

Middle Eastern art, a topic on the lips of every notable art expert in the world today, has arrived at an interesting intersection of socio-political discourse, financial favor, historical recognition and an increase in local patronage. But it's not filling up empty spaces on the walls of MENA businesses, and that's a problem

BY CHRISTINE GROVÉ

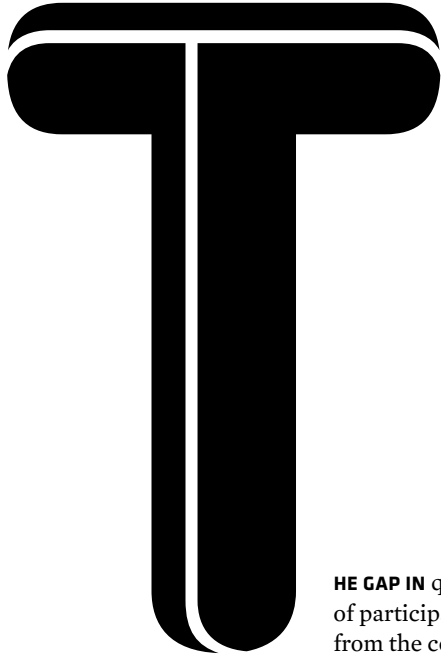




A STEADY MARKET

Despite the global political, economic and social sentiment being at an all-time low last year, Christie's sales in Dubai still grew by 5% versus the previous year. But it's no thanks to MENA businesses.

Photograph by ANNA NIELSEN



THE GAP IN question is the lack of participation, in general, from the corporate world, in

the arts and culture of the region, and more specifically, the lack of corporate art collections.

In other regions, and not just the West, corporate art collections play a critical role in developing and galvanizing the local art community, bolstering a city's or, indeed, a country's overall appeal.

The very first corporate art collection is considered to be by Monte dei Paschi bank in Siena, formed during the Italian Renaissance in 1472.

At first, art served only as decoration for its walls, but today its art program rests on a magnificent collection of over 27,600 works including paintings, drawings, lithographs, sculpture and fine furniture, dating from the 14th century to the 20th century.

The world's largest and arguably the most important corporate art collection in the world currently, is owned by Deutsche Bank, a monument to the plethora of art programs in and around Europe. Started more than 30 years ago, the collection consists of around 56,000 works by over 5,000 artists.

The group's headquarters in Frankfurt houses works by more than 120 young artists from all continents, and nearly 90% of all the works in the collection are on display in more than 900 Deutsche Bank locations worldwide, at exhibitions or on loan to museums. Over 600 masterworks are on permanent loan to the Städel Museum. Deutsche Bank Art Collection exhibitions have toured Europe, the US, and South America.

ART AS MONEY

\$1.2 BILLION

Estimation of the actual size of the art investment fund market in the US, but likely larger than what publicly available data is able to tell us

WILL THE ART FUND INDUSTRY EXPAND?

66%

Art collectors: Yes

62%

Art Professionals: Yes

10%

Wealth Managers: Yes

78% OF WEALTH MANAGERS SURVEYED

(up from 55% in 2014) believe art and collectibles should be part of a wealth management offering

73% OF THE WEALTH MANAGERS SURVEYED

(up from 58% in 2014) said their clients wanted to include art and other collectible assets in their wealth reports in order to have consolidated view of their wealth

72%

of art collectors surveyed buy art for passion with an investment view

6%

of art collectors indicated that they buy for a mere investment purpose

\$15-19 Billion

Estimation of the overall US art-secured lending market with a 5-year average annual growth around 15%

SOURCE: DELOITTE

And the current focus of their collecting activities is on emerging artists from all over the world, with an emphasis on South America, Africa, and Asia.

Even if you look at emerging markets like Africa, you'll find a significant amount of private sector involvement in arts and culture.

Take South Africa, for example, a country steeped in a history of political turmoil, yet, glistening with a bountiful cultural scene. And there, you'd be hard pressed to find a bank, telco, or any other public company that does not have a sizeable involvement in that scene.

Corporate Art Brief, a publication dedicated to tracking the corporate art market, recently named ABSA (one of the largest banks on the African continent), and Telkom (the country's national telephone operator) as two of the best corporate art collections in the world.

The Middle East and South Asia are rich in a history of art and culture, and there is no doubt that the art market is booming.

But it's not the corporates who are buying.

"There's a real lack of that here," says Michael Jeha, managing director and deputy chairman of Christie's Middle East, the regional arm of the auction powerhouse.

"I would say that it's a glaring weakness in the Middle East art market. Some of the biggest art collections in the world are corporate, but there are hardly any here. I can probably count them on one hand, if, even that."

