

The Wealth Report Series

# Luxury Investments

Q2 2023

A unique guide to the investments of passion collected by high-net-worth individuals

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Data – New results from our  
Luxury Investment Index

Analysis – The latest art market  
trends revealed

Debate – Can EVs thrill like a  
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## The Knight Frank Luxury Investment Index (KFLII) – Data & Definitions

KFLII is arguably the most comprehensive guide to the performance of luxury investments available. However, it is important to understand how it is compiled and its limitations. The overall index is based on the weighted performance of a basket of ten asset classes. The performance of each asset class is weighted based on an objective assessment of its “collectability” within the ultra-high-net-worth community. Art, for example, will have a higher weighting than coins. The individual indices are compiled by third-party analysts using different methodologies and, as such, care should be taken when comparing the performance of one asset class against another. Each index may also only reflect the performance of a subset of the overall market for each asset class – often reflecting the collecting tastes of UHNWIs – and is not necessarily indicative of wider performance. The methodology for each individual index, some of which are created specifically for KFLII, is listed below:

**ART:** To construct the All Art index, AMR records sales at auction every month and uses the price data to determine an average value for all artists in AMR’s database. This value is called the Artist Price (AP). For all the data time points, including the base period, the sum of APs is computed – the Underlying Monetary Value (UMV). An initial index for time point *t* is then computed as 1000 multiplied by the ratio of the sum at this time point to that of the sum in the base period. This process is repeated monthly. The entire history of the series is smoothed with factors which decrease exponentially. At any point in time, the index represents a comparison of the sum of APs relative to the sum of APs in the base period [artmarketresearch.com](http://artmarketresearch.com)

**CLASSIC CARS:** The HAGI Top Index that we use tracks the value of 50 investment-grade cars from 19 marques with a capitalisation of over £5 billion. Using data from global and private sales, the index is weighted depending on the

*market capitalisation of each model featured* and is updated monthly using a chained-Paasche algorithm method [historicautogroup.com](http://historicautogroup.com)

**COLOUR DIAMONDS:** The index is compiled on a quarterly basis by the Fancy Color Research Foundation using independently analysed purchase price data from 28 global wholesale suppliers, dealers and manufacturers. The index tracks size and intensity for pink, blue and yellow diamonds [fcresearch.org](http://fcresearch.org)

**RARE WHISKY:** The Knight Frank Rare Whisky Index, compiled by Rare Whisky 101, measures the UK auction price (net of any buyer/seller premium) of 100 bottles of the oldest, finest, rarest single malt Scotch whisky ever created by some of the most talented distillers and master blenders. It represents bottles distilled at the most iconic of Scotch whisky distilleries and has no correlation to casks of whisky [rarewhisky101.com](http://rarewhisky101.com)

**WATCHES, FURNITURE, HANDBAGS:** AMR’s antiques, luxury and collectibles indexes are based on a number of items that are used to represent the ‘class’. The index for a class represents a comparison of the average market value for items in the class relative to their value in the base period, 1975 (or some later date). The database consists of valuations (in sterling) of each one of the items at six-monthly or twelve-monthly intervals from the base period to the present based on auction sales data and/or expert valuations [artmarketresearch.com](http://artmarketresearch.com)

**WINE:** The Knight Frank Fine Wine Icons Index is based on a basket of 200 fine wines curated to reflect the tastes of a discerning high-net-worth collector. Each wine is revalued monthly using mid-point, low-market cluster prices as derived from Wine-Searcher merchant listings [wineowners.com](http://wineowners.com)

**LUXURY INVESTMENTS DEFINED:** What are luxury investments or, as they are also often referred to, investments of passion? Here’s my take: First, there need to be similar elements to any other investment market – liquidity (a community of likeminded collectors really helps); accessible trading platforms to allow you to buy and sell; the potential for values to rise over the long term (that’s why we don’t put private jets or superyachts in this category); and, preferably, some element of data that allows market performance to be tracked. Second, and crucially, collecting the asset class in question must be enjoyable regardless of any change in value. If no passion is involved, if the joy of ownership doesn’t make up for any potential drop in value, then it’s just another investment.

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# Welcome

Luxury investments continue to beguile. But thorough research is key before taking the plunge. Your journey starts here



ANDREW SHIRLEY,  
HEAD OF LUXURY RESEARCH

It's a pleasure to welcome you to the latest in the series of updates to *The Wealth Report 2023*. As a former editor of the report, I always enjoyed compiling the section that looked at the latest investment trends in the world of cars, wine, art, watches and the like. I'm delighted, therefore, to have been able to put together this special focus for you.

Some might ask why a real estate business like Knight Frank is tracking the value of such asset classes, but to my mind prime residential property and luxury investments are inextricably linked. As discussed on page 40, a house only becomes a home once it reflects the character of its owners. The art on the walls, the wine in the cellar or the cars in the garage, even the jewellery or watches on the dressing table, are all bound up with that.

What's also fascinating is how the world of collecting also reflects the big issues of our times. Our analysis of the art market on page 8 and report on the impact of EVs on page 24 are good examples.

