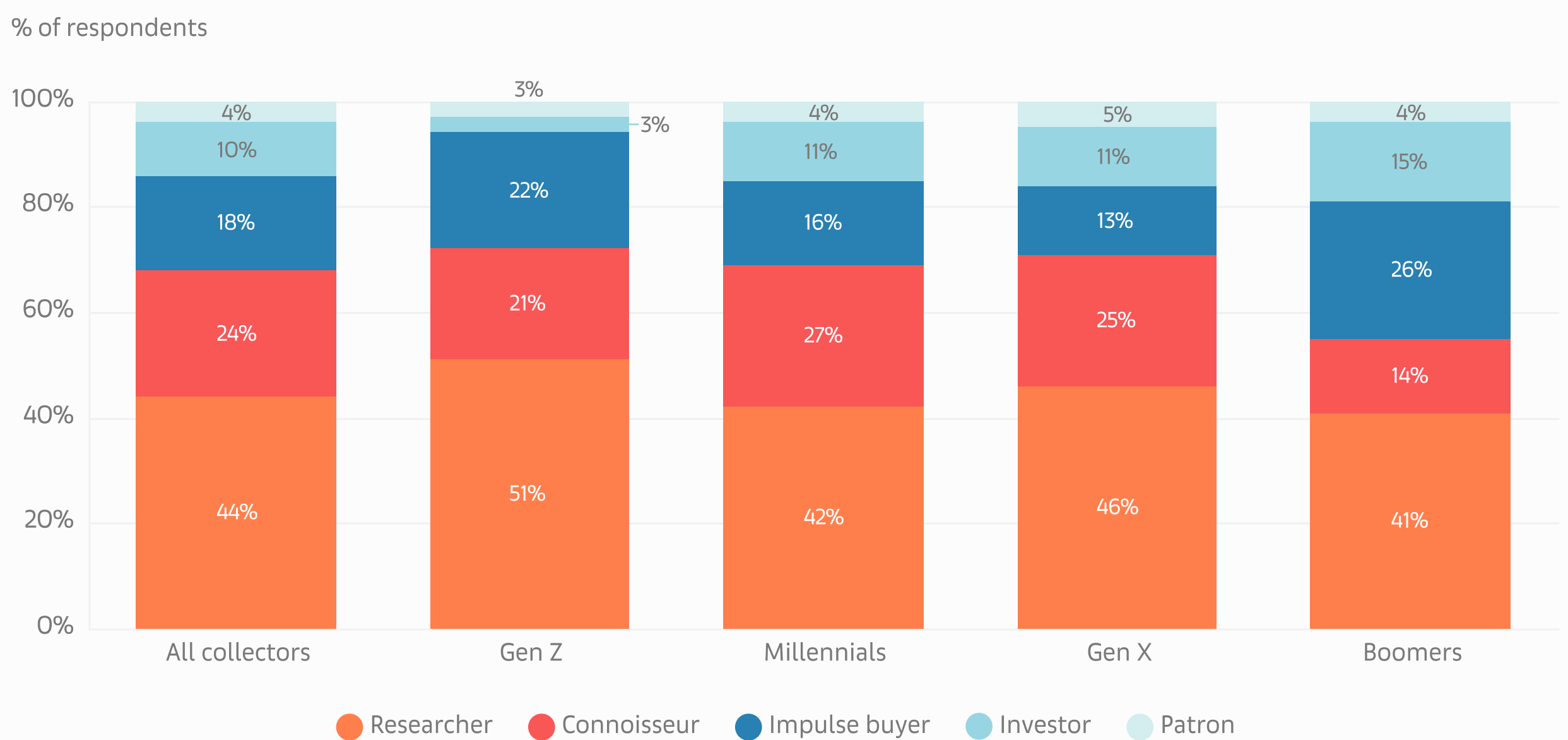
To assess how collectors approached these decisions in 2023, respondents were asked to describe how they viewed themselves with regard to their current collecting behaviors and motivations across a range of five choices. The surveys showed that across all regions, there was a slight drop in impulse buyers and a higher share of more careful, research-based collecting over the last two years. Across all markets, the survey indicated that:

- 44% of collectors identified themselves as a 'researcher' when it came to collecting, engaging in significant amounts of research on artists before acquiring their work, including studying their background, gallery representation, and other aspects of their careers (up from 37% in 2021 and indicating a possibly more cautious approach to collecting);
- 24% felt they were 'connoisseurs' that were dedicated to actively looking for the very best artworks by top-tier artists (stable on 2021);
- 18% 'bought on impulse', making quick purchasing decisions, based mostly on the specific artworks they came across or were shown (down by 3%);
- 10% described themselves as 'investors' actively looking for works of art that would appreciate in value and generate financial returns (down by 1%); and
- 4% were 'patrons', who mostly collected to support groups of artists (for example, artists within a local art scene or specific demographic (down by 2%).

'Researchers' made up the largest segment across all individual markets and age groups. Impulse buyers ranked third overall, but the tendency to take risks and buy more spontaneously was not positively correlated to the age of collectors as in previous surveys, with an above-average share of impulse buyers at opposite ends of the spectrum, including 26% of Boomers. As in 2021, Boomers were the most likely to

see themselves as investors (15% versus just 3% in the Gen Z cohort). There was also a higher proportion of investor-collectors in Mainland China (18%), while this was the least popular descriptor in Italy at 2% as was the case in 2021. The differences in the very low share describing themselves as investors, at 10% versus the higher share of 28% citing financial motivations as their most important driver, indicates that while financial motivations and drivers for collecting are key, collectors do not consider their art as an investment as they might with other assets they own. This may be connected to a reluctance to sell works of art for some collectors (discussed in Section 4.3).

Figure 4.2 HNWI Collector Profiles of Collecting Behavior in 2023



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Exhibit 1 presents some of the theories and research on the motivations of collecting from the perspective of psychology, offering insights into motivations and how they have developed over time.

Exhibit 1. Why do People Collect?

Andrew Dillon, V.M Daniel Professor, The University of Texas at Austin, School of Information

The gathering of resources for survival, health, comfort, or economy is a defining characteristic of life, nevertheless, collecting is a rather curious behavior that seems to defy easy explanation or analysis. In the popular mind, collectors are often viewed as individuals with more money than sense, dropping huge sums on rare artefacts while displacing them from their supposed rightful locations, or as mildly disturbed cranks who have an inexplicable need to gather large numbers of items few others deem interesting, invariably cluttering their lives or minds in ways that are unhealthy. This is hardly new, the writings of first century Roman orator and educator Marcus Fabius Quintilianus²⁸ questioned the motives of early collectors, suggesting they were driven only by desires to appear cultured. On the other hand, John Getty famously noted, collecting adds ‘breadth and depth to one’s whole existence’, an act that he felt served a purpose in elevating civilization by raising awareness of our own history and accomplishments while serving as a medium for education and cultural understanding.²⁹ This is the paradox of collecting, it serves multiple purposes, from the deceptive to the inspirational, and is viewed in many different and often competing ways depending on the position of the viewer.

Certainly, collecting objects, from spoils of war to crown jewels, has often involved displays of power to legitimize authority, but recent archeological evidence that individuals in the Middle Paleolithic age had personal collections of valued objects suggests there is more to collecting than dominion.³⁰ The scholarly study of collecting has emphasized three broad themes: institutional collecting and the associated appropriation of culture; the particularities of the wealthy collector market; and the individual collector as psychological oddity. Some issues cross all themes (appropriation is considered a facet of institutional and individual collector behavior, for example) but these three foci tell at best a partial story. As a psychologist, I have interests in how and why people behave as they do, and when considering the nature of collecting, I am now convinced it can best be understood as a routine rather than exceptional act, one that is sufficiently common to warrant a fresh examination.

In evolutionary terms, it is not difficult to understand that once humans gathered more resources than they immediately needed, they were able to break out of the continual

²⁸ Quintilianus, Marcos Fabius, *Institutio oratoria*.

²⁹ Getty, J.P. (1965) *The Joys of Collecting*. New York Hawthorn Books.

³⁰ Bar-Yosef Mayer D., Groman-Yaroslavski I., Bar-Yosef O., Hershkovitz I., Kampen-Hasday A., Vandermeersch B., et al. (2020) ‘On Holes and Strings: Earliest Displays of Human Adornment in the Middle Palaeolithic.’ *PLoS ONE* 15(7): e0234924, available at doi.org/10.1371/journal.pone.0234924.

hunting mode, and given diversity of interest and need, start to trade. Combined with the human abilities to plan and count, collecting would seem to offer benefits, and perhaps encourage stability in group location and identity. Bowles and Choi (2013)³¹ argue that the shift from nomadic to pastoral social groups was in fact contingent on the recognition of private property rights among and between group members.

A collection can offer life-support over time, a means of trading, a basis for community and communication, a stockpile of wealth, and a mechanism of self-identity. Collections also serve as a basis for informing and learning, as well as providing emotional comfort and security, and marking our lives in personally meaningful ways. Further, the underlying human process of collecting can be viewed as consistent regardless of collection type, with lovers of fine arts manifesting the same actions as pursuers of pop star memorabilia. Seen this way, collecting is a fundamental aspect of human existence that has served to enable and enhance our evolution, offering both material and emotional value to us as individuals and as communities.

In practical terms, this approach articulates a more contemporary view of collecting as a natural human disposition which is subject to the influencing forces of economics, social structures, education, fashion, and personal history. The motivations across layers, the differences in mission between a national museum and a private collector, are thus not considered exclusionary, varying more in formality and underlying drive or purpose (witness for example, the frequent appeal to cultural preservation in both the mission statements of museums and the explanations or justifications of individual behavior). Thus, in treating collecting as routine, we can view the range of collecting behaviors as expressions which might vary across layers but reflect the shared basis of human motivations underlying our emotions, identity, value, and desire for connection.

While collecting might be an innate tendency, the manifestation of this is culturally and environmentally shaped. Nomadic peoples were limited to items that were transferable or storable, but a surplus of food and materials of importance suggest that even from earliest times, people collected. Changes in the means of production altered patterns of consumption, and the spoils of conflict and resource control exercised through power created a distinct type of collecting for desirable goods, giving us era-specific records of what was deemed important or valuable to different cultures even before the emergence of museums and galleries.

In more recent times, the cabinet of curiosities emerge at a time of discovery of the Americas and the expansion of people's understanding of place and space, tying collecting to self-presentation of worldliness and forward thinking. The industrial revolution

³¹ Bowles, S. and Choi, J. (2013) 'Coevolution of Farming and Private Property during the Early Holocene.' *Proceedings of the National Academy of Sciences* 110.22, 8830-8835.

led to the emergence of a consumer class that sought goods previously unavailable to them and created a wealthy class that bought items to reflect their emerging status, sending their offspring on ‘grand tours’ to polish their education and obtain historical artifacts to embellish the family’s legacy. The rising middle class, spawned by changes in work and government, in turn engaged in this most human behavior of acquiring and keeping objects of desire, fueling the growth of the consumer class to the point where it is sometimes said of our times that ‘everyone is a collector’.

The popular image of art collecting often invokes secretive auction bidding, art gallery exhibitions, and sufficient wealth to engage actively with professionals in leading cultural centers such as New York, London, Hong Kong, or Paris. This image is not incorrect, but it is incomplete. While almost 40% of leading commercial art galleries are concentrated in 10 global cities, museums are more widely dispersed globally.³² Further, the type of art and collectibles controlled by art galleries, auction houses, and museums of the world is but a fraction of those people deem worthy of collecting. Flea markets, small art fairs, and local antique shops flesh out the range of options, but the expansion of internet connectivity has opened up the world of private sales in a manner that was simply impossible decades ago. So, as collecting is increasingly recognized as widespread, how well do we really understand people’s motivations, their reasons, and self-explanations for their collecting behavior?

Curiously, there is little data in the scholarly literature that helps us answer such questions. Individual case studies or small sample surveys provide some insights but most of the research is suggestive and leans to inference from market activity. In the present survey, motivation was intentionally included in the question set to this much larger sample of 2,828 respondents. Building on a set of themes initially developed by Formanek (1991)³³, respondents were prompted to describe their reasons for collecting at this time covering financial, psych-social, and cultural motivators. The following outlines these motivators and the general pattern of responses from this year’s sample.

Collecting as investment

It is sometimes assumed that the primary motivation for investing in artworks or antiques is financial, the belief that such works, by nature of their rarity, represent a distinctive form of investment. Undoubtedly, there is a monetary consideration in major purchasing decisions, but financial returns might be a primary motivation for only a minority or niche group of collectors. In Formanek’s study, less than 10% of respondents even mentioned investment value or possible profit as a motivator, which might have been a function of her sample, but more recent surveys such as Cook’s (2022)³⁴ questioning of 1,500 American collectors also suggests an ambivalent

³² Arts Economics (2023) *A Survey of Global Collecting in 2022, An Art Basel & UBS Report*, available at theartmarket.artbasel.com.

³³ Formanek, R. (1991) ‘Why they Collect: Collectors reveal their Motivations.’ *Journal of Social Behavior & Personality*, 6(6), 275–286.

³⁴ Cook, A. (2022) ‘Coins, Toys and Trading Cards: 83% of Collectors Think Their Collection Will Pay Off’, available at www.magnifymoney.com/news/collectors-survey.

attitude with less than half of this sample stating that collecting was a good investment, although 83% still believed their own collections might prove valuable in the future. The present sample confirms the emerging view that while investment is a genuine motivator, it is not the primary one for most serious collectors. Of the 2,828 respondents, 28% stated that they collected for financial investment, with consistent shares across generations of collectors. Of course, one must be sensitive to the effect of social desirability on survey responses, with money and profit motives likely to be viewed less positively than cultural or personal interest considerations, but this data lends support to an emerging view of collecting as an act of personal choice that involves more than economic drivers.

Driven by need – collecting as addiction

The view of collectors as somewhat unusual or obsessive in their behavior rests on the commonsense idea that people's needs for objects should meet some practical bar, invariably tied to utility. Once anyone has accumulated more objects than they can practically use, then any further pursuit raises the suspicion that they are acquiring because of some personality flaw or deficit in their personal lives. As Werner Muensterberger (1994)³⁵ put it, collectors are a distinctive group of people all suffering from 'an unquenchable thirst'.

This view has both motivated and lent credence to a strong psychoanalytic approach to the study of collecting wherein those who engage seriously in this behavior are thought to have experienced unmet needs, typically in their formative years, which have become sublimated into the acquisition of objects and a tendency to hoard items for reassurance. Consequently, we have innumerable accounts and case studies of individual collectors that explain these people's actions by appealing to their emotional experiences, insatiable appetites for security, and even erotic ties to material objects, typically rooted in their apparently unsettling earliest life experiences.

