THE NEW YORK OBSERVER

Welcome to Art Market Boom 2.0

The economy continues to tank, but money flows in art land.

By Andrew Russeth, September 6, 2011

The New York art world may be entering uncharted territory.

Why do we think so? Let's look at the big picture: In June, dealers at the Art Basel fair reported that business was booming. Art, we were told in report after report, was selling as it had in the heady days of 2006 and 2007, when the housing crash and the worldwide economic crisis were merely theories in the heads of a few sharp-eyed economists and canny hedge fund managers.

Last month, the world's two leading auction houses, Sotheby's and Christie's, announced record revenues for the first half of the year, having moved $3.4 billion and $3.2 billion worth of art and other goods, respectively.

Now, for New York: there are, at this moment, more galleries, more artists, more curators and—perhaps most significant—more square footage devoted to art than at any time in the city's history. The art world has never been wealthier, and that wealth has never been more intensely concentrated.

A handful of top-flight galleries are vying for the attention of a growing number of unprecedentedly wealthy collectors. At the auction houses, guarantees (an amount promised to a seller regardless of what an artwork sells for), which vanished during the recession, are back on the table, an indication that the houses are again flush and ready to compete for consignments. Ambitious young dealers are entering the fray.
It is a thrilling moment, and a frightening one. Call it Boom 2.0.

Unlike with the last upswing, this time around, as the art market rallies, the broader economy is stuck in a ditch. Unemployment hovers around 9 percent, twice what it was back in the last boom, just five years ago, and the stock market—historically a serviceable indicator of the art market's health—has been erratic. This week, the first shows of the new season open. By the end of the month, there will be hundreds of new exhibitions on view, and much of the art in them will, as usual, be uneven in quality. But as the painter Alex Katz once told critic David Bourdon, "If we only wanted to look at masterpieces, we'd spend all our time at the Frick." The market aside, there will be unexpected thrills and disappointments, and endless fodder for arguments.

As the season opens, here are a few predictions about what it will bring.

POWER WILL BEGET POWER

The gap between the big winners and everyone else is widening quickly in the art world, as it is elsewhere. With his 11 global galleries, and now his $36.5 million Upper East Side mansion, Larry Gagosian, who some believe is the world's first billionaire art dealer, remains the most powerful man in the business, more the CEO of a luxury brand than an art dealer. (Jay-Z dropped his name on Watch the Throne.)

Mr. Gagosian is opening the New York season with the sort of firepower that would be the envy of any dealer in town: two monumental new steel sculptures by Richard Serra, one more than 75 feet long; a survey of Andy Warhol's prized Liz Taylor portraits; and, because the dealer can now do anything he wants, a show of new paintings by Bob Dylan.

Also on tap at Gagosian is an exhibition by British figurative painter Jenny Saville, whom he first showed in 1999, earning skeptical whispers as he furiously raised her prices into the six-digit realm early in her career. "That girl is 29 years old," an anonymous dealer was quoted as saying soon after. "If she is not going to make it, she is never going to have a career ever. … These are live and die prices, motherfucker." Here we are, about a decade later: Ms. Saville's current auction record, set at Christie's in February, is $2.42 million.

Meanwhile Arne Glimcher's Pace Gallery—which is by some estimations second in the world to Mr. Gagosian's—is breaking ground on a fifth New York branch, which will be tucked underneath the High Line in Chelsea. "Not every gallery needs 20-foot ceilings," Pace's heir apparent, Mr. Glimcher's son Marc Glimcher, told The Observer.

But Pace will vacate its hulking West 22nd Street gallery at the end of next summer, clearing the way for its landlord, the Dia Art Foundation, to move forward with plans to build a new space there. "It's tragic, but it had to happen," Mr. Glimcher said. "We can't be too unhappy about it, if it means Dia comes back." Whether that will happen remains to be seen: the foundation announced its plans to build on the lot in November 2009, but it has yet to name an architect. (This week, Observer columnist Adam Lindemann reveals that Dia has also purchased the building next door, for $11.5 million.)

Chelsea and its longtime elite remain the engine of the market and the center of attention. The West 20s are lined with galleries that started elsewhere in the city in the 1980s, and a few that began far earlier. Some muscled into that group's rarefied realm in the 1990s, but power relations have ossified in recent years. Will any young gallerists join their ranks?

THE LOWER EAST SIDE WILL START TO FEEL CROWDED

Most venturesome dealers are still opting to open on the Lower East Side, which has been the nexus of Manhattan's emerging scene since 2007, when the New Museum opened there. "A walk is becoming a run is becoming a stampede," said Josh Frank, of Misrahi Realty, when asked about galleries opening in the area. "Mass has gravity."

Recent migrants to the area include Chicago's Golden Gallery, on the western edge, and Maxwell Graham (formerly of Renwick Gallery), whose new space is on Essex Street, the eastern frontier. According to Mr. Frank, galleries in the area are paying between $3,500 and $6,000 a month for relatively modest storefronts. "It's much cheaper than West Chelsea," he said, "and you just can't find these small stores anywhere else."

In a sense, it's sophomore year on the L.E.S.: on Orchard Street, the neighborhood's main drag, many dealers are hosting second shows by the artists they debuted over the past few years. In September, Sara Greenberger Rafferty returns to Rachel Uffner, Lisa Kirk to Invisible-Exports and Sarah Crowner to Nicelle Beauchene. Just off Orchard, dealers Margaret Lee and Oliver Newton are showing Anicka Yi for a second time at their gallery, whose name changed from 179 Canal to 47 Canal with a relocation in May.
"Second shows in New York can be more important than first shows," said Ms. Beauchene. "Artists have to prove they can push their work."