But what is a luxury investment or, as I tend to refer to them, an investment of passion? It struck

“What is a luxury investment or, as I tend to refer to them, an investment of passion”

me when preparing for a recent presentation that I'd never actually defined the term. I've included my take on the opposite page, but to me it's the joy of ownership – read my interview with a passionate watch collector on page 34 to see what I mean – that is the crucial factor. And that's why when asked what to collect, my simple answer is always: something that will give you pleasure.

The ultimate investments of passion also possess a third attribute that is harder to define, whether it's provenance or an air of romance or history. There are very few people who can claim to be the embodiment of an asset class, but Jane Birkin, whose death was sadly announced just before this supplement went to press, will be forever immortalised in the shape of the Hermès handbag ( see page 16) named after her.

Every owner of a Birkin bag will feel some of the actor, singer and fashion icon's insouciant style rubbing off on them. And how can you put a value on that? I hope this report inspires and informs your own collections. Do get in touch and let me know what your investment of passion is.

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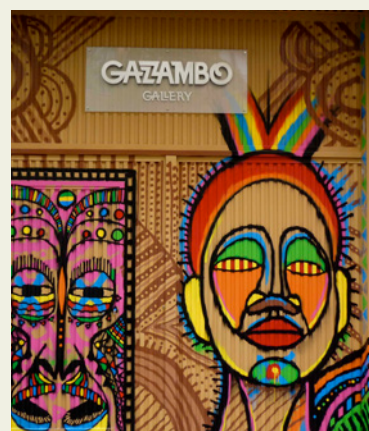
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Property and collecting united



Racquel Reclining Wearing Purple Jumpsuit by Mickalene Thomas sold by Christie's in 2021 for US\$1.8 million

Image courtesy Christie's

# Performance

Track the changing value of luxury investments and the latest market trends

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# Mixed picture

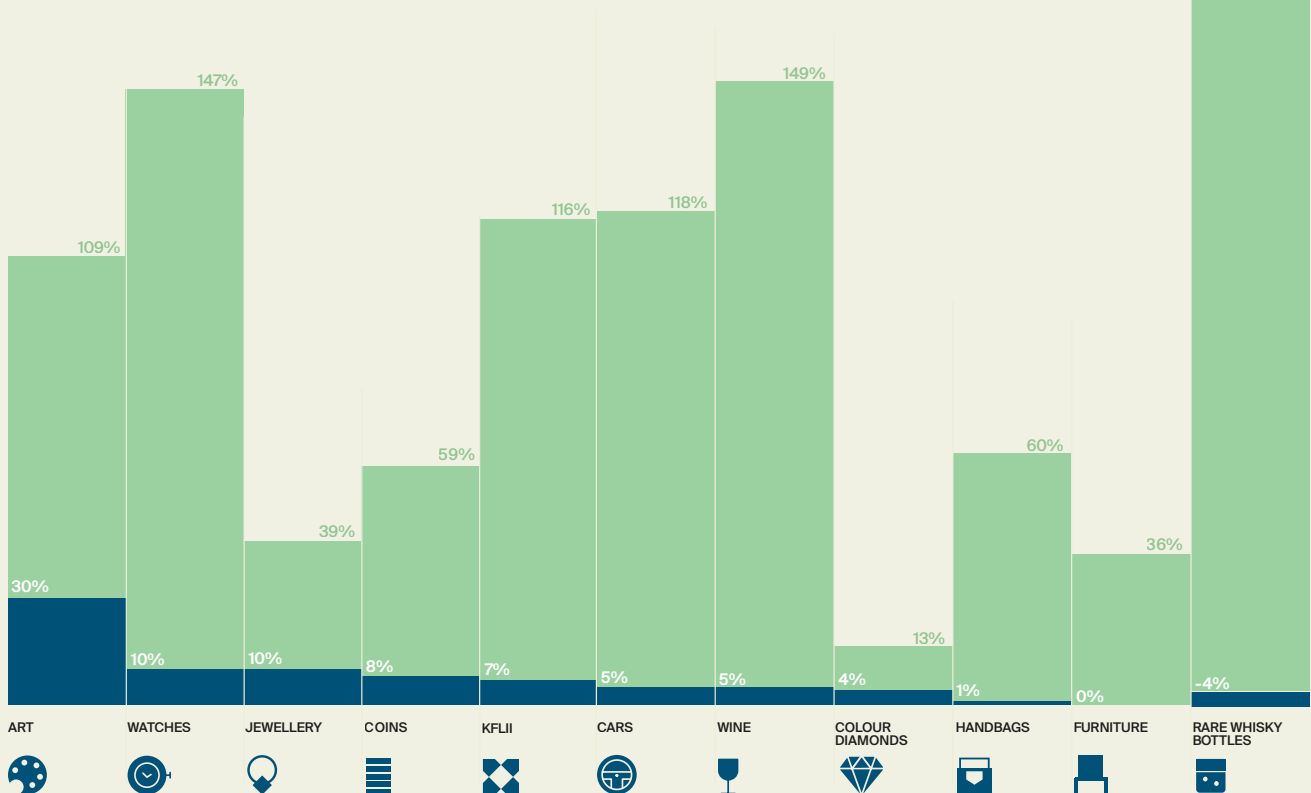
Art once again tops the Knight Frank Luxury Investment Index (KFLII), but growth is starting to slow or even reverse for some of the other asset classes tracked by the index