Attractive as this might be, the evidence supporting this psychoanalytic framing is slight (for example, only 5% of Formanek's respondents expressed a compulsion or addiction to collecting), again suggesting the gap that exists between theoretical or stereotypical views of collectors and the reality of their experiences. Interestingly, while only 14% of the current survey's respondents acknowledged a sense of compulsion or addiction, this is larger than is found in other data sets, though we should note the inclusion of 'passion' in this category description may have lessened some of the negative connotations of unconscious or addictive drivers. The key takeaway is that many collectors acknowledge at least some irrational motives for collecting.

³⁵ Meunsterberger, W. (1994) *Collecting: An Unruly Passion*. Princeton NJ: Princeton University Press.

Identity and esteem, collecting in relation to others

A more contemporary view of people's relationships to material objects comes from social and cultural studies of consumption by the general public. Looking beyond the business analysis of what we buy, some researchers have asked why we buy and how do we treat or use the objects we accumulate over time? In studying these phenomena, people are often conceived as continual consumers on a scale, with collectors at one end and disposers at the other.

In this paradigm, an individual's choice of goods is conceived as a reflection of their identity or their desire to be seen by others as part of a group, with their consumption and retention patterns representing a form of expression that signals particular lifestyle values and choices. Commensurate with this is the constant marketing and advertising of consumer goods as enhancers of image, self-worth, and success. As citizens in a consumer culture, we all tend to acquire more than we immediately need, and examining why people make the choices they do offers potential insights into the triggers of acquisition that underlie collecting behavior.

The present survey prompted people to consider the extent to which they collected for reasons related to self-identity or self-esteem and the results clearly suggest these are significant motivators. With 37% of respondents acknowledging these motivators (and up to 42% agreement by those who might be termed Gen X collectors), this broad category speaks to the reflective nature of our collections, presenting both an image of ourselves to the world and giving us meaning and a sense of connection with others. This connection was also tapped by the 14% of respondents who agreed that collecting enabled them to form better and richer connections with a community of fellow collectors and those interested in the items involved.

Clearly, there is a strong relationship between human psychology and the desire to collect, one that mediates personal identity, sense of place in the world, and a desire to form networks and build community. This suggests a key area for future study of collecting, one that may shed light on the complex interplay of personality, meaning, and values.

Cultural curator – excuse or justification?

The charge of cultural theft is never far below the surface in discussions and considerations of historical artefacts. The rich, powerful, and usually Western collecting institutions or individuals are often treated by those whose history is consumed as pariahs, removing important items from their original context to display or control them in foreign climes. There are numerous complexities here that are beyond scope

of this survey but provenance issues aside, the collecting community often justifies itself as ensuring the preservation of significant items that might otherwise be lost.

Individual collectors too invoke curation and preservation as an explanation for their collecting. While the evidence for significant cultural curation or preservation at an individual level is mixed, without collectors, many records that inform our own understandings of the world and its history would surely have been lost. And collecting can involve more than the accumulation of significant cultural resources, there can be personal, familial, and regional connections that motivate a collector to gather and curate certain works or objects. While plausible, this seems to be another motive that is not actually well supported by data. Formanek's earlier study identified this in only a handful of her respondents and here, with our much larger sample, it is articulated by less than 5% of respondents.

Coupled with preservation is the ideal of supporting the arts or individual artists. Again, this speaks to the positive contributions serious collectors may make to our culture and has been invoked frequently as a justification for collecting, though it surely is also reflective of a collector's identity and self-esteem. Direct support for the arts seemed to be a relatively minor motivation among the respondents in this survey, with only 3% reporting this as a major motivator.

Collecting as a window on human psychology

The literature on collecting is rife with stereotypes, opinions, case studies, and anecdotes. Whether or not we self-describe as collectors, most of us are acquirers and users of objects that serve purpose for us over time, which we select based on personal need, funds, and taste, and often retain even as we acquire further items. Over a lifetime, an individual gains multiple possessions, many of which outlive their original use and are replaced by newer ones, forming our wardrobes, filling our kitchen cabinets, lining our bookshelves, and so on. The decision to acquire may seem more casual than purposeful for many but a firm distinction between collectors and non-collectors is not easily drawn when the underlying psychology is considered.

Collecting then is neither binary nor a simple axis on which we place individuals according to some category of collecting type, rather, it is a distribution, a spectrum of behavior that includes most people, and within which we may identify relationships between interests, means, domains, and identities. As a routine act, we can differentiate individuals based on commitments, knowledge, and purposes, and recognize that the context of collecting necessarily involves creators, providers, and sellers and their associated means and motivations.

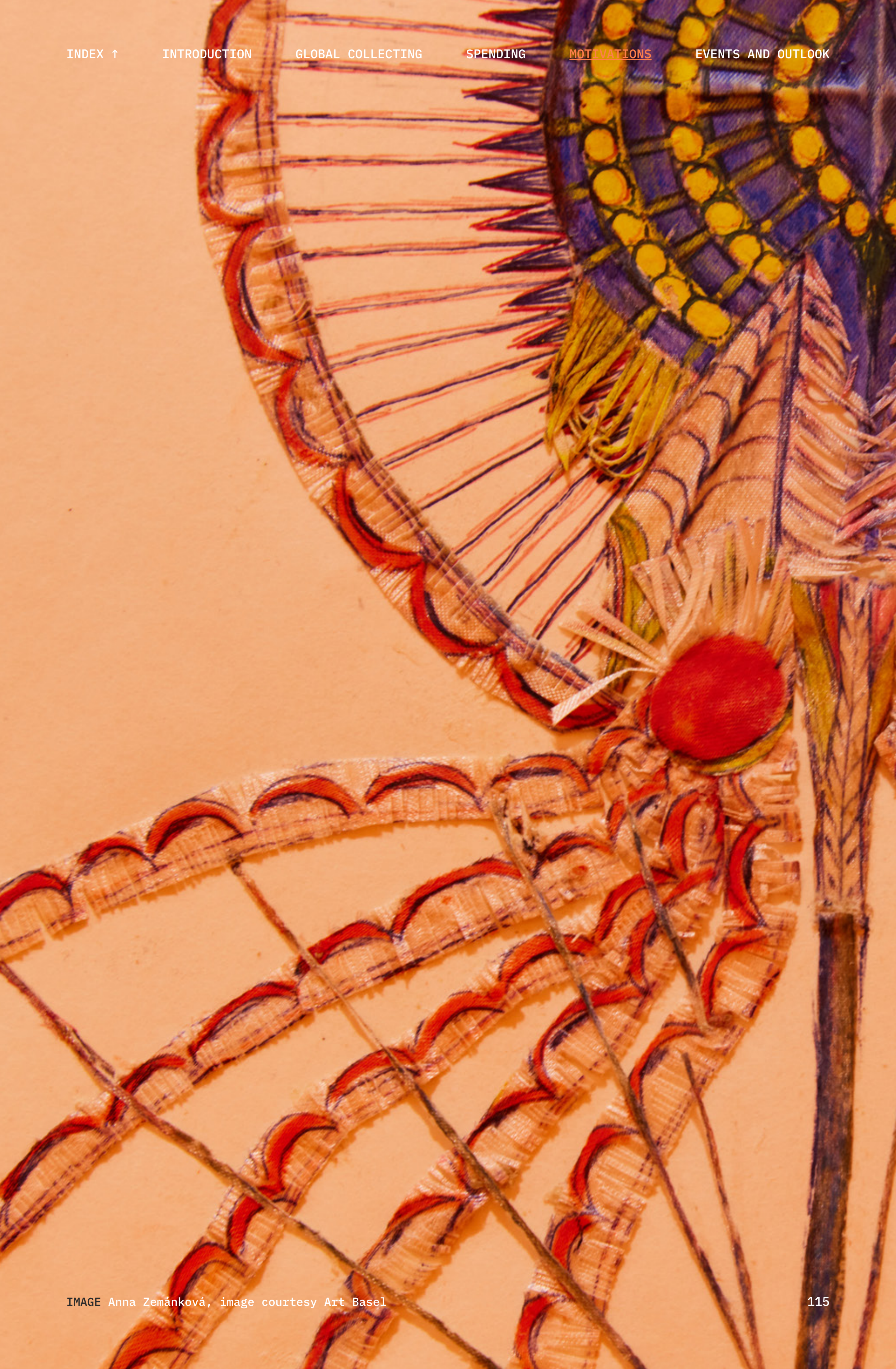
Collecting as social knowledge?

Serious collecting involves an ability to identify and evaluate targets of interest, and over time, most collectors develop a level of discernment that reflects an advanced form of knowledge about the items they desire. Developing this expertise and having the ability to share it with others who are interested seems to enhance a collector's passion for the process.

The rise of the internet has increased the range of resources available to those seeking information on pricing or provenance, while enabling isolated collectors to form communities of interest regardless of location. The primary reddit watch forum, now 15 years old, has 1.9 million members, more than one million of whom are usually online at any one time. While trading is part of these forums, most of the traffic involves discussions of brands and models, history of watchmaking, maintenance and repair, personal accounts of collecting, and developments in the watch industry. Similar forums abound for all manner of collectibles, from coins to cars. Such community spaces would not have been available 30 years ago and represent a form of crowdsourced knowledge that is at best partially curated. While gaining knowledge requires patience and skill, collectors who are passionate about objects seem keen to engage and share, often finding value in the increased understanding they have as much as in the items they collect. In this sense, collecting is a basis for the basic human desire to learn and understand the world. The focus for many might be specialized and apparently mundane to others, but through connoisseurship, collectors are exercising the native human drive to gain control and mastery of their environments.

Re-framing collecting as a very human process

With any common human behavior, extremists can inevitably be observed, be they hoarders whose acquisitiveness seems unrestricted or the insecure who seek possessions that can rewrite their personal histories and self-image. While fascinating in their own ways, such people should never be used to explain the majority. In the more reflective and typical sense, collecting seems to represent a very human process, indicative of our interests, our values, and the world we wish to create and inhabit. As this survey suggests, the motivation to collect transcends finance or preservation concerns and reflects far more about our sense of belonging, our communities, and our fundamental identities as human beings. There is much more to learn.



4.2 Collecting as a Process

The motivations and risk profiles of collectors can often be more clearly discovered by assessing the actions they take when collecting. Most collectors engage in a process of collecting, with stages of decision-making and distinct activities passed through from discovery and purchase to consumption, exhibition, or other post-purchase activities. However, if and how they pass through the stages, and the kinds of feedback between them, depends very much on the individual collector and their motivations. Simplifying earlier models of collector behavior, Dillon (2019) described a four-stage process which can be applied to art collecting:

1. *Knowledge development* – where collectors study and research artists and artworks, their origins, and the specific attributes that make them desirable to them. This process itself and the development of expertise in a given area, which often involves discussion and study with other collectors and experts, can be a major motivator in their desire to purchase individual objects and build collections.
2. *Target framing* – through the process of gathering knowledge and information, collectors will also at some stage identify specific artworks that they wish to add to their collections. This stage involves a qualitative shift, narrowing a collector's focus from background and general knowledge about an artist or genre, to a more specific weighing up of how committed they are to buying a specific work, the price or cost they are willing to pay, and how they want to view and purchase it, for example, through a dealer versus at an auction, buying online or offline, and so on.
3. *Acquisition* – this involves the commitment to act and acquire the artwork, including negotiating the sale and the terms of how it will be transferred to their possession. This is a crucial stage when the artwork becomes a possession, but it can often be one of the shortest stages, with extended periods spent in the prior stages of knowledge development and target framing.
4. *Controlling* – once an artwork enters a collection and is under the private ownership of a collector, this stage involves how the collector uses, catalogues, displays, and exhibits the works. This stage can also involve reselling works or storing works that may not be seen as desirable by the collector at a given time.

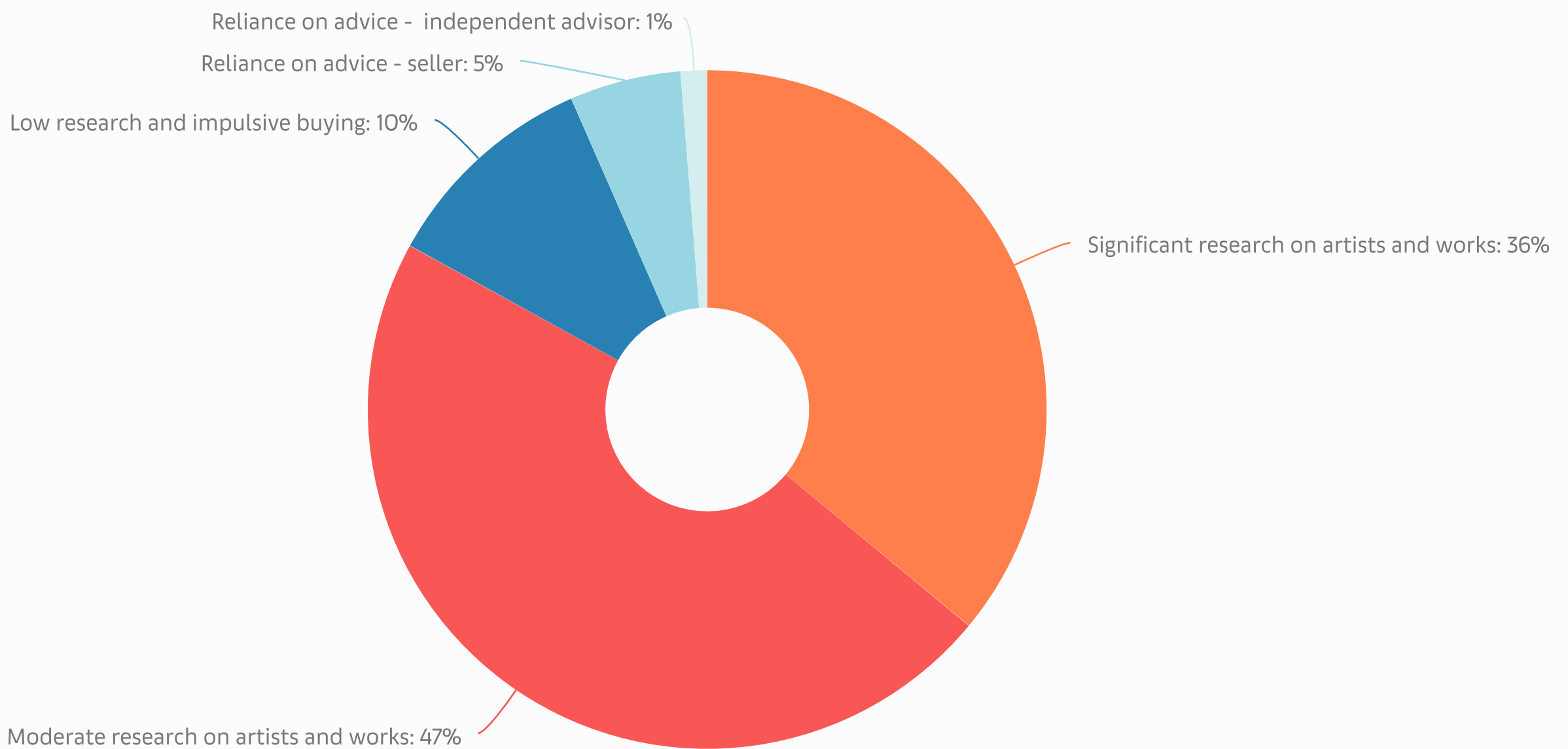
While most established or serious collectors engage in knowledge acquisition and development, this might often be an ongoing process, and sometimes occurs after a specific artwork is identified or presented to them. Even when a work has been identified, other factors such as price, budget, exhibition space, or perceived opportunity costs regarding

other artists or investments might all delay or stall movement into stage three. Therefore, the phases are often interlinked, with collectors focusing on different things at different times depending on their motivations, the context, and other realities in their lives.