Newness fades quickly in the art world. It always has. The East Village scene of the mid-1980s disappeared in a matter of years. Some dealers folded, unable to hold the attention of collectors and curators, while the savvier ones left for Soho in search of lower rents and more space. How long will the Lower East Side district endure? We may know soon.

“If the landlords get greedy, they’ll move on,” said gallerist Jay Gorney, a veteran of the East Village, who is now at Mitchell-Innes & Nash in Chelsea. “If their spaces are big enough and their rents are workable, they’ll stay.” He cautioned, “We should be talking about the survival of individual galleries, not necessarily neighborhoods.”

Perhaps the right comparison isn’t the East Village, but Soho, which galleries fled for Chelsea in the mid 1990s, when retailers—including large corporate brands willing to pay astronomical rents—started to take over.

On the swiftly gentrifying Lower East Side, retail looms. Mr. Frank mentioned that three new hotels are in the process of opening in the area, and that a chocolate shop on Broome and a beer shop on Orchard are on the way. “People are going to get soused and walk around and buy art and chocolate,” he said jokingly. Many galleries signed five-year leases back in 2008, and they’ll need to decide if they want to stick around to experience that.

And yet there are lingering concerns, even now that the neighborhood is booming, that it still isn’t attracting the right art crowd. “I’d like to see MoMA and Whitney curators a little more,” one dealer told us. Of course, not all young dealers move to the L.E.S. The award for the most exotic move of the year goes to the energetic Parisian gallerists Daniele Balice and Alexander Hertling, who have linked up with critic David Lewis to start a small project space in a Hell’s Kitchen office building. “Some people may not think it is a very sophisticated place, but it feels real,” Mr. Balice told The Observer earlier this year, speaking warmly of the neighborhood’s cheap bars and restaurants. He added, “I may be wrong.”

ALTERNATIVE SPACES WILL LEAD

Many nonprofit galleries have been taking admirable curatorial risks.

For the past year, at the Artist’s Institute, down on Eldridge Street, curator Anthony Huberman has been shaping freewheeling idiosyncratic programs based on the work of a single artist each semester with help from his students at Hunter College, which backs the venture. It has held lectures, organized an orchid sale, hosted performances and baked bread. Somehow, it’s made sense. Through December, its focus is on the septuagenarian Native American artist Jimmie Durham, a critical favorite who hasn’t shown in New York recently.

In Soho, Recess Activities has been handing over its space to emerging artists since it opened in 2009, and letting them organize shows, make work and host events while in residence. The results have been unpredictable and messy and exciting (which can’t typically be said of most Chelsea galleries), and it recently added a Red Hook location.

And there are new appointments to watch. With new director Stefan Kalmár at its helm, Artists Space has had a streak of smart solo shows, and a survey of the work of the little-known renegade New York interventionist Christopher D’Arcangelo is up next. Former Artforum czar Tim Griffin has just taken the reins of the Kitchen, and onetime Creative Time curator Peter Eleey has started as chief curator at MoMA PS1.

DEALERS WILL GO BACK TO THE FUTURE

Across the city, from the Upper East Side's Alex Zachary and the aforementioned Essex Street to the West Village's Algus Greenspon and the Ridgewood, Queens, space Regina Rex, galleries are hosting exhibitions of older artists that the New York market had previously ignored—or loved once and dropped. A segment of the 1980s East Village scene is enjoying a surprising resurrection this season, with a few artists from the Neo-Geo movement making appearances in unexpected places. Sculptor Haim Steinbach is showing with Chelsea powerhouse Tanya Bonakdar, and Meyer Vaisman, a reclusive figure of late, will have a show out in Williamsburg, at an artist-run gallery called Soloway. It will be Mr. Vaisman's first show in New York since 2000.

"I studied Meyer's work in school," said Soloway's Munro Galloway. "The way he uses found imagery and digital manipulation in his work has resonance with what is happening now." Mr. Vaisman's experience running the storied International With Monument gallery in the 1980s—the former home of Jeff Koons, a onetime Neo-Geo star—is also an inspiration, Mr. Galloway said. Artist-run spaces like International are opening at a breathtaking rate in Bushwick, but it still feels too early to hazard a guess of what will happen there.

WHAT COMES NEXT

With so much money flowing into the art world today, it should be a time of diverse and far-reaching experiments and innovations, and alternative spaces should be vigorously expanding. Instead, that money appears to be flowing into the same few hands, supporting the same well-known names. Collectors are building private museums as nonprofits announce layoffs.

The price of the cheapest sculpture in Japanese artist Takashi Murakami's recent show at Gagosian London was $1.8 million, a sum that would cover the operating expenses of a New York nonprofit like White Columns or SculptureCenter for two years—or buy, en masse, a dozen shows on the Lower East Side, giving enterprising dealers some breathing room.

If some economists prove right, a double dip recession looms. Big-ticket items by established names selling smoothly could just be one more indication that investors want somewhere to park their money other than the wobbly stock market. If the economy worsens, the effects could be painful for many. For now, though, the art world feels strangely insulated from that broader turmoil. In other words, Boom 2.0 is in full swing.