## Inflation busters

The Knight Frank Luxury Investment Index Q2 2023

### PRICE CHANGE

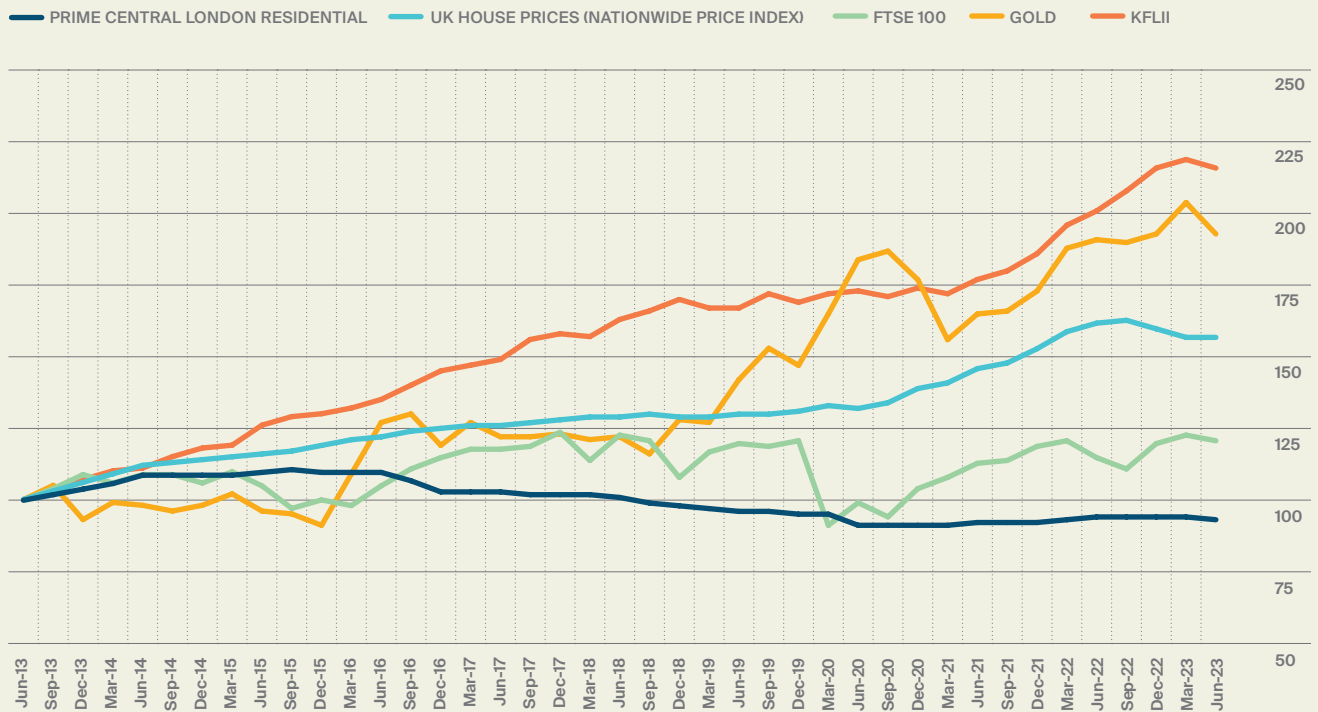
10-year 12-month



Source: Compiled by Knight Frank Research using data from AMR (art, coins, furniture, handbags, jewellery and watches), Fancy Color Research Foundation (coloured diamonds), HAGI (cars), Rare Whisky 101 and Wine Owners. Notes: KFLII is a weighted average of individual asset performance. \*All data to Q2 2023 except coins (Q4 2022). Contact [andrew.shirley@knightfrank.com](mailto:andrew.shirley@knightfrank.com) for more information

## Tangible asset

KFLII 10-year indexed performance v other assets (Q2 2013 = 100)



Source: Knight Frank Research

The Knight Frank Luxury Investment Index (KFLII), which tracks a weighted basket of 10 collectibles, rose by 7% in the 12 months to the end of June 2023.

This was a creditable performance compared with houses in Prime Central London, down 1% over the same period; the FTSE 100 index of equities, which rose by 5%; and gold which was up in value by just 1%. But it was the weakest annual performance by KFLII since Q2 2021, proving that even tangible assets are not immune to market uncertainty.

A slowdown in the wine and classic car markets, where double-digit rises have often underpinned the index's performance, helped temper growth.

"Burgundy has been the big success story of the past decade, with prices having escalated 367% by the early autumn of 2022. However, the top of the Burgundy market peaked around that time and has since fallen by at least 9%. Published prices tend

to lag realised sales, indicating that there is further to fall," points out Nick Martin of Wine Owners, which compiles the Knight Frank Fine Wine Icons Index (KFFWII).

"Whereas Burgundy is scarcity led, Champagne is a high-volume market, with certain prestige brands' production running into the several million of bottles per vintage release. Prices of some of those prestige cuvées have been testing price elasticity of demand and seen sales stagnate as a result," adds Nick.