To assess how HNW collectors approach these stages of collecting, they were asked about the processes they engaged in when buying art. When questioned to what extent they tried to research and learn about the works they wanted to buy, most collectors (83%) spent either a significant or moderate amount of time researching and learning about artists and their works, signifying the importance of this stage for these regular collectors. New collectors engaged in research as much as established collectors, although the share of those spending significant time on these activities was considerably larger for the latter. Collectors of 20 years or more were much more likely to rely on external advice in this area, with 9% seeking advice from a gallery, dealer, or other seller and a further 3% from an advisor rather than researching themselves, versus only 2% for new collectors in the market for less than two years. While this may be due to differences in motivations, it is also likely to be connected to the buildup of trust over time through the development of a wider network of reliable experts and sources for advice through years of collecting.

Most collectors (83%) spent either a significant or moderate amount of time researching and learning about artists and their works, signifying the importance of this stage for these regular collectors

Only 10% said they did not like to spend much time learning about or doing background research on artists but preferred to buy more impulsively. While this was a relatively stable share across the sample, there were small differences in some segments of respondents, with impulsivity inversely proportional to both the wealth of the collector and their spending levels. Just 5% of UHNWIs reported that they bought impulsively versus 15% for those with wealth of less than \$5 million. The share of those buying on impulse without research was also considerably higher for those spending at lower levels: 12% for those having spent less than \$50,000 in 2023 versus only 2% of those spending over \$1 million (and none of the collectors spending over \$10 million). This indicates that the importance and duration of this stage may be influenced by contextual factors, including budgets, disposable incomes, and prices.

Figure 4.3 Extent of HNW Collector Research on Artists and Works of Art in 2023

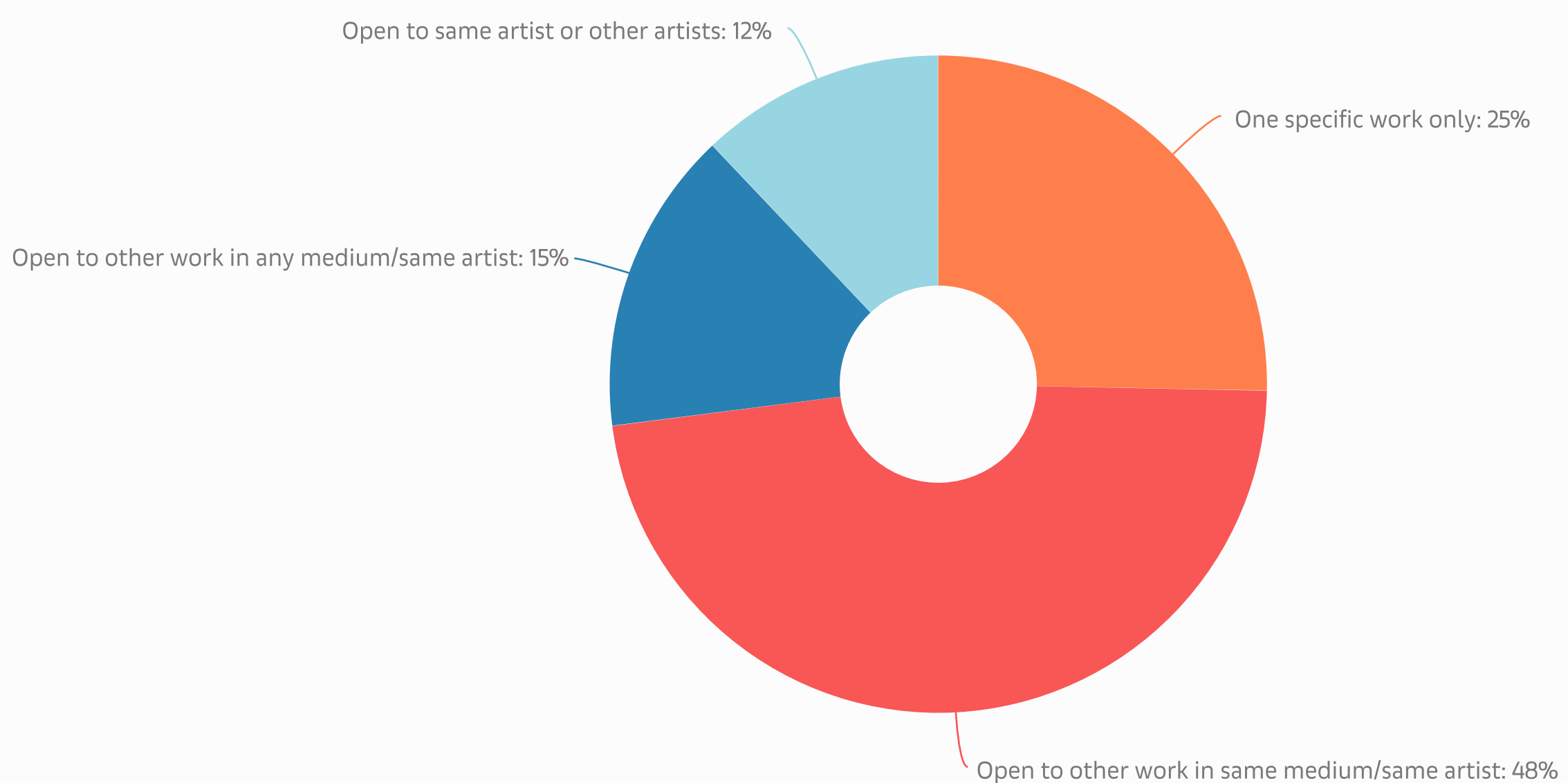
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Considering the stage of target framing and honing in on specific works, collectors were asked to what extent they identified specific works prior to making a purchase. The results indicated that collectors were focused, with a relatively dedicated and planned approach to their collecting, especially regarding specific artists and mediums. While around one quarter of collectors said that they were only interested in the one specific work they were hoping to buy, the majority would consider other works by the same artist, but with most only looking in the same medium (48%, while 15% would consider other mediums by the same artist). A minority of 12% were open to looking at completely different or alternative artists.

There was a slightly higher tendency to be open to other artists if collectors had non-financial motives, however, the differences were relatively small, as they were by region and other demographics. One notable difference in the sample was that collectors from Mainland China were less anchored to one specific work, with only 6% reporting that they would only consider the one work they hoped to buy, the lowest by far of any region. Similarly, they had a relatively high share open to buying works by alternative artists (28%, more than double the overall average). These findings reinforced some of the trends found in collector spending habits, with a relatively low share only focused on familiar artists and most looking at both new and already known artists. They also had

among the highest share of collectors working with both established and new galleries in 2023. Although it is difficult to ascribe traits to a region, this openness to discovery along with higher-than-average spending implies that Mainland Chinese collectors could be increasingly important buyers in the international market in the coming years.

Figure 4.4 Specificity of HNW Collectors in Targeting an Artwork for Acquisition in 2023



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While the previous chapters have looked at the purchasing choices, price points, and channels used by collectors (or the third, acquisition stage of the collecting process), the final stage of control was also investigated. There has been ongoing discussion over many years regarding the rights and responsibilities that collectors have once they purchase a work of art, and how much ownership and control they acquire with the physical or digital object versus how much is retained by the artist. There has been an increasing recognition that collectors have ethical duties both to the artists and the works they own, as well as in their interactions in the market and with museums and other institutions. While collectors are required to operate within the legal context of their jurisdictions, some would argue that there are duties significantly beyond this, including things like making collections available for exhibition, ensuring the integrity and longevity of their collections, informing artists and dealers if they are planning to resell works, and avoiding manipulating an artist's market, whether financially or creatively if, for example, commissioning or donating works.

Collectors were asked about the control they felt they had in relation to their collections, and specifically, if they believed the purchase of a work of art conveyed control over the work to them. Across all regions, two-thirds of collectors thought that the purchase of an artwork meant that they had complete control over it, while of the remaining third, 29% felt they had control over the works they bought but shared any major decisions about them with the artist or seller. Only 4% believed that the artist (or seller) retained the ultimate control of the work, and that they would not make any major decisions without consulting them. This was slightly larger for more experienced collectors (8% for those collecting over 20 years), but still a small minority (as it was for all age groups, wealth levels, and regions).

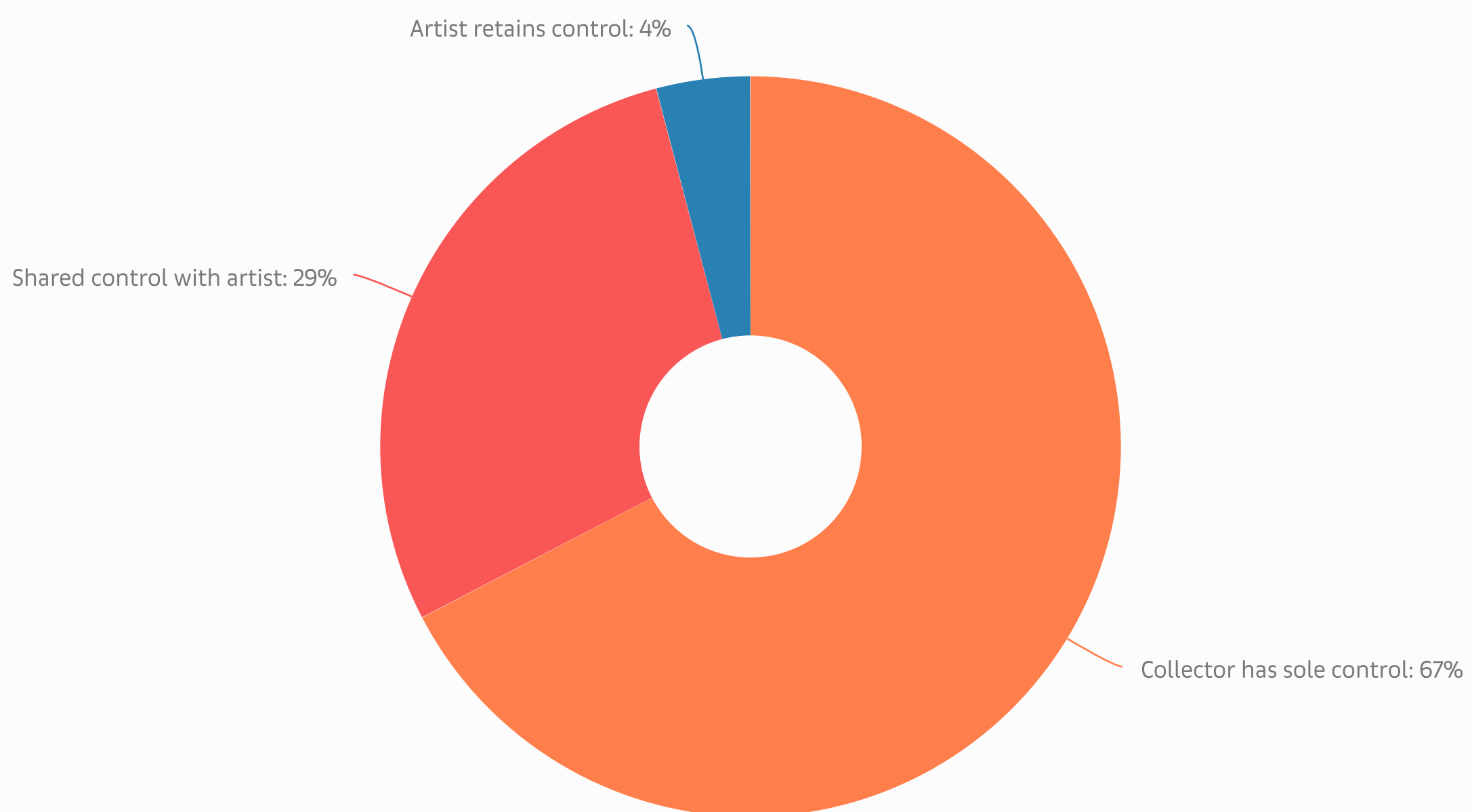
Although this opens up interesting normative arguments regarding collectors' post-purchase behaviors and responsibilities, the large majority of respondents feeling that they gained sole control over purchased works does not necessarily imply a lack of concern regarding their ethical duties towards artists and their works. When asked specifically about issues such as informing artists or dealers in advance about reselling works purchased from them, the majority (76%) of collectors believed this was essential or important and only 8% thought it was unnecessary or inappropriate. Similarly, a slightly smaller majority (67%) felt it was essential or important to make artworks from their collections available to artists and institutions for exhibition, once there was an appropriate exhibition context, logistics, and display conditions. A further quarter of the sample thought this was optional and only 8% felt it was not required or was inappropriate.

At the same time, however, only a very small 8% thought it was inappropriate in the context of lending an artwork to provide institutions with conditions regarding how prominently and for what duration the artwork would be displayed, and in

fact, a majority of just over 70% felt it was an important part of the process. More than two-thirds also believed it was acceptable or at least an option to proactively seek to purchase an artwork directly from an artist when they were represented by a dealer, or use their reputation or influence as a collector to request free artworks or artworks at a price below fair market value from dealers or artists.

These sometimes-inconsistent responses suggest that there is a significant lack of clarity and understanding on the part of many collectors regarding what is appropriate collecting behavior after a work is purchased. Recent efforts to set out and define these roles, such as in the *Code of Conduct for Contemporary Art Collectors* developed in 2022, are therefore very useful developments in helping to guide art buyers in how to build their collections ethically and sustainably.³⁶

Figure 4.5 Perceived Control over Artworks by HNW Collectors Post-Purchase in 2023



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³⁶ A code of ethics for collectors was developed and published in 2022 by a group of international collectors to help guide collectors of Contemporary art in their interactions with artists, the market, the art trade, and institutions. See Barbosa, P. et al (2022) *Code of Conduct for Contemporary Art Collectors*, available at ethicsofcollecting.org.

