

Do I hear \$25 million? Christie's in the UAE

Last week's spectacular dual auction by Christie's of the some of world's finest jewels and the largest collection of Middle Eastern art to go under the hammer is the latest sign that the UAE has become a key player on the global arts scene. But what does the future hold? by Madeleine Collins

If ever there was a good place to be during these troubled financial times it was at last week's Christie's auction in the vast Godolphin Ballroom at the Emirates Towers Hotel. Or so it would appear.

Looking for a bargain? How about \$42,000 for a white and yellow three stone diamond ring that had a forecast selling price of \$80,000-120,000. Or a ruby and diamond ring that sold for \$62,000, despite its expected price of \$180,000.

Many estimates were spot on of course, but the fact that the total sale price post-auction was \$8,223,750, in contrast to the forecast total of more than double that, must surely be put down to a sign of the times.

The ground breaking auction was split into two nights. One offered "jewels in the region of \$20-25million dollars, the highest pre-sale estimate we've ever had," according to Michael Jeha, Managing Director of Christie's Middle East. The other 'the most important selection of Arab and Iranian art ever offered on the international auction market' said the brochure.

Christie's has a grand strategy in place to dominate the market in the UAE. They will have two sales per year, one in April and October, both offering one for modern and contemporary art and one for jewels and watches. This was the second season. The first in April produced sales of \$40 million – \$20 million for each auction.

Not surprisingly, this time around, there were high hopes. In April, Christie's jewelry sale achieved three world record prices and on the arts side, Christie's has sold a staggering \$100 million worth of art in Dubai since May 2006.

As I take my seat, a multi-coloured light installation spelling out

'HAPPY' flashes to my right. Everyone around me certainly looks happy. For tonight is all about jewels. And I'm talking sumptuous, dazzling, multi-coloured big ones. Highlights include a huge Belle Epoque diamond riviere necklace, circa 1910, that is estimated to sell for \$1,200,000-2,500,000.

The room is huge. Two rows of telephone-adorned tables line the walls to the left and right of rows of linen-clad chairs facing the auctioneer's podium. They are flanked by the Middle Eastern works of art in every direction, all of which will take the spotlight when they go under the hammer the following night.

Birkin bags are parked next to matching expensive shiny shoes, multicoloured diamonds hang from bronzed earlobes, and quaffed hair do's sit precariously upon expensive pretty heads, contrasting nicely with the groomed slicked back appearance of much of the male crowd.

The local contingent is minimal, I spot perhaps two or three in the audience of 60 plus. Up on the phone tables, attractive European-looking women sit in silk dresses, hand on receiver.

A dead ringer for Camilla Parker Bowles stands alone to one side near the wall, but she turns out to be a Christie's attendant.

A cameraman captures the scene from a raised platform, providing 'Christie's Live', the only live auction web feed in the world, I am told. This is a high level operation.

Hush descends and bidding begins. As prices increase so do the numbers on the massive screen behind auctioneer Rahul Kadakia.

Currencies in USD, AED, BHD, SAR, Kwd, QAR and EUR flicker constantly as bids increase. Whoever is operating the computer is a genius. One by one the lots are sold.

Prior to the auction David Warren, Director and Head of Jewelry, Christie's Middle East told me he expected a total sale price of around \$18 million dollars. While the actual final figure makes sobering reading for the art and jewelry industry, take into account Warren's figures regarding the fluctuation of one of world's most luxurious commodities and it starts to make sense.

"Using white 5 carat flawless diamonds as a measure, from 1992-2005 diamond prices increased by around 6 percent," he explains. "It was steady but not much. From 2005-2007 diamond prices increased by 34 percent, but from June 2007 to June 2008 they increased by 94 percent because of huge demand and decreased supply.

"In the last three to four weeks they've come down 25 to 30 percent, which is due to the financial crisis. But it's still a pretty high market. Diamond producers will now cut back and produce less stones, which will adjust the market and keep it strong."

This goes some way to explain why a number of the most expensive jewels were withdrawn from the auction. "As an industry leader, we feel it is our responsibility to guide our clients and buyers on the marketplace," said Warren, post-auction.

"Given the current economic climate, we decided to withdraw eleven lots from the sale. This is not an indication of anything more serious, but a prudent response to the softening of unit prices for jewels and rare stones in recent weeks. It is important to note that jewelry prices are still higher than they were 2 years ago.

"The catalogue for this auction was published in September, and so the estimates were agreed in a very different economic climate to today. As a result, some of our estimates were revised to reflect this."

The following night focuses on both Middle Eastern and international art. Highlights included pieces by Iranian artist Sohrab Sepehri and Lebanese painter Paul Guiragossian.

The total sale achieved was \$8,655,000. Of the 155 lots offered, 108 sold, including three at world record prices. A successful night indeed for Christie's.

Of the trajectory of the arts scene in the UAE, Michael Jeha says, "The demand and appetite for art has increased considerably. Two or three years ago you had maybe five or six galleries in Dubai, now there are over thirty."

He cites art fairs in Abu Dhabi and Dubai, Art Paris, Museum Plaza in Abu Dhabi, and the Dubai Cultural and Arts Authority as key reasons for the growth.

"We're now seeing the makings of a real art movement here in the region. And it's not just from the top. Private collectors are participating and there's a lot more govern-



mental support." As for the economic situation having a knock on effect of investing in fine art, Jeha says, "There's no doubt we're in the middle of a financial crisis. Christie's is keeping a very watchful eye on that."