"Against this backdrop the KFFWII, benefitting from its globally balanced index composition, has risen 5% in the past year and is flat year to date. Nevertheless, the heightened cost of capital may well act as drag on blue chip fine wine markets for the rest of 2023," Nick predicts.

"When interest rates have risen sharply to around 6%, new releases in particular, according to market

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"Against this backdrop the KFFWII, benefitting from its globally balanced index composition, has risen 5% in the past year and is flat year to date"

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economics, should be offered at a bigger discount to future value in order to convince consumers to spend on wine instead of holding cash. If wine markets are looking topy with limited obvious upside for new releases, there'll continue to be downward pressure exerted on secondary market prices more widely," he explains.

Some markets like South Africa (+11%) and Australia (+8%) have, however, seen strong growth this year. ▶

## Message in a bottle

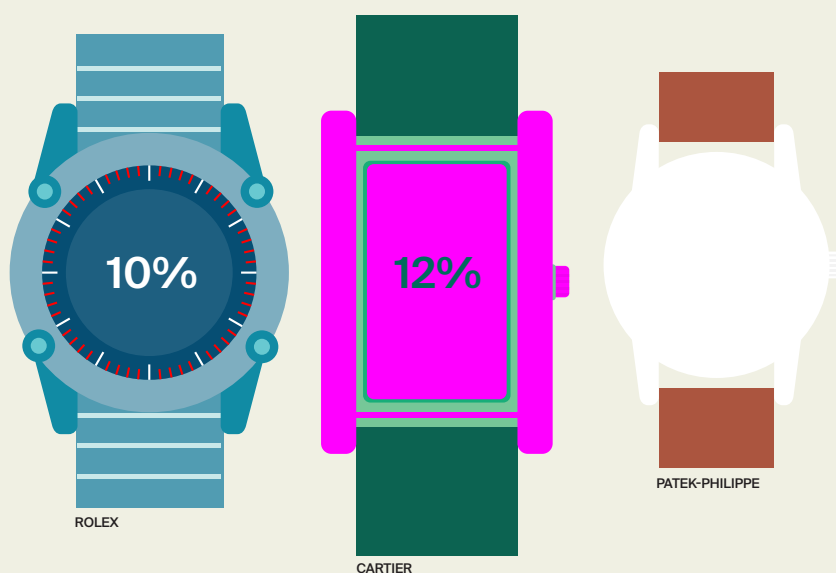
Price change of selected investment-grade wines (to July 10, 2023)



Source: Wine Owners \*First growth \*\*Tuscany and Piedmont

## Times table

12-month price change of selected vintage watch brands (to Q2 2023)



Source: AMR

## REVERSE GEAR

The performance of classic cars has also been mixed, says Dietrich Hatlapa of our data provider HAGI. “After a strong performance in 2022 when the value of the most investable classic cars rose by 25%, this year has seen the market slip into reverse gear due to macro-economic factors like rising interest rates and inflation.”

According to the HAGI Top Index, prices dropped by almost 7% in the first half of the year. Ferrari saw the biggest drop slipping by just over 15%. However, not all cars are skidding off the track. HAGI’s Lamborghini Index is up 9% so far this year, as is its new BMW index. “These cars tend to be a bit newer and offer low price points for collectors,” says Dietrich. “Very strong communities of collectors have also built up around iconic models like the Miura,” he adds.

However, rare bottles of whisky, our strongest 10-year performer by far, are the only KFLII asset class to actually see a negative annual performance dropping by 4%, according to the index compiled for us by Rare Whisky 101.

“Bottles of rare whisky have had a far more sedate time from a performance perspective over the past three years,” confirms Andy Simpson of industry consultant Simpson Reserved. “Higher value (over £5,000) bottles have re-traced recently due to a myriad of geo-political, social and economic reasons. Certain brands have still performed well, while the market leader (from a sheer volume of market perspective), Macallan, has seen particularly punishing losses with its index re-tracing almost 12% over the past twelve months,” says Andy.

## ARTISTIC LICENCE

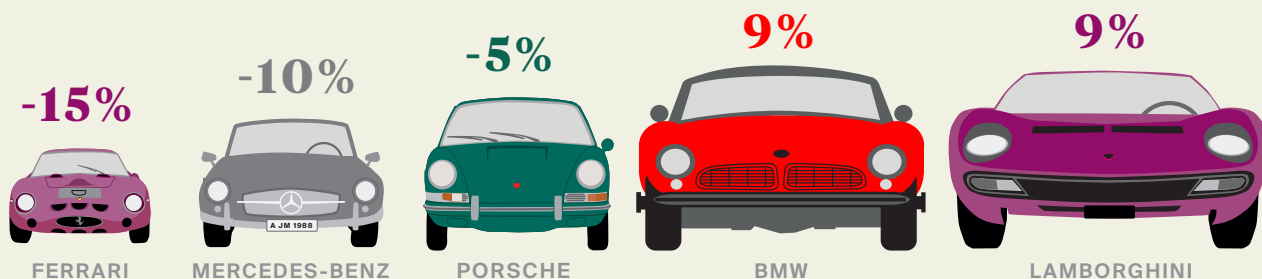
Even the performance of art, which tops KFLII with 12-month growth of 30%, as measured by AMR’s All Art index, should be understood in terms of the post pandemic recovery period rather than just a market in robust health, reckons AMR’s Sebastian Duthy.