4.3 Financial Motivations, Resales, and Credit

The actions of collectors with regard to buying, exhibiting, and selling from their collections can often be as strong an indicator of their motivations as self-reported survey responses. Previous surveys showed that financial motivations and the return on investment in art as a motivating factor can rate lower than other motives because of a reluctance by collectors to sell works from their collections to realize a financial return.

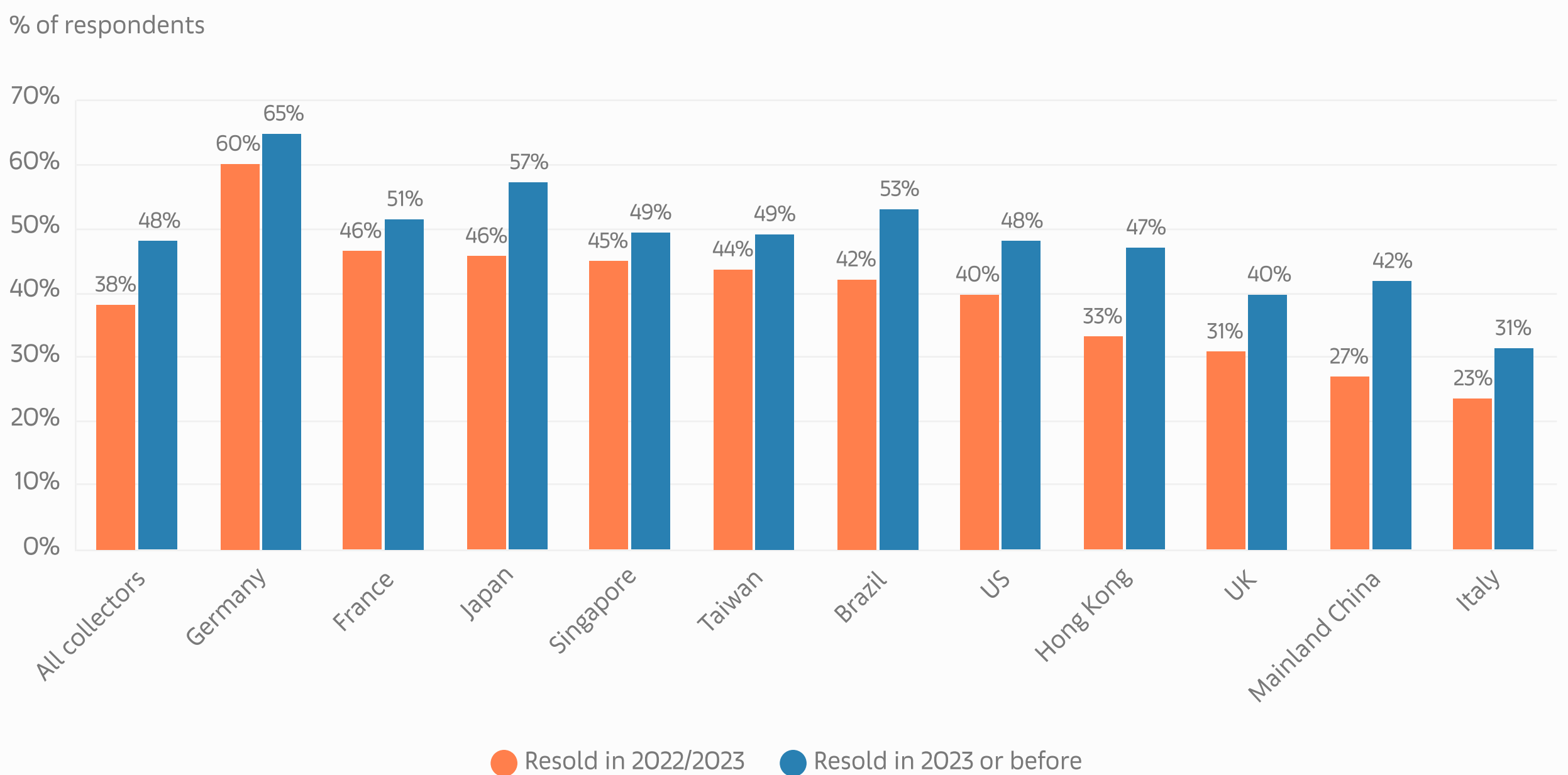
In this survey, 38% of HNW collectors across all markets resold works from their collection during 2022 and 2023. This is significantly lower than previous research, including 60% of collectors reselling in 2020 and 49% in 2021. Resales in 2022 and 2023 were less common in some regions such as Italy (23%) and Mainland China (27%), while a majority of 60% of the collectors from Germany had resold, as had just under half (46%) of those in France and Japan.

38% of HNW collectors across all markets resold works from their collection during 2022 and 2023

There are likely to be various reasons for collectors reselling works, including issues related to collection content and exhibition space. Most (80%) of the small number of collectors with the largest collections of over 250 works had resold works versus just 44% of those with smaller collections of less than 50 works. However, financial motives were likely to have been a significant factor for many collectors, and resales were more common for those with financial motivations (47% reselling in 2022 and 2023 versus an average of around one third of those with non-financial motives). Reselling was not necessarily associated with those spending more in 2023 though, and the share of collectors having resold works during the year was negatively correlated with their spending: 42% for those spending less than \$50,000 versus 24% for those spending over \$1 million. There was also a similar negative correlation for 2022 and 2021, indicating that those adding the largest value to their collections currently were not necessarily the most likely to be divesting.

Of those collectors that had not made resales in 2022 or 2023, 15% had done so in previous years, meaning that a total of 48% of the sample had sold works from their collections at some stage. While roughly on par with surveys in 2022, this was lower than some previous surveys, such as in 2021, when 55% of HNW collectors had resold works. While this may be due to the market context, it is likely to also be connected in part to the regional breakdown of the current sample, which includes larger shares from Mainland China, where resales are lower than average.³⁷

Figure 4.6 Share of HNW Collectors Having Resold Works from Their Collections



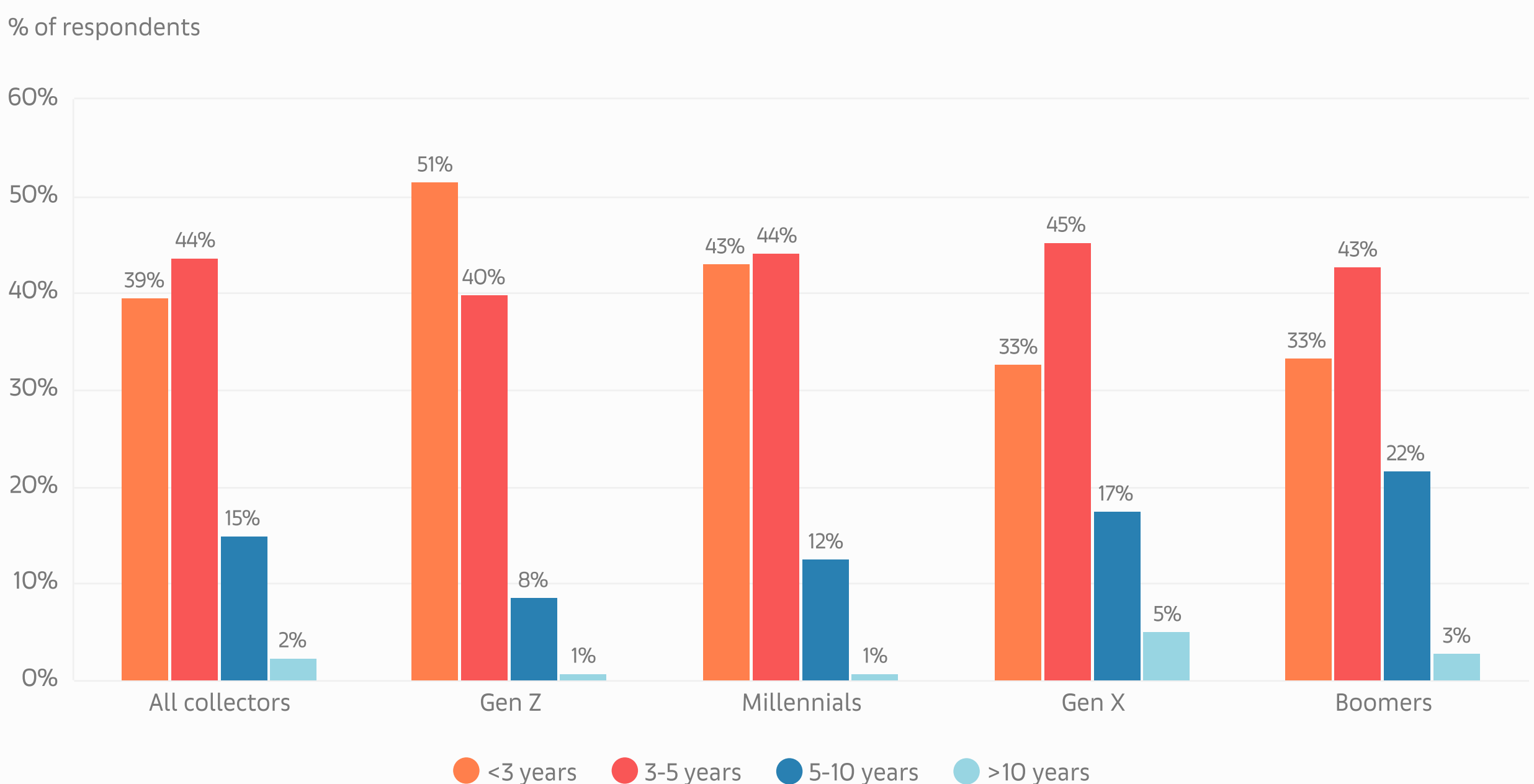
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³⁷ Surveys in 2019 showed 61% of HNW collectors had resold works from their collections at some stage which suggests that reselling has become more prevalent over time. It is worth noting, however, that this research covered only seven markets, notably excluding Mainland China and Italy which had the lowest levels of resales, suggesting that there may also be a regional component to the trend with options for reselling more available and accepted in some markets over others. See Arts Economics (2019) *The Art Market 2019, an Art Basel and UBS Report*, available at theartmarket.artbasel.com.

An indication of financial motives may be uncovered through the very rapid resale of works after they are purchased. Across all markets, only a very small share (5%) of collectors bought and resold works within a year, however, 39% reported that the average period they resold in was up to three years (up from 30% in 2021). Most collectors (83%) did so within five years (increasing from 73% in 2021). This was a consistent majority in all regions and also between different generations of collectors, revealing that of those who resell works, most do so within a relatively short period of time. There were very few differences in the resale periods between those citing financial versus non-financial motivations for collecting.

With almost half of the collectors reselling works, and many doing so in a relatively brief period, regardless of how they identified themselves, the actions of some collectors mimic investors or traders moving in and out of their investments in art on a fluid basis and using the art market to invest and divest over relatively short timeframes.

Figure 4.7 Average Period between Buying and Selling Works*



©Arts Economics (2023) * Only HNW collectors who had resold works

Whether financial reasons are the primary drivers or not, the economic context and availability of funds and credit are often key motivators or even determinants of whether collectors add to or sell from their collections.

While many collectors purchase art and other discretionary luxury items from current incomes, the use of credit and lending to expand collections has risen substantially over the last decade. As noted in the introduction, research has indicated that the use of credit in HNW portfolios is widespread and the ability of HNWIs to leverage their wealth using credit and borrowing against their assets to finance new purchases and reinvestment has been a key strategy for maintaining and expanding wealth. The rise in interest rates over 2023 has led to speculation about trickle-down effects on the art market and sales. Some artists' markets are less correlated with financial markets and can often be less affected by inflation and higher interest rates, making art buying attractive during uncertain periods. However, if collections are financed through credit or lending, collectors are likely to feel the effect of increasing rates more directly on the cost of purchasing. To assess whether this was relevant to their decisions, collectors were asked about the use of credit in their purchasing and building of collections, as well as how they may have used their art collections as financial and collateral assets.

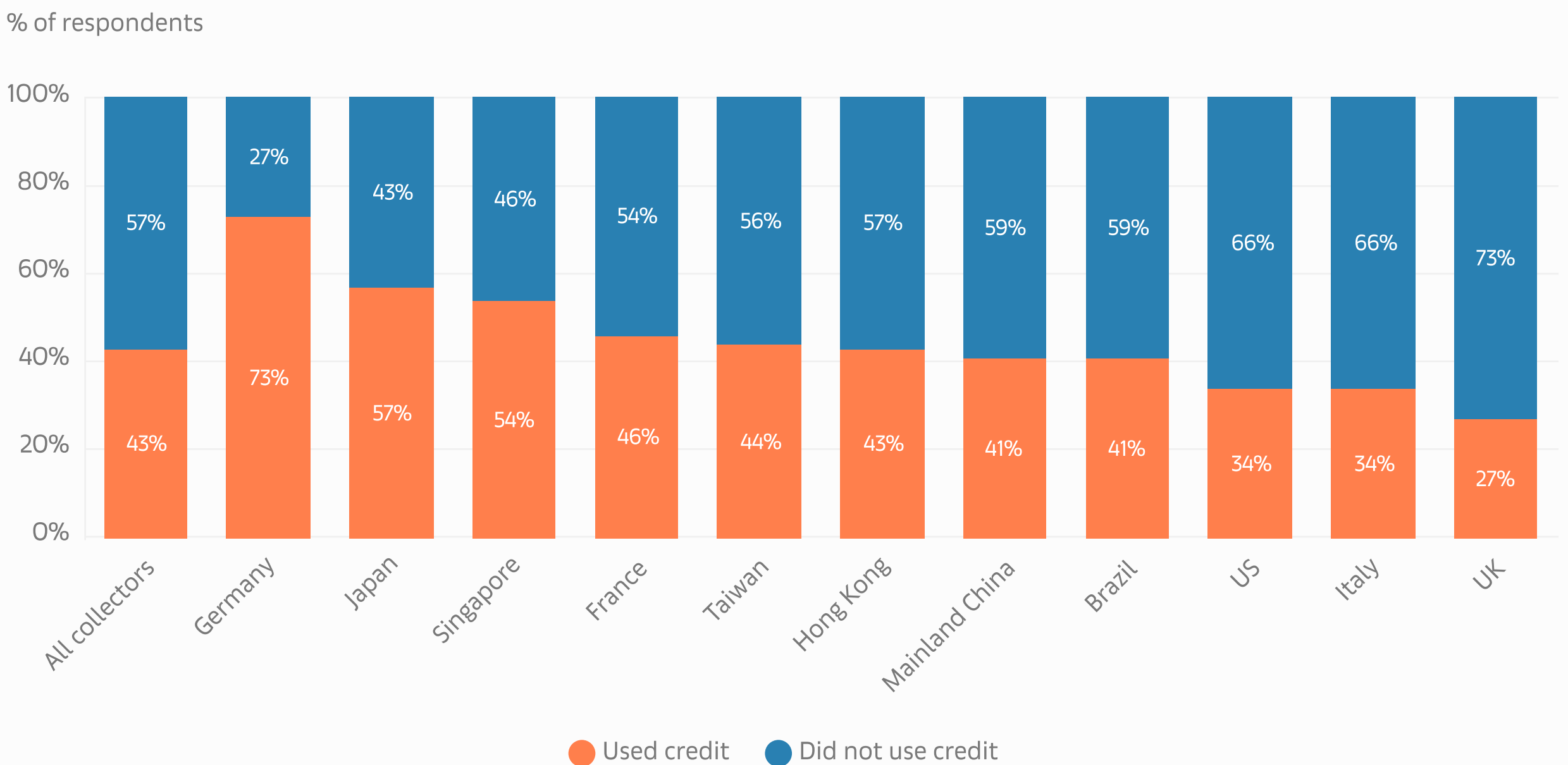
Over all regions, 43% of HNW collectors had used credit or loaned funds to purchase works of art or objects for their collections at some stage, and this included 30% that used credit in 2022 or 2023. There were some variations by region, with the highest uptake by collectors in Germany and Japan. 73% of collectors in Germany had purchased with credit at some stage, and 56% did so in 2022 and 2023. The lowest use of credit was in some of the largest art markets, including only 27% of collectors from the UK (and 21% in 2022 and 2023) and 34% from the US (also only 21% in 2022 and 2023). While this was lower than average, it represented a significant rise on previous research, with a similar 2018 study showing only 11% of US HNW collectors using credit.³⁸ These findings are notable given their contrast with the general context of household credit and lending in these regions, with countries such as Germany and Japan having significantly lower levels of household debt to GDP than the US or the UK.³⁹ The trends may relate in part to a higher volume of lower-value transactions with specialist art-financing providers in these regions, versus larger-level transactions in markets such as the US, where art-related lending has been more dominated by larger banks and auction houses.