The Dubai Art Triad

Holding up three fingers, one of the collections Jeha refers to is that of Dubai International Financial Centre or as it is better known, DIFC. As a corporate entity, it has played its part in investing in and exhibiting artworks within this space. If you've ever been to DIFC, you most certainly would have noticed an array of sculptures dotting



COLLECTION CRISIS

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Photograph by **ANNA NIELSEN**



its walkways. You may have peaked into the adorned windows of art galleries located there, or perhaps even attended one of the district's many Art Nights.

One of the remaining fingers Jeha points to is reserved for Elie Khouri, the CEO of OmnicomMediaGroup MENA, a media services group whose building in Dubai Media City is covered in colorful murals on the outside and various artworks on every floor.

And the triad of corporate art collections is rounded off by the Abraaj Group, whose annual art prize commissions have seen artists from the region flung into the global spotlight, and picked up for exhibition at international galleries and museums.

In total, the group's art collection now includes 28 major works and it has lent works to over 30 institutions across the world.

In many cases, a company's art collection depends primarily on the leanings of the boss, as it is with Omnicom. Abraaj's involvement in the arts started with Arif Naqvi, founder and CEO, and is perpetuated by Frederic Sicre, the group's managing director.

Both are avid art collectors, and have managed to build this passion into the DNA of the company.

"You've got to realize that most people that work for Abraaj are investment bankers. And they're very focused on just that," Sicre tells us.

"At first, they just didn't understand what we were doing, but I think all of them do now," he claims, grinning proudly. "We've been able to show them what the value of art is to their constituents...that it shows a soft side of the firm, which helps to build relationships."

Sicre goes on to tell us that art is not just a fancy hobby for the group's leaders but also a part of Abraaj's investment approach. "We don't invest only to make financial returns but also to have an impact on the communities in which we're operating in."

"In any city, that we operate in, we're helping to build entrepreneurial ecosystems," he says, explaining the rationale further. "We mentor entrepreneurs, and we assist them to scale their businesses."

Sicre says that for Abraaj, artists are 'cultural entrepreneurs.' And so, much like they invest in for-profit commercial entrepreneurs, they also invest philanthropic money into these cultural entrepreneurs, Sicre adds, gesturing at the people bustling about at this year's edition of Art Dubai, where we conduct this conversation.

Sicre even insists that having a corporate art collection and involvement in the art fair gives the company a "hip and cool edge."

The Abraaj Group Art Prize, now in its ninth year, enables talented artists in the MENA-South Asia region to develop their practice by realizing a unique, commissioned project.

This year, the winner of the prize was Bangladeshi-born artist Rana Begum, whose impressive floating geometric artwork, dazzled spectators at its unveiling at this year's Art Dubai.

Green Shoots

Despite the global political, economic and social sentiment being at an all-time low last year, Christie's sales in Dubai still grew by 5% versus the previous year.

They also increased their buyer base of new collectors in the Middle East by about 10% to 15%, according to Jeha. Overall the auction house has sold around \$300 million worth of art from the region, and over 3,000 works by Middle Eastern Artists. Middle Eastern clients now count for over 5% of Christie's global turnover.

"If we look at the art market today, there are so many more galleries than there were in the region ten years ago, and there are many more art fairs today, across the Middle East," Jeha gleams.

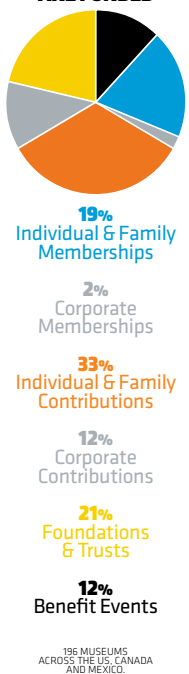
Iran and Turkey's thriving art scenes, closely followed by Egypt, have produced some of the world's most famous artists like Fahrelnissa Zeid (Turkey), Farhad Moshiri (Iran), and Mahmoud Said (Egypt), who have sold works at auction for over \$10 million, \$7 million and \$6 million respectively.

And now with international sanctions on Iran being lifted, many art market experts predict to see strong domestic and international growth in the Iranian art market over the next 12 months.

Individual patrons and governments are all actively getting involved in this exciting sector. Look at Abu Dhabi's (slow, yet) concerted attempt at getting its versions of the Guggenheim and Louvre Museums up and running. Sharjah's ruling family are known for their avid patronage and involvement in launching the Sharjah Biennial. And Qatar's royal patron, H.E. Sheikha Mayassa Al Thani, is known for making some of the world's most expensive purchases.