“The auction season’s spring sales are the first measure of market confidence and recent results suggest growth is already starting to slow. While it’s tempting to connect the fortunes of the art market with current external events, big changes to the way auctioneers do



## Chequered flag

Price change by manufacturer\* (January to June 2023)



Source: HAGI

business is equally important to factor in,” notes Sebastian.

“The days when the top auction houses relied on the three Ds – Death, Debt and Divorce – are long gone. Go to Sotheby’s website and you will find auctions appear secondary to the number of pages offering private sales on anything from sneakers and barware to pens and lighters. Today, headline-grabbing public sales of art act more as a marketing tool attracting collectors to the increasingly popular luxury sector.

“And while it remains true that the best works by Picasso, Warhol and others continue to achieve wallet-busting-prices, less iconic pieces by these artists often struggle to reach estimates. AMR’s All Art ‘Top Traded’ index tracks the most liquid sector of the market by analysing only artists who have had 30 or more sales in a two-year period. This index is dominated by artworks from impressionist, modern and contemporary masters and reveals how average values have moved little since 2016,” he says.

Wearable investments of passion like jewellery and watches, however, seem to have retained their allure, for now at least. The AMR Watch index was up 10%, but “a correction may be on the cards for some hyped watch styles,” reckons Sebastian.

“But collectors from around the world were drawn to vintage jewels and exceptional coloured gemstones and diamonds as they re-invigorated recent summer auction sales,” he points out. “Christie’s had an exceptional season of jewellery sales in the first half of 2023, including the record-breaking

single-owner sale of the Collection of Heidi Horten. A ruby and diamond ‘bird of paradise’ brooch by Van Cleef & Arpels sold for 453,000 Swiss francs in Geneva in May 2023, up by around 40% compared with a sale of the same piece in 2018.”

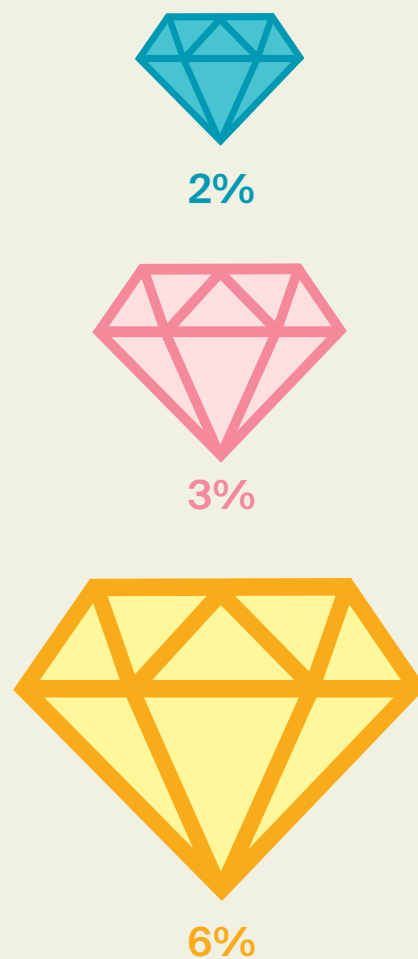
Colour diamonds are also enjoying a rise in interest, says Miri Chen of the Fancy Color Research Foundation. “As for the shift from colorless to fancy color, we see more wholesalers who are looking for safer areas to invest their capital. As a result, many of them increase their fancy color diamonds at the expense of their colorless inventory.

“We do observe a dramatic change in the way retailers present fancy color diamonds,” adds Miri. “The feedback we receive indicates a significant increase in the success rate of fancy color sales when even inexperienced sales teams use our research to engage in fascinating conversations with collectors to convey genuine appreciation and an emotional connection.”

Although pink diamonds have seen the strongest price growth over the long term, yellow diamonds have been rising in popularity over the past 12 months, according to the latest FCRF data.

## Mellow yellow

12-month price change of colour diamonds (to Q2 2023)



Source: FCRF

## Extra insight

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# Awakening

A new generation of buyers acquiring art in different ways is helping bring greater equity to the market. Sebastian Duthy of AMR looks at the numbers

*Hey you – Portrait of Jessica by Mickalene Thomas. Sold at auction by Phillips New York in 2021 for US\$1,542,000*



Image courtesy Phillips

The selling of artworks had democratic beginnings. The Dutch Golden age, which started at the end of the 16th century, was said to have been the birthplace of the art market. At this time, artworks were so popular and plentiful that they could be found at auction sold by weight. But as the cultural status of artists grew, a more appreciative audience recognized individual talent.