Across all regions, there were no consistent differences by levels of wealth or spending, although more established collectors were more likely to have used credit and lending than those new to the market over the last couple of years.

³⁸ Arts Economics (2018) *The Art Market 2018, an Art Basel and UBS Report*, available at theartmarket.artbasel.com.

³⁹ IMF data showed a household debt to GDP ratio of 55% in Germany and 68% in Japan in contrast to higher rates such as 74% in the US and 83% in the UK. Data from *Global Debt Database September 2023*, available at imf.org.

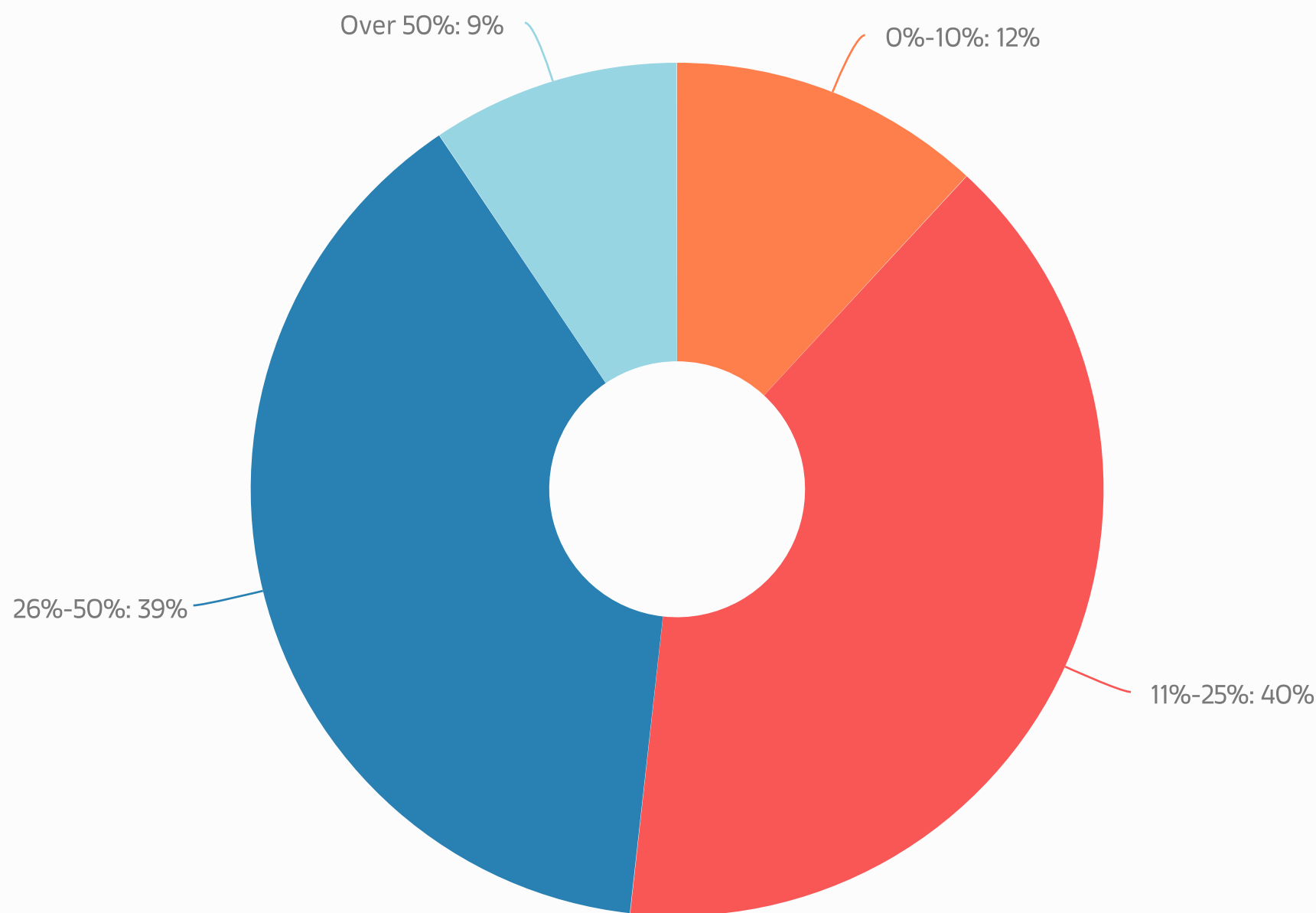
Figure 4.8 Share of HNW Collectors that Used Credit or Loans to Finance Purchasing



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For those collectors using credit or lending to buy art, the average share of the value of their collection financed this way was 29%. Wealthier and more established collectors and those with the largest collections tended to have the highest share of their collections bought using credit. The average share for UHNW collectors was 39%, and one third had financed over 50% of their collections with loaned funds versus only 2% of those with wealth of less than \$5 million. The average share for those collecting longer than 20 years was 38%, almost double that of new collectors. Just over half of the collectors had financed up to 25% of their collections using credit and the majority (91%) less than 50%.

Figure 4.9 Share of Collections Financed using Credit (for HNW Collectors having used Credit)



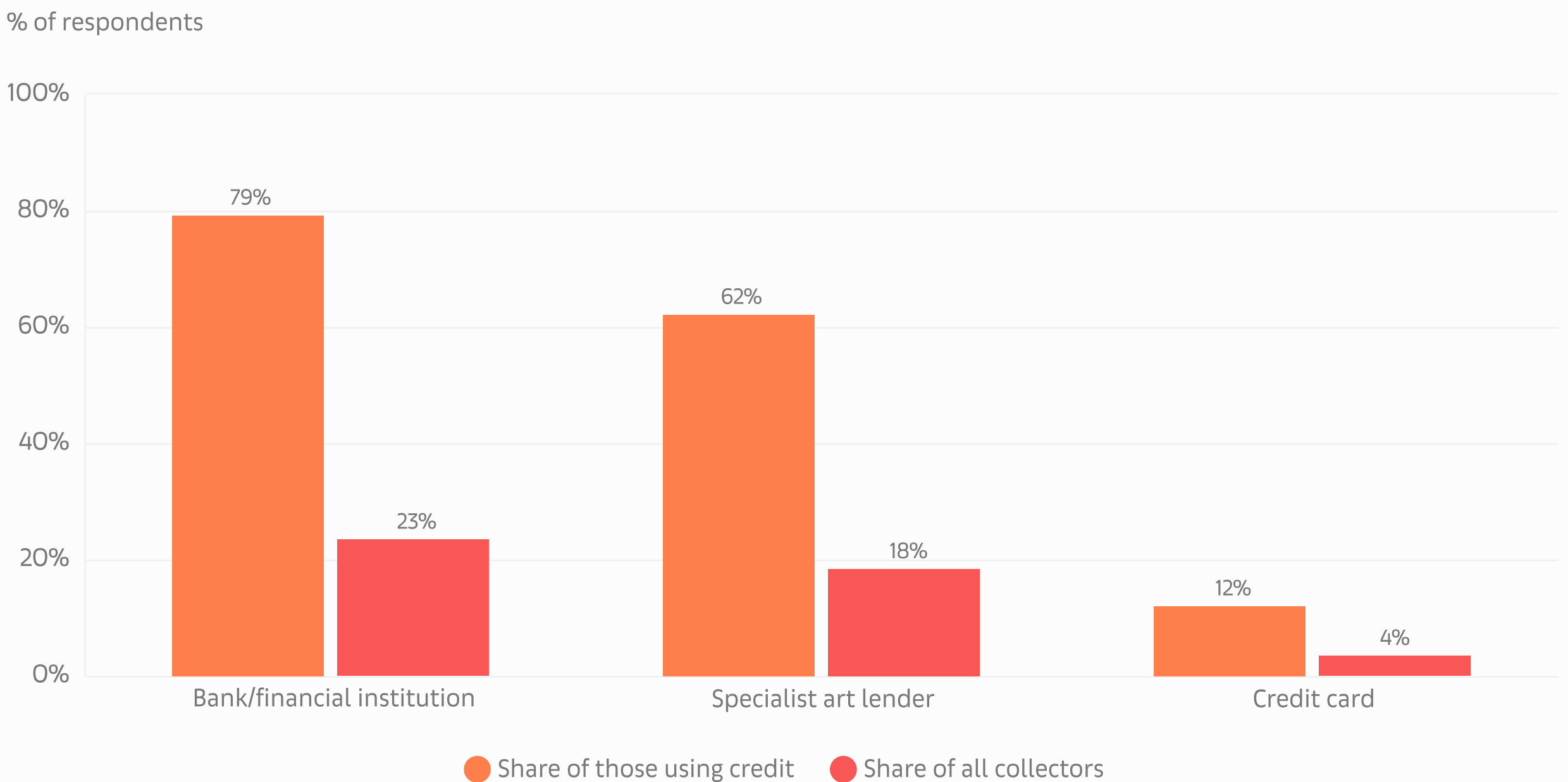
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Of those collectors that had used credit in 2022 and 2023, one of the most common types was a loan from a bank or financial institution: 79% of credit users (23% of the sample overall) borrowed this way to finance a purchase of art, with over half (53%) of those accessing a secured loan and a smaller 41% a loan without collateral. (19% had used both.)

HNW collectors also worked with specialist art lenders during the period, with 62% of credit users accessing credit this way (18% overall). Most used their artworks as collateral (78% of those using specialist art lenders), but others used different collateral (41% of those using this channel) or were able to access unsecured loans (19%, but with most accessing some kind of combination of these loans). Overall, just under half (46%) had secured a loan or some form of credit using their artworks as collateral, with the majority doing so to purchase new works for their collections and only around one third doing so for other liquidity needs.

12% of the sample overall used a credit card, and most of these (over 80%) used this in combination with other lending. There was a higher use of credit cards for art purchases among younger Gen Z and millennial collectors than their older peers, but in all segments and regions, this type of credit represented only a minority share.

Figure 4.10 Types of Credit Accessed by HNW Collectors in 2022/2023



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It is notable that those with financial motivations were significantly more likely to have accessed lending and credit than those driven primarily by other motivations. Over half (54%) of financially motivated collectors used credit or loans at some point to purchase art (versus 39% with other motivations), and 38% had done so in 2022 and 2023 (versus 26%). Anecdotally, collectors and those in the art trade have expressed concerns that interest rates would reduce spending, particularly for more financially motivated collectors and those that used credit and lending to make purchases. However, when asked directly did interest rates affect their decision to purchase works of art, collectors had mixed responses. One third overall said they had no effect on their decisions, although this was lower for financially motivated collectors at 24%. For the remainder, around half (55%) reported that fluctuating interest rates had in fact made them more interested in buying art in 2022 and 2023. There may be various reasons for this seemingly paradoxical result, with the most practical being that many collectors were potentially focusing on their effects in earlier parts of the period given that rates started lower in 2022 and rose gradually from that point. Or simply, that as most collectors did not use credit or lending, the question of interest rate rises and their effects on purchasing art were somewhat less connected, and they may have viewed fluctuating and rising interest rates with high inflation and more general economic uncertainty, seeing the period as

one in which art was a better risk diversifier or store of value, with a commonly held view of art as a relatively safe, tangible investment during volatile economic periods.

Exhibit 2 looks at how some of these macroeconomic developments may have affected the art market as well as the benefits and limitations of some of the tools used to measure fluctuations in art prices versus financial indicators.



Exhibit 2. Art Investing in Times of Inflation

Christophe Spaenjers, Associate Professor of Finance, University of Colorado Boulder

‘The element of ‘investment’ may not be entirely absent after all.’

J. M. Keynes on collecting.

Art collecting has always carried the promise of both pleasure and profit. In this year’s survey, close to 30% of high-net-worth collectors indicated that financial investment has been their prime motivation for purchasing art. But even those who mainly buy for non-financial reasons are likely to care about the cost of buying art—and about the potential resale or inheritance value of their collection.

Motivated by the recent spike in both inflation and interest rates, the question arises of how such macro developments may affect price levels in the art market. In evaluating the existing evidence on the investment characteristics of art, it is also important to consider an assessment of the strengths and limitations of the reliance on aggregate price indices.