"However we take comfort in the fact that what we sell is very tangible. It has a strong inherent value and while those values fluctuate over time, it does retain that inherent value nonetheless. Even in difficult times quality tends to hold its value and sell well, so we're confident."

And globally? "The Middle East is growing into one of the important art centres around the world. New York, London and Paris have been around for many centuries so it's not fair to make comparisons. For Christie's, the Middle East is one of our most important auction centres around the world and we expect it to only grow in time as museum projects come to fruition."

William Lawrie is Christie's International Modern and Contemporary Art specialist and sourced all of the Middle Eastern art for the auction. He echoes Jeha's comments on the increasingly burgeoning art gallery scene here, but also points to the fact that galleries in various Gulf States are now "sharing art from further a field, around the Middle East."

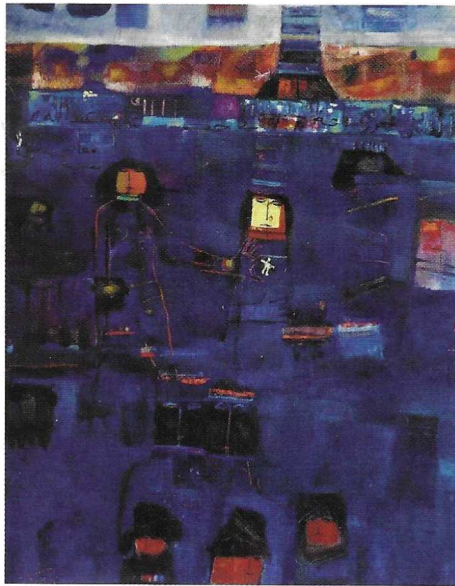
"There are a lot more artist's exhibitions from different countries than before. When I was putting together our first auction in 2006, I found the art scene was quite fragmented in the Middle East. You had a few galleries in Beirut, Cairo and Damascus but they didn't have that much to do with galleries in the Gulf."

"Over the last couple of years it's become a much more integrated and cohesive art market, not just in the UAE. One of the biggest galleries now is Ayyam, which started off as a Syrian gallery in Damascus two years ago. Now it's come over here and is showing Syrian art with artists that would never have come here a couple of years ago."

Lawrie says while there used to be a lot of different art markets here, they are now in some sense 'one'. "In our first auction in 2006, lots of people had heard of each other by reputation but had never met within the national art market," he explains. "They came to the auction and met each other for the first time. It was a real catalyst. Then there was Art Dubai in March 2007, (then called the Gulf Art Fair), and it all suddenly took off."

And it's all about networking from the top to the bottom. "In terms of content our last sale really encouraged people a lot," says Lawrie. "So we capitalised on that by encouraging people to bring out better and better works - 20th century works."

"You would find that people from Middle East origin or those who had lived here



had gone to Europe or America and taken their paintings with them that they bought in the 50s, 60s or 70s.

"They'd been sitting on their walls, so they were totally unknown to dealers here. No one knew about them as they were bought directly from the artist so they were totally fresh to the market."

"So each time round we've been able to get more and more of these at our auctions. Thousands of people contact me directly now and we sell them on behalf."

And the future? "Results of the auction will show how willing people are to consign works of this quality. There's no way we could have put together a sale like this a year ago. We didn't have the access or contacts."

One key player on the UAE arts scene is Mishal Kanoo, the owner of one of Dubai's most prominent galleries MEEM, which has been open for two years. Kanoo says creating MEEM was an "opportunity to

bring to this part of the world some kind of proper structure for artists and galleries."

"We focus on premium players in the Arab art world. We decided we wanted to be the first and do it properly. It is a passion of ours."

"It is very important if we're going to be a metropolitan city on a grand scale. We're sat out here, a global city with no art. And it'd be even sadder if you don't have a company that represents your art from this part of the world."

Kanoo attributes the strength of the Middle Eastern arts scene to increased patronage for the arts.

Roxane Zand, Sothebys Director for the Middle East and Gulf, agrees. "There's a great deal of patronage - corporate, governmental and individual - occurring, and patronage has always historically been tied to growth of art markets," she explains.

Sothebys recently opened an office in Doha, Qatar and they plan to hold the first in a series of international sales in early 2009. "It's like a jigsaw puzzle, with all the pieces coming together," says Zand, by way of putting the art industry as a whole into perspective.

"The whole art market is made up of many components, many elements and lots of layers: museums, galleries, dealers, collectors, art lovers, artists, art fairs - each of these constitute a certain layer that make up the overall package."

"In any given centre that becomes recognised as a major global centre, these layers and components have to be present."

"Currently, in the UAE and Qatar, these pieces of the puzzle are slowly coming together. There are more artists, galleries and museums opening, dealers - and we all sustain each other. Artists without galleries would be meaningless, galleries need the auction houses to create the prices and the auction houses need the collectors - we're all interconnected."

"There are very important plans afoot," says Zand, citing the opening of the The Museum of Islamic Art in Doha on November 22nd, and the planned Louvre and Guggenheim museums.

And she, like Lawrie and Jeha, believes the art industry will ride out the current financial storm. "I'm holding out a lot of hope for continued growth and feel optimistic."

"Because there is so much support, it looks likely plans to develop the Gulf as a cultural hub will be successful."

"Obviously there are always random factors - Murphy's Law, if you will - that you can't predict or account for."

"But if all goes forward as we imagine, with the Middle East being one of the growth centres of the world, this art market is very likely to succeed and be sustained." ■