



The rise of the Middle Eastern art market

The GCC is taking strong strides in furthering the Middle Eastern art cause. Dubai is building an art and culture district, while Abu Dhabi, Qatar and Saudi Arabia have their own programmes. **Utpal Bhattacharya** investigates.

Like most asset classes, art has begun to see some recovery since the second quarter of 2009, albeit marginally. Art Price's Art Price Global Index rose 4.97 per cent in the second quarter of 2009 after declining over 30 per cent since the beginning of 2008. Confidence is also on the rise, with Art Price's Art Market Confidence Index adding 20 points by the end of the first quarter of 2009.

Various other art market tracking reports point to similar trends. After an 81 per cent drop in the ArtTactic Art Market Confidence Indicator in December 2008, there are signs of improvement. The ArtTactic Expectation Indicator also stands 46 per cent above the current indicator.

The signs of renewed confidence reflect the recovery in stock markets globally. The correlation between the two asset classes became ever-more obvious during the financial crisis, as heavily leveraged wealthy people from across the world sold artworks to fund their debts in stock markets. In fact, even as the Dow lost one-third of its value in 2008, Skate's Art

Stocks Index lost nearly two-thirds in the same period.

Led by Dubai, which is fast emerging as an important regional art auction centre, there have been some positive indicators in the GCC region too. Although there are no benchmark indices or compiled statistics available of the regional art market, auction house sales are looking good. Christie's April 2009 auction of Middle Eastern artwork in Dubai raked in only US\$4 million in sales – much lower than 2008 – but more than 80 per cent of the artworks under the hammer were sold.

Christie's upcoming auction later this month will have 165 lots of artworks valued at US\$8-11 million going under the hammer. There will also be a Bonhams auction this month, which augurs well for the regional art market.

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Jussi Pylkkänen, president of Christie's Middle East, described Dubai as an established international marketplace after the auction house's April 2008 sales

in the emirate. Michael Jeha, managing director of Christie's Middle East, couldn't agree more. Speaking to **MONEYworks** last month, Jeha said that Christie's Dubai office was opened to service the company's Middle Eastern customers. Seeing the surge of art interest in the region, however, prompted the start of auction sales in 2006.

In fact, the opening of the auction house's office in Dubai has led to a 400 per cent increase in Middle Eastern spend with Christie's, according to Jeha.

"We find a direct correlation between the opening of our office in Dubai and the increase in Middle East spends with Christie's," he said.

The opening of Christie's and other international brands in Dubai has helped to take Middle Eastern art to the world market in the last few years. In the last three years, Christie's Middle East sold well over US\$125 million worth of artworks through its Dubai operations. Jeha said there has been a discerning trend of cross-border interest in these

works of art. Different nationalities are buying these works rather than those of artists from their own countries.

"As the Middle Eastern art category internationalises, we find some of our biggest international clients in New York, London and Asia participating in the sales in Dubai," noted Jeha.

The Dubai art market has grown organically. It has developed as a natural progression resulting from various factors, including the emirate's ambition to build an international financial centre. The Dubai government has now decided to support the nascent local art market and build it up in such way as to create a distinct differentiation from other regional centres.

There are two projects that the Dubai government plans to initiate shortly to boost the art and culture milieu of the emirate. Mishaal Al-Gergawi, projects and events department head at the Dubai Culture and Arts Authority, described the first project as an incubation centre for aspiring artists. The second project involves a much larger allocation of resources involving the creation of an art and culture district that will, apart from housing galleries and shops, a rehearsal theatre, a library and an exhibition centre, focus on affordable housing for artists.

The incubation centre will offer aspiring artists general advice and arrange meetings with veteran artists and academics to help their learning process. This centre will also have a grant desk, a scholarship desk and a workshop desk for aspiring artists.

The Dubai Culture and Arts Authority is also working with relevant government departments for creating legislations that would allow artists to work part-time in the UAE. Al Gergawi argued that artists are rather poor at the beginning of their careers as artists and need to support themselves with part-time work. That's

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why legislations that would allow artists to work part-time are so important, he added.

"I believe the combination of these two projects will give a tremendous boost to people pondering creativity in the UAE and the region. With the first project, we feel people will start responding from the country, and once we have the second project going, we expect artists to come from all over the region," noted Al-Gergawi.

Al-Gergawi said that the Dubai government is currently in the process of finalising a location for the planned integrated art and culture district from a shortlist of three different identified sites.

Specific announcements in this regard are expected by the end of the year, he added.

From exhibition to creation

The two projects that the Dubai Culture and Arts Authority is undertaking clearly mark a shift in the emirate's approach towards creativity and entertainment from being an exhibitor to being a content creator. Al-Gergawi acknowledged this shift and explained that the ultimate differentiator between two cities is the different art and culture they offer. Dubai can differentiate from others only with what the emirate can claim to be created by its own.