Inflation, interest rates, and art prices

The record levels of inflation that we have been witnessing over the last two years have led to a renewed interest in the question of whether art investments can provide a hedge against consumer price increases. Do art collections appreciate as the cost-of-living increases? In earlier research, I have examined the historical correlations between inflation and the returns on different real asset classes.⁴⁰ The results suggested that artworks are a better way to preserve purchasing power than financial instruments like bonds, for which cash flows are fixed in nominal terms. At the same time, art has delivered less protection on average against inflation than some other collecting categories. Diamonds and stamps, in particular, are easier to acquire and store, and are more substitutable, than artworks. (One could think of them as being more ‘gold-like’ than art.) However, this also implies that they can lose a lot of value once the inflationary pressure subsides. Moreover, the price patterns of all collectible categories exhibit high levels of volatility—just like gold—reducing their appeal as hedging devices.

Recently also, interest rates have spiked up, as monetary policy has reacted to the high level of inflation in the economy. It will be interesting to see how this is going to affect

⁴⁰ Spaenjers, C. (2016) ‘The Long-Term Returns to Durable Assets’, in *Financial Market History* (eds. David Chambers and Elroy Dimson), CFA Research Institute Foundation.

art-backed borrowing and the use of credit to finance new art acquisitions. Both (non-mutually exclusive) types of behavior are relatively common among HNW collectors according to the survey. More than 40% of respondents reported using credit or loaned funds to purchase works of art at some stage while building their collections, including 30% having done so in 2022 or 2023. Secured loans with specialist lenders using art as collateral are a relatively popular financing strategy. Notably, 46% of this year's respondents have experience with using their art as collateral, with 18% even using this for liquidity needs rather than to finance new acquisitions.

As for the effect of increasing interest rates on art prices, it is unclear what to expect. Only a small minority of respondents (12%) stated that fluctuations in interest rates had negatively affected their decision to purchase art in 2022 and 2023. Maybe this just highlights that, while nominal interest rates are sometimes more salient than real rates, it is the latter that are more relevant in this context. Namely, higher real interest rates imply a higher opportunity cost of holding art: keeping money invested in art means foregoing a higher inflation-adjusted return on one's savings. Therefore, art prices may drop when real rates go up—but, today, the high level of inflation means that real rates are still low despite high nominal rates. Hence, it is not obvious that we should anticipate the current interest rate environment to have any discernible effect (independent from that of inflation) on art price levels. Moreover, the relatively low real interest rates in recent years are part of a longer-run secular decline, and the resulting absence of substantial movements in real rates complicates an empirical assessment of their relationship with art prices.

To index or not to index?

The above discussion makes clear that, when it is unclear in which direction the art market is heading, it can be appealing to look at the impact of macroeconomic variables on the art market historically. Such assessments typically rely on the observed correlations of inflation, interest rates, income, or any other indicator of interest with aggregate art price indices estimated based on auction transactions. Next to illuminating the relation between the wider economy and the art market, such indices are useful to measure long-run price trends, and to understand historical cycles in the market. However, it is important for collectors and other market observers to appreciate that the performance of individual collections can deviate substantially from that of aggregate price indices—especially for smaller art portfolios.

To investigate this topic in detail, research I conducted with colleagues from Cambridge University analyzed the artworks acquired by the economist John Maynard Keynes and bequeathed to King's College in Cambridge upon his death—a collection of over a hundred

pieces by both modern masters (for example, Braque, Cézanne, Matisse) and friends and acquaintances of Keynes (for example, Duncan Grant, Vanessa Bell).⁴¹

After identifying a number of different historical valuations of the collection and procuring our own expert appraisals of contemporary market values, we found that the collection has appreciated at a rate rivaling that of equities since acquisition. This is a much better performance than that shown by standard art price indices. Clearly, this means that other art investor-collectors must have underperformed the market over the same time period.

Why is there so much variation in the financial performance of art collection around average market movements? Our study highlighted a number of different reasons. First, there is the existence of transaction-specific price risk, which economists might call ‘noise’. Namely, prices depend in an unpredictable fashion on the liquidity or thickness of the market—and the valuations of the potential buyers—at the time and place of transaction. This idiosyncratic component of art prices also explains why auction results can deviate substantially from pre-sale estimates—and why even appraisals (as estimates of expected market values) show a lot of heterogeneity. The upshot is that art collectors can be lucky or unlucky when they are buying and selling. In turn, this leads to random variation in realized returns that comes on top of systematic heterogeneity in price trends caused by changes in the relative popularity of artists or art movements.

Second, we show that artwork returns exhibit substantial ‘skewness’, meaning that many artworks appreciate at a moderate rate, but a very small fraction realize extremely high returns. This is not unlike what can be observed in the market for venture capital (and, to some extent, stocks). Small art collections will have a higher probability of missing out on the winning ‘lottery tickets’. At the same time, it might be collectors’ taste for long-shot investments that pushes up art prices across the board, again not too different from VC.

Third, an important factor to consider is that most art collections are very concentrated. It is not uncommon for fewer than 10% of the works in a collection to account for more than three-quarters of its total value. This concentration amplifies the importance of investment-specific risk factors and artist-level price trends.

Fourth, and finally, there exist systematic differences between art buyers in the investment returns that they realize. Tastes, information sets, and investment goals differ substantially between collectors. Some are happy to pay high prices for the art that they love—and to keep it for a long time, maybe even forever. Profit-driven buyers take a different approach and will look for bargains in the market. Given the illiquidity of the market and the heterogeneity of artworks, better-informed investors will have

⁴¹ Chambers, D., Dimson, E., and Spaenjers, C. (2020) ‘Art as an asset: Evidence from Keynes the collector’, *Review of Asset Pricing Studies* 10, 490-520.

access to more—and more profitable—investment opportunities. In this respect, it is interesting that, in the survey, financially-motivated collectors are more likely than other groups to report that they ‘spend a significant amount of time researching’ and that they are ‘only interested in the one specific work’ they are hoping to buy.

For all these reasons, art price indices will not accurately capture the investment experience of most buyers. The combination of concentrated portfolios and artwork-specific (and artist-level) return elements implies that portfolios will exhibit a lot of variation in performance around the returns of aggregate indices. Moreover, the lottery-like feature of art investing drives a wedge between market returns and the experience of the ‘median’ art investor.

Times like these

Economic uncertainty has always driven people to invest in real assets. Indices can provide some useful guidance on the average relation between the macroeconomy and art prices based on historical data. At the same time, however, it is important to understand the limitations of any art price index. Unlike most of their financial market counterparts, art indices are not investable. They may moreover fail to capture most investors’ experiences and to fully illuminate the riskiness of art investing. This is particularly important to keep in mind against the backdrop of the ever-increasing financialization of the art market,⁴² in which investment products are often marketed with references to market-wide return estimates.

⁴² Coslor, E. and Spaenjers, C. (2016) ‘Organizational and epistemic change: The growth of the art investment field’, *Accounting, Organizations and Society* 55, 48–62.



5. EVENTS AND OUTLOOK

5.1 HNW Collector Attendance at Events

While the pandemic significantly reduced the number of events in the art market, the art fair calendar has slowly rebuilt since 2020, with strong re-engagement by collectors, galleries, and artists at exhibitions, fairs, and other major events. The surveys revealed the high level of activity before the pandemic, with collectors attending an average of 41 art-related events in 2019, including six gallery exhibitions and five art fairs. This fell substantially in 2020 but increased to 37 in 2021. The current sample showed a reversion to a lower level of events in 2022, with the total averaging 34 across all collectors. This fell again to 32 in 2023, including those already attended in the first half of the year and planned attendances for the second half. Although the sample had a slightly different geographical makeup to previous years (including more Mainland Chinese and Hong Kong collectors, both in the bottom three in 2023 in terms of total event attendance), the figures indicated that the pandemic and other considerations may have had a more sustained impact on the activity of collectors in relation to events.

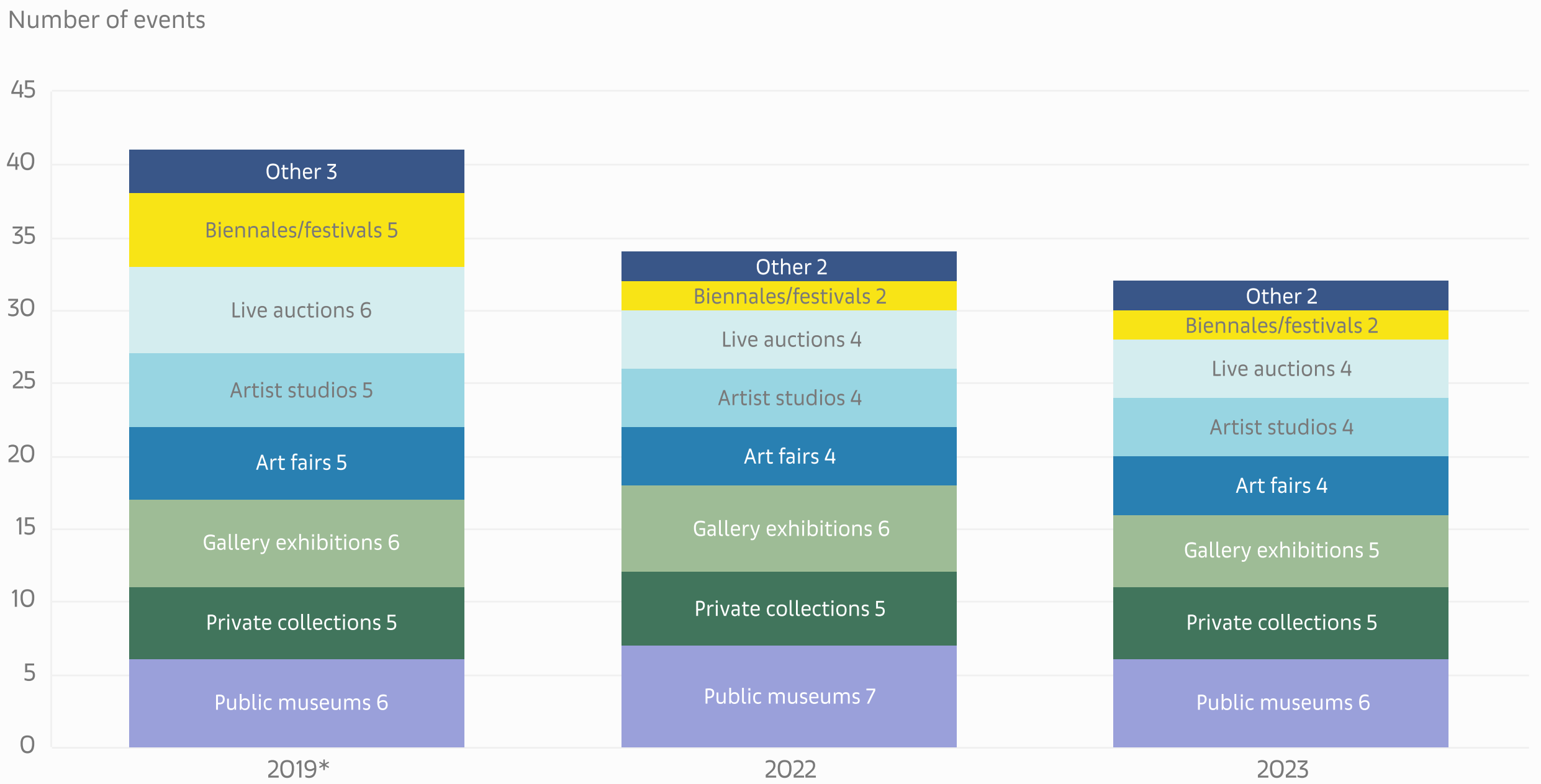
HNW collectors have or will attend nine less art-related events in 2023 than they did in 2019

Based on the averages reported, HNW collectors have or will attend nine less events in 2023 than they did in 2019, with a small reduction (of 1 event) in gallery exhibitions, art fairs, and artist studio visits, and a more substantial drop in biennales and other large visual arts festivals (down by 3) and live auctions (down by 2, and potentially contributed to by a lower number of live auction sales in the major auction houses as outlined in Chapter 1). The number of public and private museum exhibitions was stable on the averages reported in 2019.

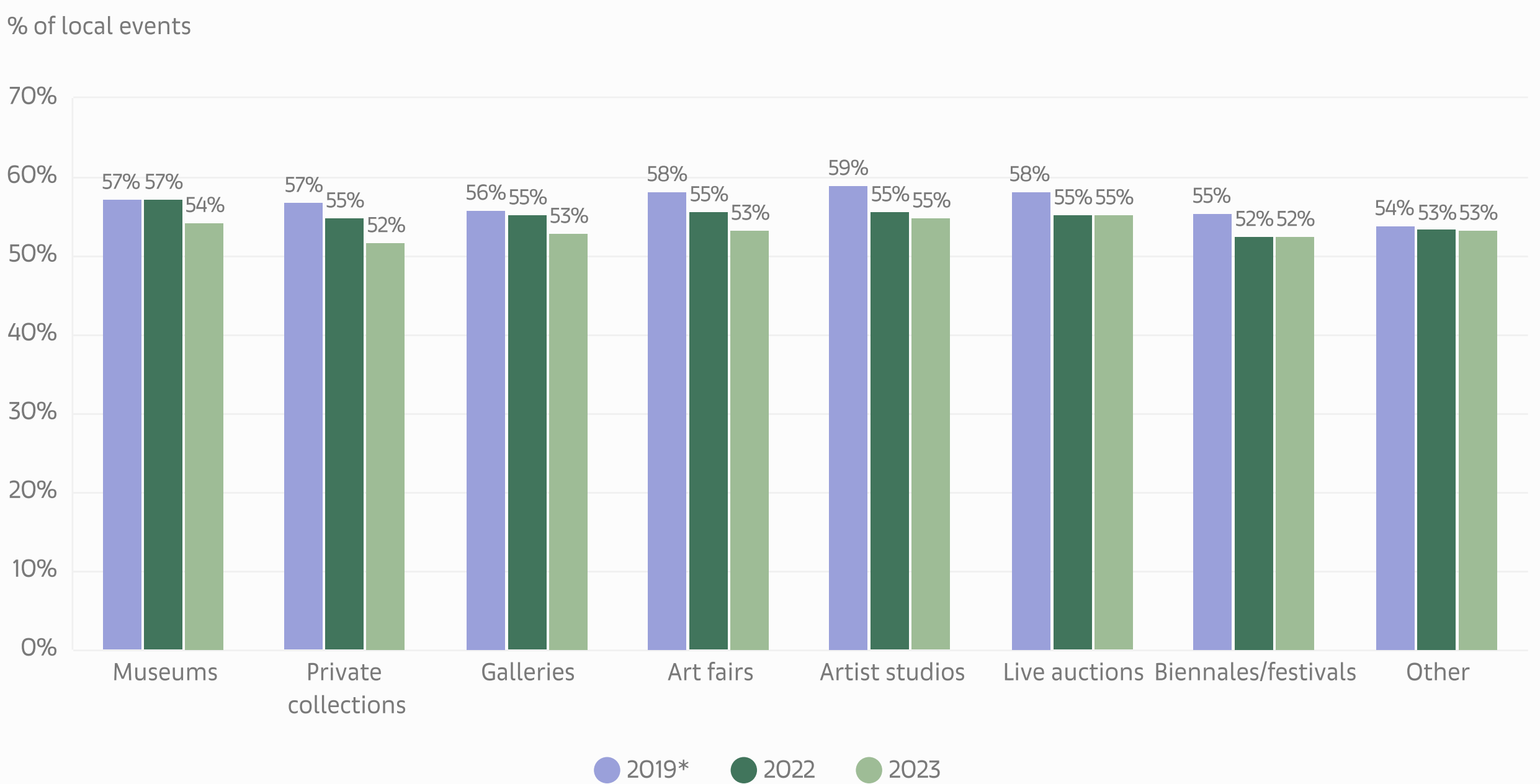
Within this smaller set of total events, there has, however, been no evidence of collectors staying closer to home, with a slight increase across the board in the share of overseas events attended. The majority of events that collectors attended in each year from 2019 were local ones, and this remained the case in 2022 and 2023, but with the local proportion falling by between 3% and 5%, with the largest change for art fairs and visits to private collections.