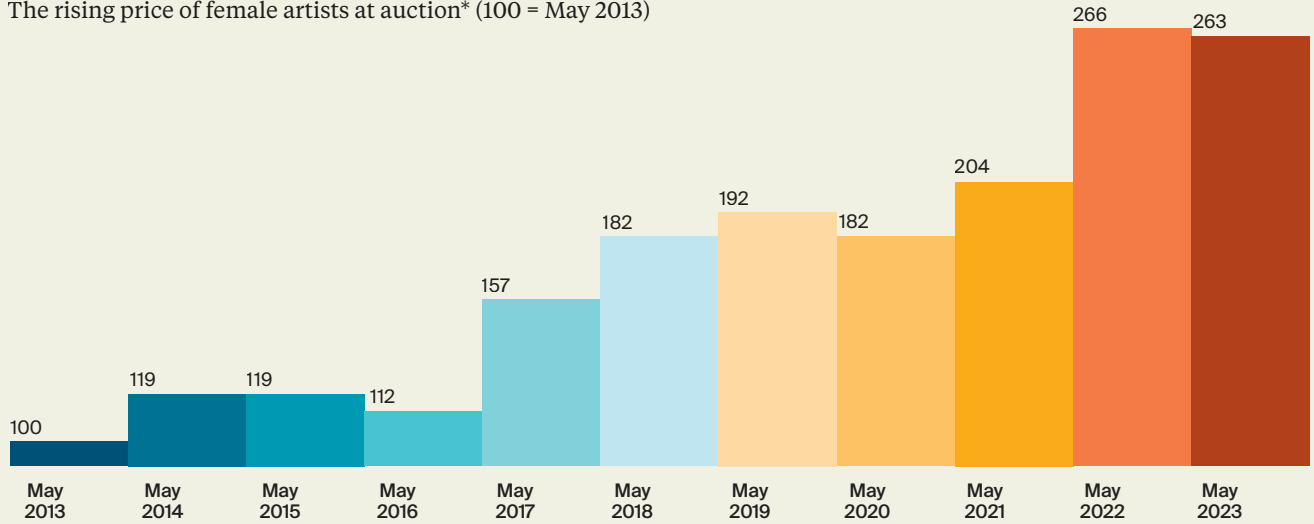
Hundreds of years later, however, that appreciation is still heavily biased towards works of art created by men. Despite a growing number of female artists creating highly distinctive works from the beginning of the 20th century, a recent report by Julia Halperin & Charlotte Burns reveals that just 3.3% of all auction sales between 2008 and mid-2022 were by women.

Nonetheless prices are rising. AMR's index of 100 women artists reveals that the greatest period of growth was between May 2016 and May 2019. Rising 70% over the three years, the shift coincided with the powerful social change movements, #MeToo and #BLM. Following the Covid-19 lockdown, average values accelerated once again with a rise of 30% in just one year.

Measuring sales of women artists against the wider market reveals evidence that some collectors are at last turning their attention to women and particularly contemporary women artists. In a leader board of individual artists whose works have grown in value the quickest over the past 10 years, eight were women, of which seven were living artists.

## Me too

The rising price of female artists at auction\* (100 = May 2013)



Source: AMR \*The AMR Women Artists 100 Index

“AMR’s index of 100 women artists reveals that the greatest period of growth was between May 2016 and May 2019 (+70%), which coincided with the #MeToo and #BLM movements.”

The American artist Mickalene Thomas sits near the top of our leader board and her works such as *Racquel Reclining Wearing Purple Jumpsuit* (see section opener), which was sold by Christie’s in 2021 for US\$1.8 million, and *Portrait of Jessica* (opposite) address race and gender issues. Works by the artist can now be found in world-leading institutions such as MOMA and The Guggenheim.

Olivia Thornton, Head of 20th Century & Contemporary Art for Europe at Phillips,

which has handled three of the artist’s five most expensive auction sales, explains Mickalene’s growing popularity. “She is an influential artist known for her distinct aesthetic languages in contemporary visual culture. Her mixed-media works explore the complexities of black and female identity and experiences, and she is a source of inspiration across art, culture, and fashion, including collaborating with Dior earlier this year.” ▶

## High performance

Artists with biggest 10-year jump in auction prices

		AVERAGE SALES VALUE		% CHANGE
		2013	2022	
1	SHARA HUGHES	\$1,200	\$218,481	18,107%
2	JONAS WOOD	\$4,100	\$198,000	4,729%
3	MICKALENE THOMAS	\$14,500	\$216,875	1,396%
4	VIJA CELMINS	\$270,000	\$2,083,393	672%
5	CHRISTINE AY TJOE	\$31,000	\$280,625	805%
6	YAYOI KUSAMA	\$52,700	\$434,977	725%
7	LEONOR FINI	\$3,700	\$24,485	562%
8	MAI TRUNG THU	\$18,000	\$121,017	572%
9	LYNETTE YIADON-BOAKYE	\$73,000	\$265,442	264%
10	ELIZABETH PEYTON	\$55,000	\$216,624	294%

Source: AMR



## Tiger burning bright

Timeline of auction house investment into Asia

- 2013 ● Christie's becomes the first international art auction house to be granted a license to operate independently in mainland China.
- 2015 ● Phillips holds first auction sale in Hong Kong.  
  