A similar line of thinking is also apparent in other parts of the region, as Qatar builds its own museums and Abu Dhabi

emerges as an important art centre with international brand names coming to the emirate.

But Dubai has a slightly different strategy from the rest. It is working towards creating its own content, rather than just acquiring from abroad.

"You can build roads, hotels and infrastructure, which others can also build. But with art and culture, there are unique attributes to a place, and that's why in Rome you do not feel like in Paris. We want to create that differentiator in Dubai with our art and culture initiative," Al-Gergawi explained.

Al-Gergawi defined local content as not just the creation of Emarati artists, but also of all those who live and work in the city.

"For example, we would rather support through our initiatives an aspiring South African, Indian or Palestinian artist who has been living in the UAE for six years than somebody coming from outside the country," he clarified.

This approach from Dubai will help to address one of the biggest challenges the emirate faces as it tries to create a composite culture from the over 100 nationalities that reside in the emirate.

"When the Emaratis and non-Emaratis living in Dubai start using art as a platform of communication, we will begin addressing one of the biggest challenges the UAE faces, which is developing an identity that is inclusive, encompassing both nationals and non-nationals," Al Gergawi said.

This is good news for entrepreneurs who have decided to make Dubai their home, like Ghada Kunash, managing director of Vindemia Gallery. Kunash, who owns Vindemia, is an expatriate. She set up the gallery three years ago when she decided to live in Dubai.



Sitting in her Jumeirah Beach Residence gallery, Kunash told **MONEYworks** how all nationalities patronise her gallery that sells collectibles, antiques and mostly contemporary art.

“As we made Dubai our home, we felt it was the right time to set up this store, as many people were settling and retiring in Dubai and we had some of the most unique furniture and collectibles apart from art to offer,” she said.

Market potential

Kunash’s art director is Italian expatriate Annamaria Bersani, who has had her own gallery in her home country for the last 20 years. But she decided to shift to Dubai, as her husband works there. Bersani said that Vindemia mostly sells artworks of local artists with whom the gallery works.

There are nearly 60 or more galleries now in Dubai, compared to five or six in the early part of the decade, indicating the meteoric growth of the local art market. Vindemia Gallery is an example of how local galleries are helping the local art market deepen.

“We do not go and purchase art, but we identify young and talented artists who are ready to sell their paintings at a fair, acceptable price. A good artist will increase in value over a period of time,” explained Kunash.

Working with Kunash is Syrian artist Ismail Refai, whose artworks tripled their value in the last two years that Vindemia identified and began working with him.

Kunash promotes her gallery through exhibitions on the premises of Jumeirah



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Beach Residence, shopping malls and five-star hotels. And she is not the only one. There are other galleries in Dubai that take a similar approach, which is what the Dubai government wants to promote: local content creation of art and culture.

It is interesting that in a region where visual art was not much appreciated or understood in the past, we are witnessing this tremendous support for it now. The influx of people from various nationalities to the region is helping significantly, while young nationals are also showcasing their talent in various exhibitions, be it in Abu Dhabi, Dubai, Saudi Arabia or Venice.

It is significant that Christie’s is selling Emarati and Saudi contemporary artists along with other regional art, while countries from the region are participating in such international fairs as Venice Biennial with their local contemporary art.

In fact, the global art market boom of 2006 to 2008 favoured contemporary art and living artists were the fastest growing subset of Skate’s Top 1000. This global trend helped boost regional contemporary art, and there is no slowing down that

momentum now. Even international fund managers are talking about the Middle Eastern market as the next big thing.

There are various estimates of the regional art market’s potential, although there is no way to verify these claims. But some feel that the UAE art market alone has the potential to develop into a US\$250 million industry in the next few years, while the rest of the GCC reaches a value of another US\$100 million.

Jeha won’t quantify or put any figures to the market as yet, but according to him, the regional market, despite softening with the global downturn, has remained above the levels of what it was four to five years ago.

These are all good signs, and with the regional governments backing the market, there is no turning back.

Al-Gergawi said that the Dubai government is reacting to an organic situation with artists, galleries and thinkers already in place and is now moving towards the direction of its own content creation. In Abu Dhabi, a message has been sent to the local community that the emirate will create a multicultural society, while Qatar is investing in museums. The goals of creating a vibrant art and culture environment are similar across the GCC.

“What is happening now is that everyone is trying to do the same things. But eventually, every centre will find its own place. There are museums in Boston and New York and London and Paris, but they all are different in what they offer and the cities as well,” Al-Gergawi added.

In 10 years, we are likely to build up a fabulous art market in the GCC, with centres dotted all over the place. Each will be different, of course, but together, the centres will collectively reinforce and enrich the Middle Eastern tradition of art and culture.



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