Figure 5.1 Exhibitions and Events Attended by HNW Collectors 2019, 2022, and 2023

a) Number of Events Attended



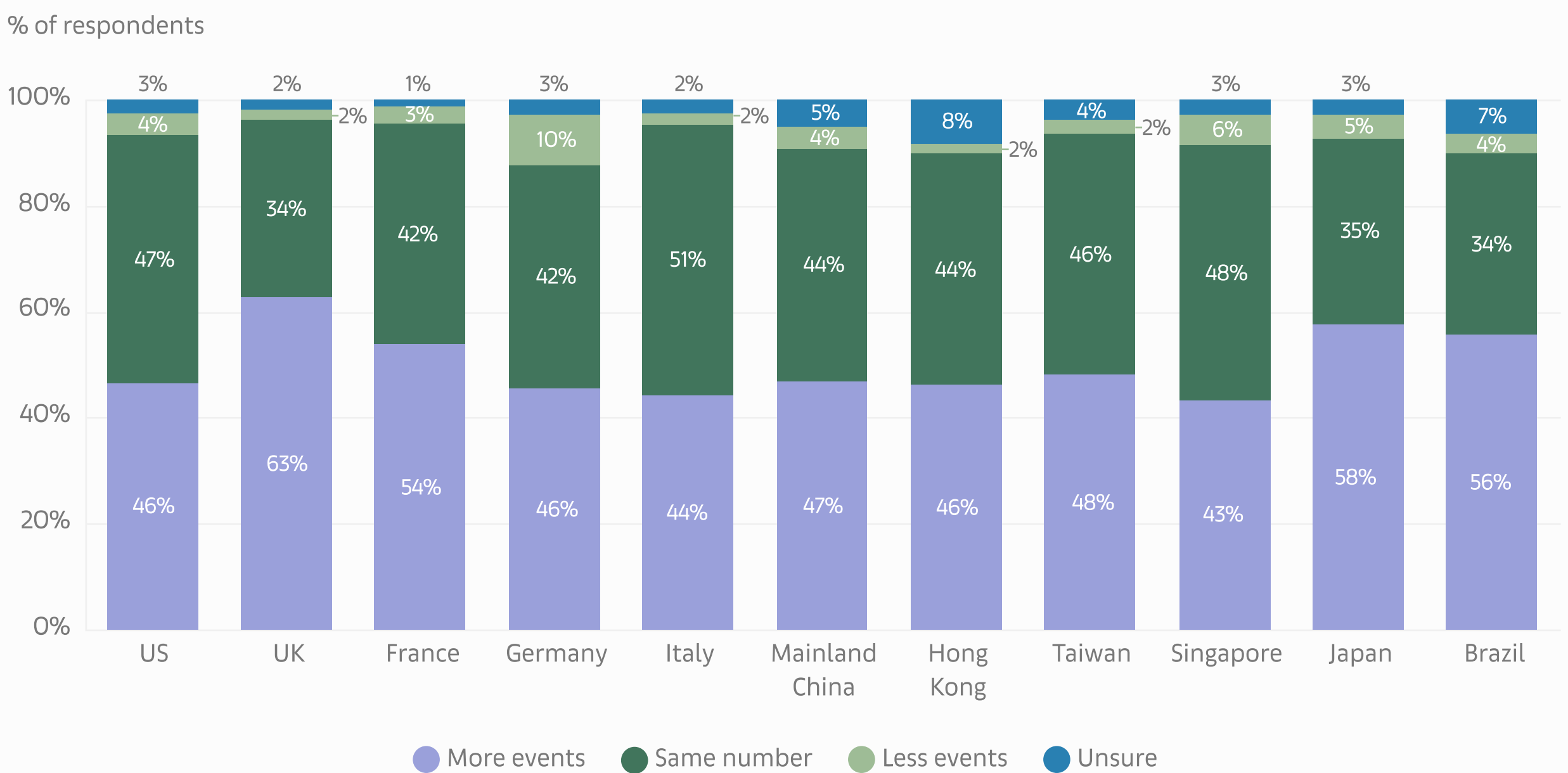
b) Share of Local Events



©Arts Economics (2023) *Results from previous surveys by Arts Economics/UBS

Looking ahead to 2024, most collectors (92%) were planning to continue to attend art-related exhibitions and events, either the same number (43%) or more than they did in 2023 (49%). Across all regions and demographics, only a very small proportion (4% overall) thought they might attend less. UK collectors were among the most bullish about their plans, with a majority of 63% of collectors hoping to attend more events. The lowest share was in Singapore where only 43% planned higher attendance in 2024, and these collectors averaged the lowest total number of events already in 2023, at 19. However, even here, nearly half (48%) said they would be attending a stable number.

Figure 5.2 HNW Collector Plans for Events in 2024 by Region



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There was evidence from the surveys that the shift to attending more overseas events may also continue, although perhaps at a more moderate pace. When asked if they planned to do more international travel to exhibitions, fairs, or other art-related events than in 2023, a majority (66%) said they intended to travel more to events next year. Although this was less than in the 2022 survey (77%), the drop was mainly due to the increase in the proportion reporting that their international travel would remain the same (23% in 2023 versus 11% in 2022).

When asked if they planned to do more international travel to exhibitions, fairs, or other art-related events than in 2023, a majority (66%) said they intended to travel more to events next year

A stable share of just 12% expected to travel less, and for those collectors, the most important reason for doing so was the rising costs and hassle of overseas travel (versus COVID-19-related concerns which ranked highest in 2022), less interest in overseas events and exhibitions, and thirdly, travelling less to reduce their carbon footprint. When asked directly about the importance of reducing their carbon footprint through less travel to art-related events, two-thirds of collectors across all markets felt it was essential or important, 23% believed it was optional, and 9% thought it was not required or important. This indicated that although most collectors were aware of and concerned over the sustainability of the market, this has not fully filtered down to their actions or resulted in any significant reduction in their plans to travel to events and experience art in person. A slightly higher share felt the transport of artworks could be more sustainable, with 72% believing that using alternative delivery methods to air travel when available, such as sea or land, was important or essential.

5.2 Buying and Selling Plans for 2023 and 2024

Looking ahead, when asked about their plans over the next 12 months, the majority of collectors (54%) were intending on buying art, stable on 2022. Some of the most active buying plans were reported by collectors from Mainland China, with 68% planning to purchase works in the coming year, along with large majorities in Japan, Brazil, and Italy. The lowest share of purchasing intentions was reported by collectors from Singapore and France. Millennial and Gen X collectors also had the highest majority planning to buy art (58% and 59% respectively) versus only 45% of Boomers.

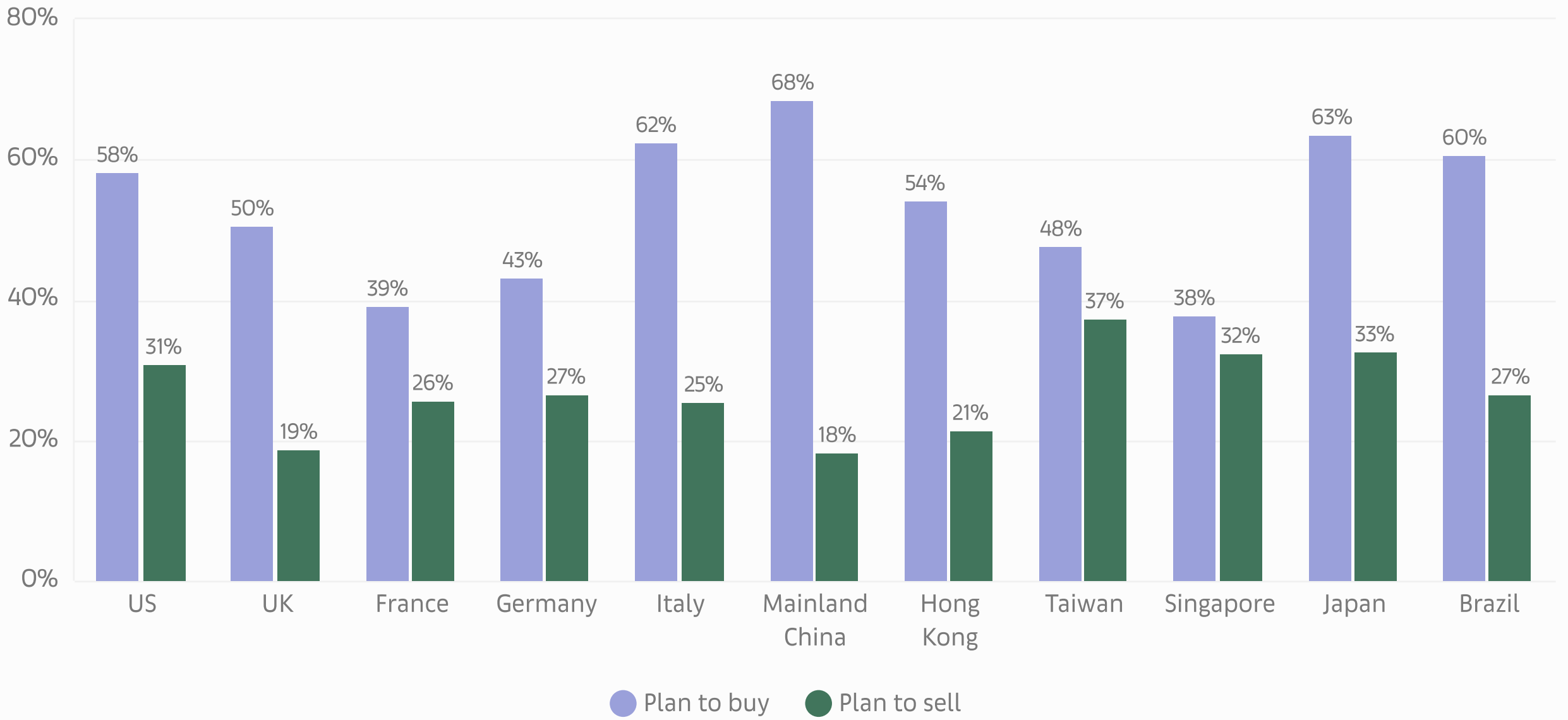
Across all markets, 26% of collectors planned to sell works from their collections over the next 12 months, which is down significantly on the previous year (39% in 2022). This may be indicative of some uncertainty about how the market will perform over the coming year, with the majority reporting that they would hold off on selling, stating it was because they believed the prices of their artists' work would improve in future. The greatest share of HNW collectors planning to sell were those from Taiwan (37%) and Japan (33%), while the lowest shares were from Mainland China (18%, also the lowest in 2022 and 2021) and the UK (19%). Figure 5.3 highlights significant differences in the ratios of those hoping to buy versus sell in the near future. All regions show a higher share of those planning to buy than sell, however, in markets such as Mainland China, the share of buyers is four times higher than sellers, with a similarly high ratio in Hong Kong and the UK, indicating that these regions may display the most expansion in their collections over the next year.

While there was an increase in philanthropic giving among some collectors in 2022, with a rise from 29% in 2020 to 45% in 2022, this moderated to some extent in 2023, with 32% planning to donate or gift works from their collections to a charity or museum. The highest share of collectors planning to donate works to museums included those from Taiwan (43%), Germany (40%), and France (38%), although all these shares were lower than in 2022. Including donations to family and friends, just under half (49%) planned to gift works from their collections in the next 12 months.

Figure 5.3 HNW Collector Intentions for Purchases and Sales of Art in the Next 12 Months