Phillips launches its first exhibition space in the heart of Hong Kong's central arts district.
- 2018 ● Christie's Shanghai saleroom expands to new premises at Bund One.
- 2022 ● Sotheby's opens new office in Tokyo, holds first auction in Singapore for 15 years and presents first major international exhibition in Vietnam.
- 2023 ● Sotheby's opens new Shanghai headquarters as "base camp for collector communities and art enthusiasts".
- 2023 ● Phillips relocates its Asia-Pacific headquarters to a 52,000 sq ft, six-storey space to West Kowloon, Hong Kong.
- 2024 ● Christie's plans to relocate Asia-Pacific headquarters to The Henderson in Hong Kong - a 50,000 sq ft space occupying four storeys of the Zaha Hadid designed tower.
- 2024 ● Sotheby's plans to open 24,000 sq ft 'Maison' at the retail centre Landmark Chater in Hong Kong's luxury district.
- 2024 ● Sotheby's plans to move its Asia Pacific headquarters to the new 36,000 sq ft Six Pacific Place

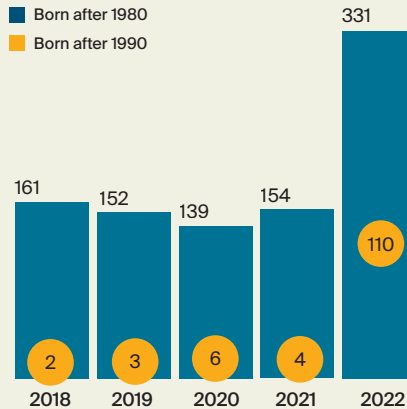
### GENDER GAP

Looking forwards, we analysed the number of younger male and female artists coming to auction in 2022 (see emerging artists chart) and found around one third (32%) were women. Further analysis of living artists whose works broke an auction record in 2022 reveals that 40% were by women. Clearly, there is still some way to go to before women artists are considered equal in the eyes of the current group of (predominantly male) collectors.

In the past few years, the number of living artists whose work appears at auction has continued to rise as

### New generation

Number of artists selling at auction



Source: AMR

gallerists and auction houses respond to increasing demand. A survey of the ages of artists at major auction house sales reveals that the number of artists born after 1980 has increased dramatically.

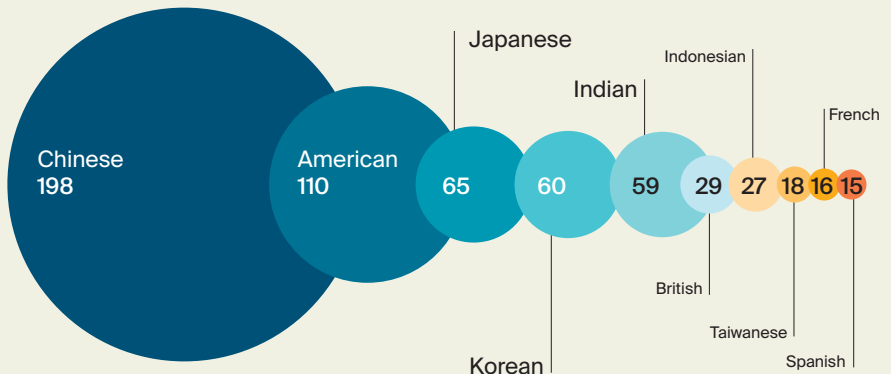
The appearance of so many young artists at auction comes at a time when younger and younger collectors are participating in auctions through online channels. It makes sense that collectors should want to invest in pieces that speak directly to them, but it's also evidence of a shift in the way artworks are consigned to auction.

Traditionally gallerists 'placed' artworks with collectors who could be relied on not to flip them within months. As the collecting landscape changes, however, mega galleries like Hauser & Wirth, Gagosian and Almine Rech, have become more pragmatic in their approach to selling. Today, these vendors are adapting to a market where traditional relationships built over years are being replaced with remote sales to buyers who appear to prefer the anonymity of buying online.

In July, the *Antiques Trade Gazette* highlighted a report measuring bidders' attitude to sales with and without an auctioneer revealing online buyers preferred 'predictable end times', 'convenience' and 'less pressure' when choosing timed sales. The findings of the 5,000 people surveyed indicates these online-only auctions are much

### Without borders

Number of artists by nationality sold at auction in Asia (2022)



more likely to convert new registrants to new bidders than live sales. As marketplace innovations continue to invade the traditional auction market model, we can expect digital behaviour to continue to shape the way art is bought and sold.

But it's also worth noting that gallerists' practice of catering to current demand instead of acting as arbiters of taste, is encouraging exactly the results many have long feared – that copycat styles will proliferate. If you go online to see what's selling now, you will find a higher than usual number of works displaying remarkably similar traits.

### EASTERN PROMISE

The Asia-Pacific market has been another focus of growth for collectors who have demonstrated their increasing appetite for art following the 2008 financial crisis. As a result, international art businesses have been committed to growing their presence in Hong Kong (see timeline) and are now looking beyond the confines of China.

Frieze, the international art fair, held its first Asian edition in Seoul last year following the recent arrival of a clutch of international galleries in the South Korean capital. Sotheby's held its first major auction in Singapore in 2022 and toured some of its works in Vietnam.

Again, much of the clamour is for the attention of younger bidders made rich by successes in the entertainment, fashion, gaming, fintech and crypto sectors. The range of artworks on sale has an equally international signature. When collectors in the Asia-Pacific region first started piling into art 15 years ago, it was almost exclusively for works produced by homegrown talent. A 2022 chart of sales divided into artists' nationality shows that this appetite has grown to include works by artists from all over the world.

