

# China's Art Market: Cold or Maybe Hibernating?



Doug Kanter for The New York Times

The artist Zeng Fanzhi in his studio in Beijing.

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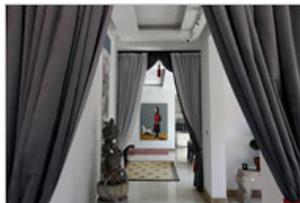
By [DAVID BARBOZA](#)

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BEIJING — A new studio designed by Zeng Fanzhi is a vivid testament to the riches reaped by [China's](#) hottest contemporary artists.

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A view of Mr. Zeng's studio. The best-known Chinese artists may be insulated from the market.

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Mr. Zeng, whose works are popular in Europe, is preparing for his first solo exhibition in New York, at the Acquavella Galleries.

The high-ceilinged 2,200-square-foot space is adorned with European and Chinese antiques, museum-quality floors, a small gym and a traditional landscape garden that Mr. Zeng said contains authentic Ming and Qing dynasty relics. Hanging on the walls are his massive canvases, which not so long ago could easily fetch \$1 million apiece.

But just as he and dozens of other artists in Beijing and Shanghai put the finishing touches on lavish studios that proclaim their success, the market for Chinese contemporary art has entered a downward spiral.

A global financial crisis has wiped out vast amounts of personal wealth, prompting a plunge in art prices. Suddenly bereft of visitors, galleries are laying off staff members, and the collectors who patronized them now worry that their art investments may prove a colossal folly.

"It's been a long, cold winter," said Zoe Butt, director of international programs at Long March Space, which is closing two of its three Beijing galleries. "The era of Chinese contemporary art commanding such high prices is over."

Auctions, perhaps the most popular barometer of the recent craze for Chinese contemporary art, have also been hard hit. [Sotheby's](#) autumn auction of Chinese contemporary art in October was dismal by comparison with the October 2007 result, with some works going unsold.

Experts say the contracting market is also putting the squeeze on major collectors, many of whom had been hoping to unload high-priced works in 2009.

Globally, the recent rise in Chinese artists' fortunes was unparalleled. Only one Chinese artist — Zao Wouki, a traditional painter who lives in France — ranked among the Top 10 best-selling living artists in 2004, according to [Artprice.com](#), which tracks auction sales. (He ranked ninth.) But by 2007, 5 of the 10 best-selling living artists at auction were Chinese-born, led by Zhang Xiaogang, who trailed only [Gerhard Richter](#) and [Damien Hirst](#). That year, Mr. Zhang's auction sales totaled \$56 million, according to [Artprice.com](#).

Many collectors were seduced by the numbers. "For people who got into the market three years ago, I feel sorry for them," said Fabien Fryns, who runs F2 Gallery in Beijing.

Artists who have benefited most from this country's rising profile as an arts center are still living in luxury residences and driving BMWs and Mercedes-Benzes. But recently, they've been getting fewer visitors.

"Before, every day visitors would come and knock on the door, and I had to spend the morning taking them around," Mr. Zeng said, sitting on a leather sofa in his studio. "Now it's about half as much."

He seems somewhat relieved, however. And experts say the market drop may be salubrious in some ways for Chinese art. Soaring prices had created a circuslike atmosphere, with some artists turning their studios into assembly lines that mass-produced their most popular works.

"The market zooming up made a lot of people blind and deaf," said Jérôme Sans, director of the Ullens Center for Contemporary Art in Beijing. "Now, we can have production of the mind, not just the product. No more of this making fast money."

A crucial test looms for the small number of international galleries that opened here in recent years in the hope of cashing in on the excitement while also developing long-term projects with Chinese artists.

[PaceWildenstein](#) of New York, which now represents Zhang Xiaogang and Zhang Huan, two of the country's most respected artists, signed a 10-year lease last year and is preparing to open a 20,000-square-foot gallery in the 798 Arts District in Beijing.

"I don't worry about the downturn too much," said Leng Lin, the director of the gallery. "This is a long-term project. In the future, the market will recover."

Acquavella Galleries of New York has also invested in China, agreeing to represent Mr. Zeng, whose crisp, dark portraits of life and nature are popular among European collectors.

And then there are Guy and Myriam Ullens, the Belgian multimillionaires who founded the sprawling Ullens Contemporary Art Center in 2007 after amassing one of the biggest collections of Chinese contemporary art more than a decade ago.

Their foundation has recently been shopping that collection, which includes about 1,500 works and is now in Switzerland, to Chinese buyers. But selling a collection that large, possibly as part of a package deal that would include the center they founded in Beijing, may be a challenge.

Mr. Sans, director of the center, insists that the buyer must be from China.

“We’re trying to find partners,” he said. “We want all the works to stay together and to be controlled by Chinese.”

[Charles Saatchi](#), the legendary London-based dealer and collector, also invested heavily in Chinese contemporary art in recent years, helping to drive up prices.

With collectors hibernating, traffic has slowed in Beijing’s 798 Arts District and Shanghai’s M50 Arts District, though some say winter is usually a slow time anyway. By April, gallery dealers say, the true extent of the damage may be known.

“Collectors call me, but they’re more careful” about spending, said Cheng Xingdong, who operates a large Beijing gallery. “And because people stopped buying, you don’t know the value of the works.”

The best-known artists may be insulated from the effects of the downturn. Because of their huge exposure in recent years, including newspaper and magazine profiles, many of them now have international reputations and collectors who are still eager to support them.

Mr. Zeng, who favors European fashions and Chinese antiques, is one of those lucky ones. He’s preparing for his first solo exhibition in New York, at the Acquavella Galleries, and another show this spring at the Suzhou Museum, designed by [I. M. Pei](#).

He said he was even gratified that he did not sell too many of his paintings over the last few years. If the market were now flooded with his works, he reasons, their value would be far lower.

Mr. Zeng opened a door to a storage room in the rear of the studio filled with dozens of works and smiled. “That would have been a disaster.”