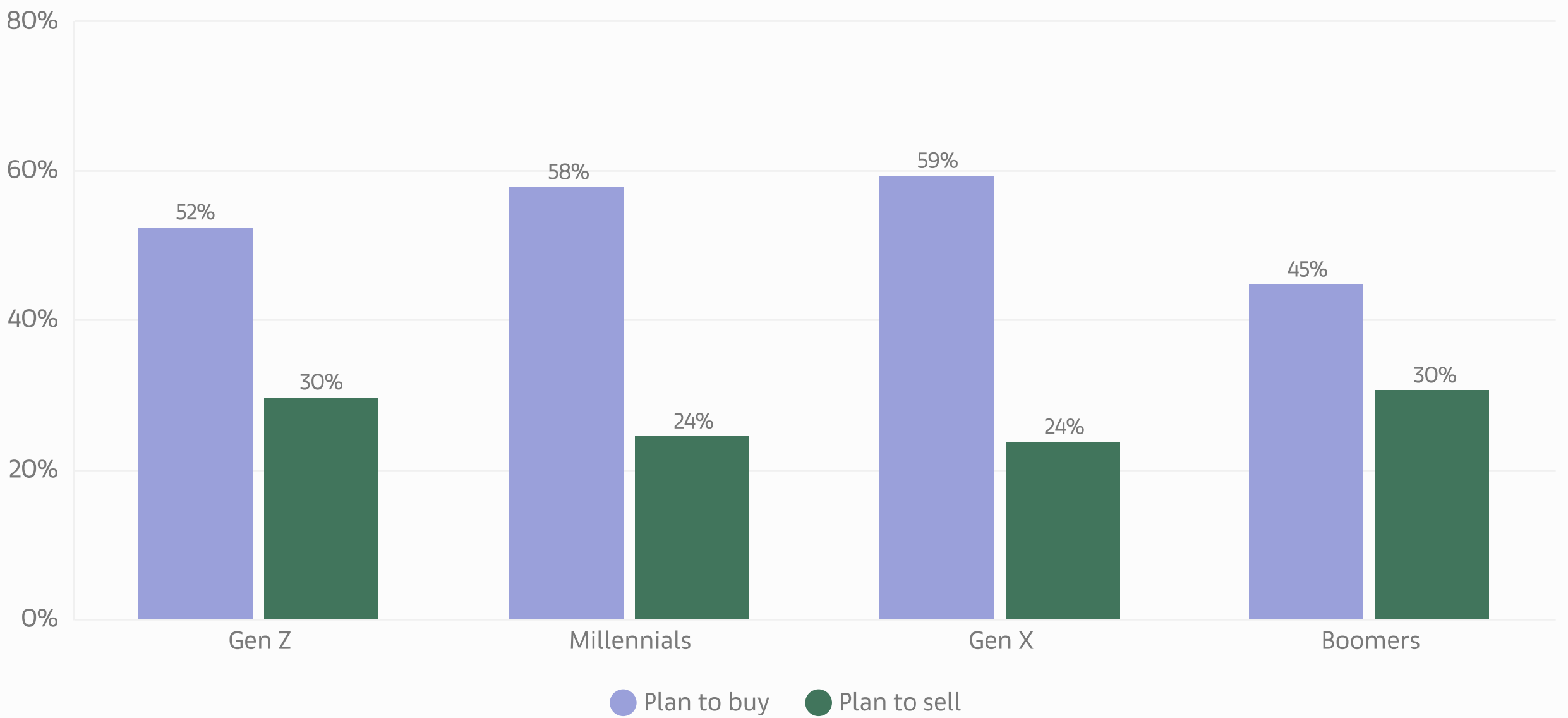
a) By Region

% of respondents



b) By Generation

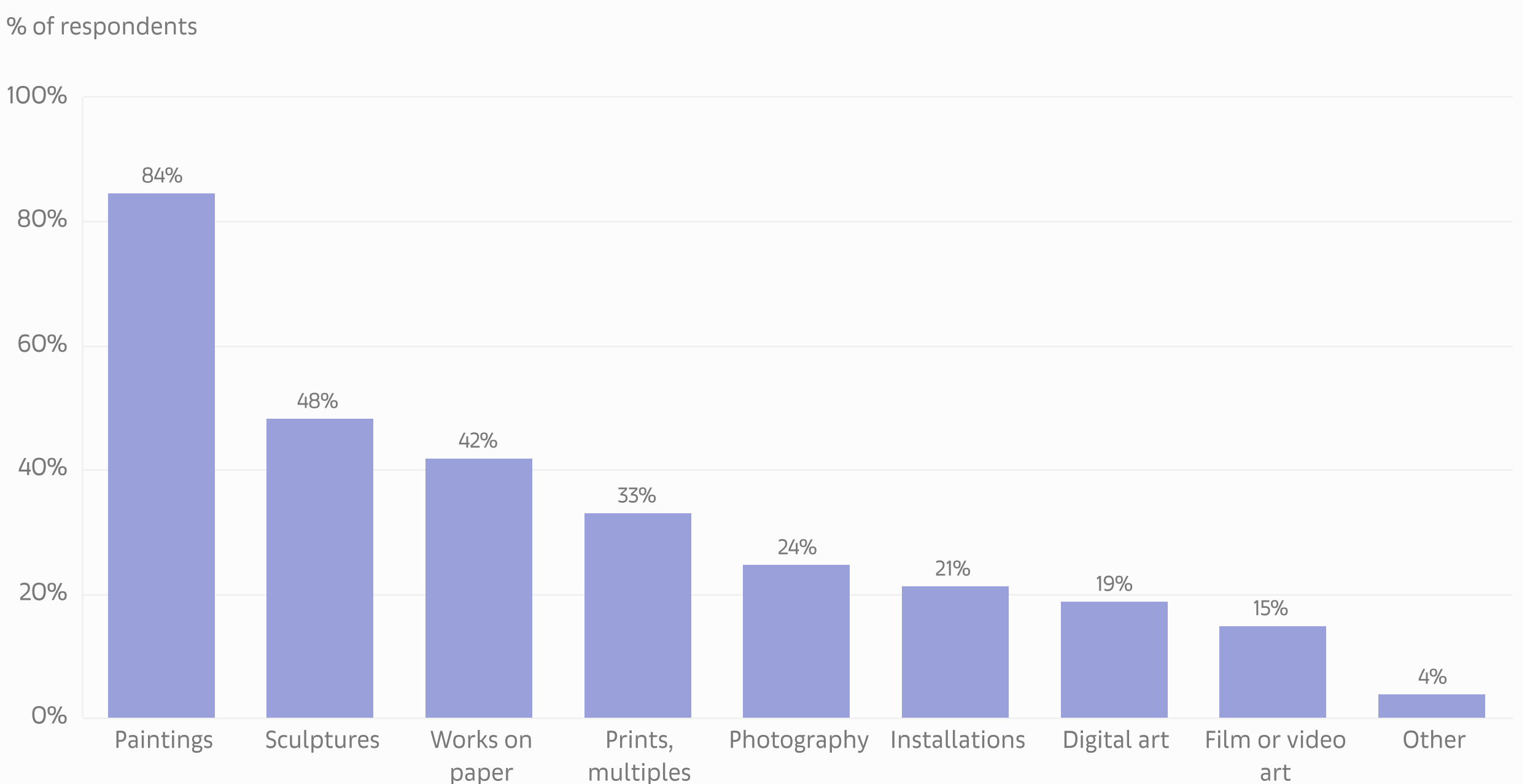
% of respondents



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For those collectors intending on buying over the next 12 months, paintings were still the most popular choice for planned purchases both overall (84%) as well as in each individual market and across all generations. The next most popular mediums were sculptures and works on paper, as they were in 2022. However, while around half of the collectors surveyed in 2022 planned to buy digital art, this moderated significantly to just 19% in 2023, while there were less dramatic declines for photography and prints. Within these fine art mediums, abstract and figurative works were the most popular, with a respective 68% and 64% of those planning to buy focusing on these areas. Around half of potential buyers said they would be considering conceptual works, with the highest interest from collectors in Hong Kong, Brazil, and Taiwan.

Figure 5.4 HNW Collector Intentions for Purchases of Art by Medium in Next 12 Months



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5.3 HNW Collector Outlook in 2023

Despite ongoing turmoil in the financial sector, high inflation, the continuing impact of three years of COVID-19, and the ongoing effects of the war in Ukraine, the outlook of HNW collectors remained remarkably positive. At the mid-year point when surveyed, a majority of 77% were optimistic about the global art market's performance over the next six months, up marginally from similar polling in 2022, and a slightly larger share than were optimistic about the stock market (74%). While there was only a small minority of collectors pessimistic about the art market's future, 17% were unsure of how it would fare over the next six months, and similarly over the longer term.

French collectors were the most optimistic about the market in all periods, as they were in 2022, and there were high levels of optimism in Taiwan, which showed a significant boost from 62% who were optimistic about the global art market in the short term in 2022 to 87% in 2023, with similar uplifts over longer periods. While German collectors had one of the most positive outlooks in 2022, they shifted to the least in 2023, with a high degree of uncertainty about what lay in store there, as was also the case for collectors from Italy. German collectors were similarly less optimistic regarding the stock markets, indicating that their general outlook may have altered somewhat rather than a specific change in their views regarding the art market.

There were few significant differences between generations, but it was notable that wealthier collectors were more optimistic than those in lower wealth tiers: 91% of UHNWIs were positive about the next six months, versus 68% of those with wealth of less than \$5 million. The difference was due to both a lower share of pessimism by UHNWIs and less uncertainty, potentially due to a greater sense of control over some of the outcomes of the market given their potentially greater spending power. The outlook collectors had for the art market tended to be on par or slightly more optimistic in most cases than their views on the global stock market over these periods.

Table 5.1 Outlook of HNW Art Collectors over the Short-, Medium-, and Long-term**a) Outlook for the Global Art Market**

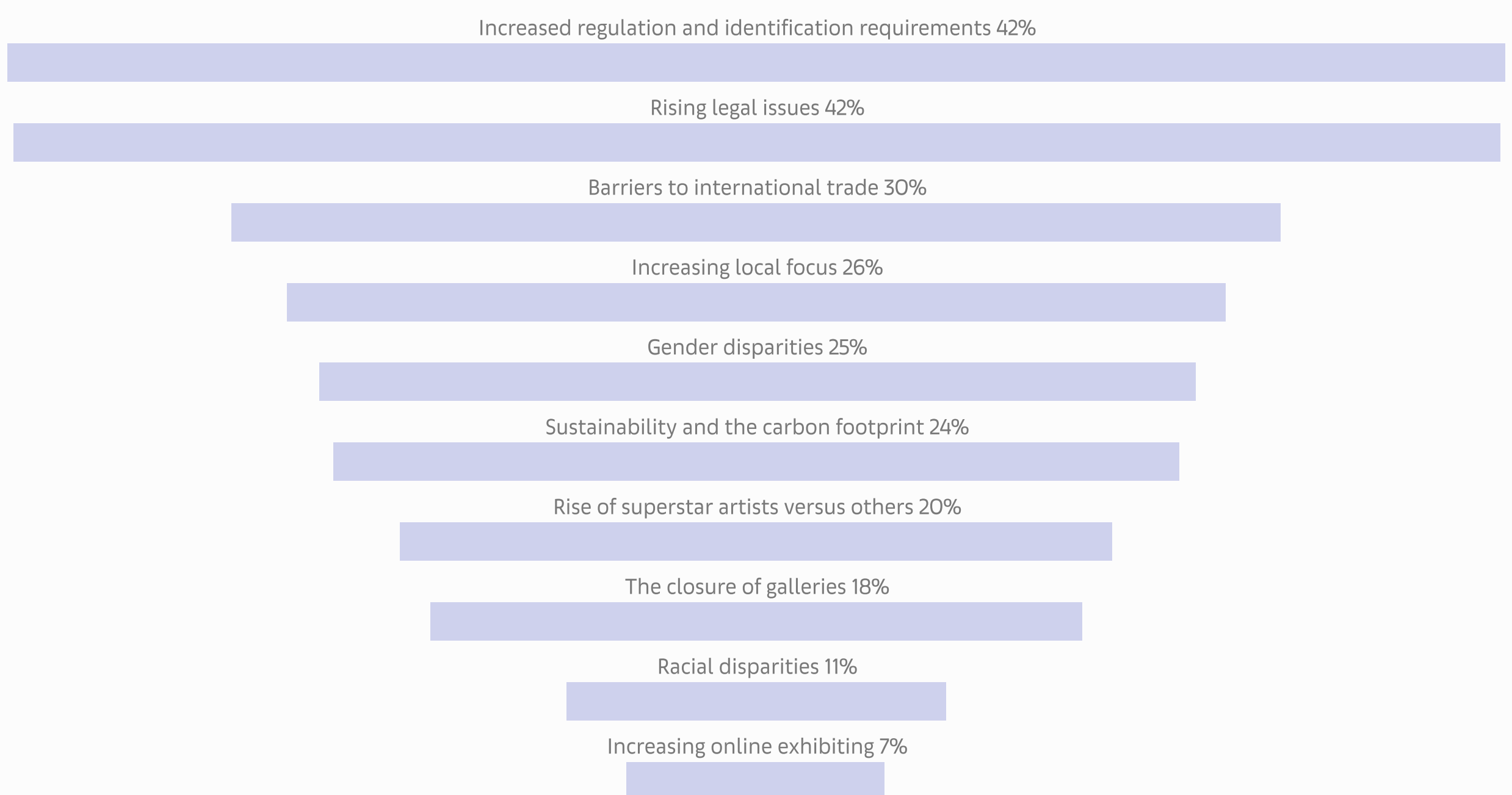
	Total	US	UK	France	Germany	Italy	Mainland China	Hong Kong	Taiwan	Singapore	Japan	Brazil
Next 6 months												
Optimistic	77%	81%	79%	91%	64%	69%	79%	70%	87%	71%	73%	80%
Neither/ Not sure	17%	16%	13%	6%	26%	27%	16%	22%	13%	19%	21%	11%
Pessimistic	6%	3%	7%	3%	11%	4%	5%	8%	0%	11%	6%	9%
Next 12 months												
Optimistic	78%	82%	81%	84%	65%	74%	86%	72%	81%	68%	76%	80%
Neither/ Not sure	17%	15%	15%	12%	19%	19%	13%	24%	16%	21%	17%	15%
Pessimistic	5%	3%	3%	3%	17%	7%	2%	4%	3%	11%	7%	5%
Next 10 years												
Optimistic	79%	80%	84%	81%	73%	77%	85%	76%	80%	70%	77%	74%
Neither/ Not sure	16%	15%	14%	19%	14%	15%	13%	19%	18%	18%	15%	20%
Pessimistic	5%	5%	2%	0%	14%	8%	2%	5%	1%	12%	8%	6%

Table 5.1 Outlook of HNW Art Collectors over the Short-, Medium-, and Long-term**b) Outlook for the Global Stock Market**

	Total	US	UK	France	Germany	Italy	Mainland China	Hong Kong	Taiwan	Singapore	Japan	Brazil
Next 6 months												
Optimistic	74%	75%	82%	88%	66%	71%	74%	69%	86%	70%	65%	78%
Neither/ Not sure	17%	15%	8%	6%	26%	25%	20%	18%	10%	15%	22%	14%
Pessimistic	9%	10%	10%	6%	9%	4%	6%	13%	4%	15%	14%	8%
Next 12 months												
Optimistic	74%	73%	81%	84%	66%	77%	75%	70%	79%	68%	65%	76%
Neither/ Not sure	18%	17%	14%	11%	17%	17%	21%	20%	18%	20%	21%	18%
Pessimistic	8%	10%	5%	4%	18%	5%	4%	10%	2%	13%	14%	6%
Next 10 years												
Optimistic	76%	79%	84%	81%	63%	78%	79%	74%	79%	74%	65%	77%
Neither/ Not sure	17%	14%	13%	15%	25%	16%	17%	22%	17%	13%	21%	17%
Pessimistic	7%	7%	3%	4%	13%	5%	4%	5%	4%	13%	15%	6%

From a list of issues regarding the current state of the art market in 2023, the top three concerns remained the same as in 2022, with increased regulation and identification requirements when transacting, such as ‘Know Your Customer’ (KYC) regulations, as well as the rise of legal issues in the art trade such as restitution cases, fakes, and forgeries ranking in equal first place (ranked highest by 42% of collectors each). Existing and rising barriers to the free movement and exchange of art and antiques internationally was the second-highest ranking and concerns over the artworld becoming more locally focused moved into fourth place, outpacing concerns about the sustainability and the carbon footprint of the art market and its related activities in that position previously. Also in the top five was gender disparities and the position of female artists in the art market.

Figure 5.5 Top 10 Concerns Regarding the Art Market for HNW Collectors in 2023



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