According to Deloitte's latest Art & Finance Report, wealth managers the world over are increasingly considering art as part of a robust investment portfolio. About 78% (up

THE PATRON\$ HOW ART MUSEUMS ARE FUNDED



IN THE SPOTLIGHT



RANA BEGUM WINNER OF THE 2017 ABRAAJ GROUP ART PRIZE

The \$100,000 award enables the winning artist to develop a new commission. Begum's geometric glass panel work entitled No. 695, was unveiled at this year's Art Dubai.

SOURCE: ART DUBAI



CULTURAL ENTERPRISE

“We don’t invest only to make financial returns but also to have an impact on the communities in which we’re operating in. In any city we operate in, we’re helping to build entrepreneurial ecosystems.”

- FREDERIC SICRE *managing director of The Abraaj Group*

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ART AS AN ASSET

“When I first started this job, and I would go to the banks and talk about art as an asset class, and everyone would look at me, bewildered, and say ‘what is she talking about?’ But today they approach me!”

- SALMA SHAHEEM *joint venture partner at The Fine Art Group*

Photograph by **ALEX ATACK**



from 55% in 2014) of wealth managers surveyed in 2016 believe art and collectibles should be part of a wealth management offering, the report found.

The same study also revealed that technology in the art field is going to be a booster in the market, as “increasing investments in art market startups demonstrate continued confidence in the growth of the online art and technology industry and the development of a corporate finance business.”

Over 73% of art professionals believe that online art businesses will play an important role in the art market in the next two to three years, it said.

The region’s businesses, however, seem to have missed the memo. If it were up to Jeha, he’d get things moving through incentives from schools and governments.

“There are two key areas, where I can see the the art market being encouraged to grow. One is education, at a very early age. I think we need to see a lot more art educational activities, and creativity in schools and universities, where it’s part of their curriculum,” he says.

The other is government incentives to corporates.

“For example in the UK, incentives for corporations, be it tax breaks and the like. Even though there is no tax here [yet], there are many other ways you can give incentives that’ll encourage corporations and make them see the importance being patrons of the arts.”

Where to start

Salma Shaheem, joint venture partner and head of Middle East markets at The Fine Art Group, is a seasoned art investment advisor based in Dubai. Playing tour guide to the art market locally and globally, Shaheem knows what and when is good to buy.

The Fine Art Group, which is headquartered in London, is the longest standing art investment house in the market, with around \$300 million of assets under management, according to Shaheem.

Shaheem mostly works with private collectors in the region. However, she has high hopes for businesses to cotton on soon.

“When I first started this job, and I would go to the banks and talk about art as an asset class, and everyone would look at me bewildered and say ‘what is she talking about?’,” she reminisces. “But today they approach me! Art is now on the tip of everyone’s tongue. Even if they don’t operate within the market yet, they certainly know that it exists. And that is very exciting.”

The majority of collectors buy art for passion with an investment view. Very few buy purely for the purpose of investment only. The emotional benefit of collecting, combined with the potential of a value increase or value protection, is the driving motivation among most art collectors in the art market.

Shaheem recommends that first-timers begin with purchasing works from local artists, familiarizing them-

selves with the grassroots scene, supporting galleries, and building their way up.

“I often get asked, ‘why should I pay the gallery, when I can go directly to the artist?’ Well in fact, whatever premium you think you’re paying, is so worth it,” she urges.

“Artists are not good as their own managers. They need to be focusing on what’s most important—the art. They need support from the galleries. The gallery you pay will reinvest it into the promotion and publicizing of the artists, and pushing their artworks into museums and bigger exhibitions. The gallery’s role in the lifetime of an artist is so important,” Shaheem insists.

There have been various studies proving that art in the workplace serves as a strong creative stimuli factor, and even encourages people to be in the office, when there’s an increasing trend of them wanting to work remotely. Everyone who has ever done so can agree that buying art is a fruitful and enriching process. It is akin to getting to know a person, a group of people, an entire culture. It deals a lot with personal taste, background, and worldview.

In this line, beginners may also be pleasantly surprised to know that art as an asset enjoys a negative correlation to traditional assets.

So, when stocks and bonds or other such assets go down, no matter the crisis or reasons, the value of art tends to increase.

“For example, I was in New York in November, right after the US election and this was when Christie’s and Sotheby’s held their auctions,” Shaheem says.

“Every peer that I spoke to, especially coming from this region, I asked, are we going to have a problem? And they all said a firm no. If the art doesn’t sell, it doesn’t sell because of the art, not because of the elections.”

In short, even Trump can’t shake the thriving art market.

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CHRISTINE GROVÉ is a senior reporter at Inc. Arabia.

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AND MEXICO

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Revenue per Visitor
(admissions, shop,
and restaurant)



\$55.07

Art Museum
Expense per Visitor

SOURCE: 214 MUSEUMS
ACROSS THE US, CANADA,
AND MEXICO