

# Beijing Dealers See Silver Lining in Economic Downturn



Courtesy Acquavella Galleries

Zeng Fanzhi, "Lion" (2008). Zeng, whose work has achieved seven-figure sums on the secondary market in China, will have a solo show at Acquavella Galleries in New York in April.

## By Barbara Pollock

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BEIJING— “It’s ridiculous to think that you can only open an art gallery at the top of the market,” says Beijing collector **Yang Bin**, standing in the middle of his cavernous new space, **Aye Eastation**, which he intends to open decidedly not at the top of the market, on March 15. But for Yang, who has made his fortune in Buick, Cadillac, and BMW auto dealerships, there is no downturn. Sales of cars are up this quarter in Beijing, he boasts, and prices are steady at the original **Aye Gallery**, a smaller space located in an upscale apartment and run by his wife **Yan Qing**. Beijing is filled with people like this collector, who despite some undeniably bad market omens, are ever-optimistic about the future of the Chinese contemporary art market and are ready to invest in its success.

Yang will open Aye Eastation with a show of his own personal collection, featuring works by **Zhang Xiaogang**, **Fang Lijun**, **Liu Xiaodong**, and **Yan Pei-Ming**. “I am doing this because it is a great way to promote contemporary art,” says Yang, seemingly unconcerned that these artists are no longer making records at auction and that the Beijing art market, still heavily reliant on now-scarce foreign buyers, has yet to establish a reliable domestic collector base. His new gallery is the hub of Road 22, a scheme by developer **Zhang Baochuan** to create a row of international-caliber galleries outside the **Today Art Museum** that will serve as the heart of an upscale condominium development project. For now, the gallery is alone among a street of vacant storefronts, with no takers for rents considered too high and too risky in this economic climate.

Still, “Chinese people are optimistic that the Chinese contemporary art trend will not change all that much, it will just slow down a little bit,” says **Huang Liaoyuan** of **Beijing Art Now Gallery**. “In the United States, maybe there are 10 collectors and they have already bought Chinese contemporary art, but in China, there are 100 potential collectors and only one has started to buy, so there is a 99 percent potential.” This approach — seeing the worldwide economic crisis as an opportunity to develop a domestic consumer base — echoes the Chinese government’s current economic policies, which also have an eye toward domestic development and moving away from being an export economy. **Meg Maggio**, owner of the Beijing gallery **Pekin Fine Arts**, agrees (though she sees the term “local” as also encompassing collectors from as far away as Hong Kong, Taiwan, Singapore, and Japan). “I think people here on every level are going to have to be more in tune with their domestic needs and less export-oriented, and those principles that hold true with their macroeconomic planning also hold true with their art market.”

**Leng Lin**, president of **Pace Beijing**, an outpost of the U.S. powerhouse **PaceWildenstein**, also believes that China will be able to rely on its untapped domestic wealth. “We can feel the bad atmosphere from outside

economies, but we still feel the confidence for long-term development,” he said. This outlook seems to contradict recent sales results at the two leading auction houses in mainland China, **Poly** and **Guardian**, which bring in almost exclusively mainland buyers. Poly brought in a total of only \$58.5 million for its fall season, in comparison to \$151.7 in the spring, and Guardian sold only \$52 million for the fall, dropping a contemporary sale from its schedule, in comparison to \$210.4 million in the spring. But dealers note that these totals, though disappointing, are on par with 2004 prices, which were not up to the record years of 2006 and 2007, but significantly better than what preceded them. “This situation is better than the whole 1990s,” said Len, referring to a period when barely any market existed in mainland China.

Despite widespread rumors of gallery closings across Beijing, most of the major dealers in the city reported stable business in the past two months, traditionally a very slow season due to the Chinese New Year holidays. Leng notes that local galleries are helped by the city’s low overhead costs. Pace Beijing, now shuttered for renovations, paid three years of its rent upfront and will reopen in May. Other dealers in the 798 art district protested when their landlord, Seven Star Group, threatened to double the rent; as a result, **Continua Gallery** and the others were able to enter into month-to-month leases at their standing rates. Still, many commented that they would not be able to tell if the market has fallen until April, when business usually picks up after the quiet winter months.

While galleries are betting that mainland buyers will pick up the slack, the three mainland art fairs — **CIGE** and **Art Beijing** in April in Beijing and **ShContemporary** in September in Shanghai — are all taking actions to ensure success despite the threats in the market, and from a new competitor, **Art HK**. The Hong Kong fair opened to great success in 2008 and has already wooed several galleries away from the mainland fairs, as well as attracted blue-chip Westerners like **Gagosian**, **Lisson**, and **White Cube** galleries. **Dong Mengyang**, executive director of Art Beijing, explained that the fair is in negotiations with the Chinese government to eliminate the 34 percent customs tax on art transactions that has proven to be a major obstacle for all mainland fairs and has put them at a disadvantage to Art HK 09, scheduled for May. **Colin Chinnery**, the newly appointed director of ShContemporary, said that booth costs will be greatly reduced and free accommodations will be provided for all collectors invited by galleries; he’s also invested in the fair’s leadership, inviting **Mami Kataoka**, curator at Japan’s **Mori Art Museum**, multimedia artist **Wang Jingwei**, and e-flux producer **Anton Vidokle** to serve as an advisory team. Art Beijing will also reduce fair fees, with the help of a fund established with support of the Beijing municipality.

“Honestly, business is a bit more difficult, but it’s a good time,” says **Fabien Fryns**, owner of **F2 Gallery**, who sees his core clients benefiting from the drop in prices. Fryns does a large amount of secondary-market business, especially for artist **Zeng Fanzhi**, who has gained attention worldwide and will be opening a solo show at **Acquavella Galleries** in New York in April, but who priced out of some collectors’ range when his works soared to over \$10 million at auction. “The last few years weren’t normal either,” Fryns says, adding, “it’s important that we go through something like this.”

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