The commitment to growth in Asia is evidenced by the real estate top auction houses are investing in. Although Sotheby's celebrates 50 years of business in Asia this year, and Christie's first sale in the region was held in 1986, it has only been in the past ten years that the top auction houses have invested so much time, energy and resources in the region.

## The expert's view – Charlotte Gibbs, Head of New Now, Phillips

Phillips has pioneered the market for cutting edge contemporary art, establishing record breaking prices for today's exciting artists. *New Now* is an auction category that is all about championing new and emerging artists such as Pam Evelyn, Sarah Miska and Katherine Bradford. I love open water swimming and am always drawn to seascapes. In Katherine's *A Walk to the Sea* you never really know where the sky, the riverbank, the beach, or the waters all meet, and I think it gives the composition a real weightlessness. When you are in the water and feel as if you are floating, that is what you feel when you stand in front of one of her paintings. A highlight of my career was working on the sale of an extraordinary work by Pablo Picasso, *La Dormeuse* painted in 1932. This was a landmark sale for our department and at the time was the highest value auction achieved at the company.



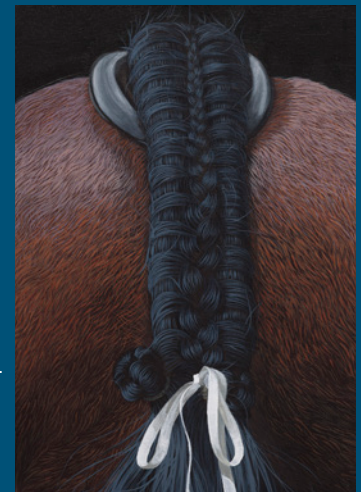
*A Walk to the Sea* by Katherine Bradford. Sold for £25,400 (est £15,000 to £20,000) at *New Now*, July 2023



*La Dormeuse* by Pablo Picasso. Sold for £41.9m (est £12m-£18m) at 20th Century & Contemporary Art Evening Sale, March 2018



*Evening Rain* by Pam Evelyn. Sold for £81,900 (est £8,000-£12,000) at *New Now*, December 2022



For Sale by Sarah Miska. Sold for £20,320 (est £3,000-£5,000) at *New Now*, July 2023

# Going, going gone?

NFT artworks and other collectible collaborations surged in popularity during the Covid pandemic, but transaction volumes and values have since slumped. Nina Plowman examines what the future holds

Late last year, NFT – or non-fungible token – transaction volumes hit freefall and public interest declined. Deal values on OpenSea, the largest marketplace, fell 89% between December 2021 and December 2022, and there were similar downturns among curated platforms over this period.

Auction house Sotheby's has also reportedly trimmed its team of NFT and metaverse specialists, despite a number of recent high-profile NFT sales.

However, the original rapid rise of the NFT phenomenon served to diversify the market. In its wake, the cultural whipping-up of the art world

created not only a new category of collecting, but also new generations of collectors in the cohorts we have come to know as Gens Z and Y.

So, despite the wider collapse in crypto assets, there is still something to be said for the broader art world's confidence in the utility and reach of NFTs. This year, for example, there have been signs of a revival to an extent. Transactions hit US\$4.7 billion in the first quarter of 2023, compared to just US\$1.9 billion in the previous three months, according to sector analyst DappRadar. Though this was still a long way off the US\$12.6 billion scored in the first quarter of 2022.

Nothing has come close to the dizzy heights hit in 2021 by the digital artist Beeple when his seminal work *Everydays, The First 5000 Days* stunned the art world when it was auctioned by Christie's in March for US\$69 million, followed later in the year by the installation/NFT *Human One* for US\$28 million. Even the million-dollar-plus prices regularly paid for single *Bored Ape Yacht Club* editions by celebrities such as Justin Bieber seem a distant memory.

But NFTs produced by well-regarded digital and generative artists are still selling for decent sums of money.

In New York this May, for example, Christie's 3.0 – the auction house's digital arm – sold *Jack Butcher: Checks Elements – This artwork may or may not be notable* for 50.1 ether, the equivalent of US\$93,000. A month later at a sale raising funds for the Multidisciplinary Association for Psychedelic Studies, works by leading digital artists fetched a total of US\$372,570. The top lot of the sale was *Self-Discovery* by DeeKay realising almost 49 ether.

Provenance and a shade of notoriety also help. Sotheby's realised almost US\$11 million – double the high estimate – in June when it sold off 40 digital artworks that belonged to the bankrupt

▼ Party pooper – Bored Ape NFTs have slumped



crypto business Three Arrows Capital. Generative artist Dmitri Cherniak's *Ringers #879 (The Goose)* went for US\$6.2 million.

According to Claudia Schürch, Christie's Senior Specialist in Post War & Contemporary Art, the level of investment in NFT artworks and the attention the auction house is paying to digital creators stands to reason when considering the changing face of art history. "Art is always revising itself. For digital art and for every single category, there's always a newly discovered artist or someone we want to include," she says.

Globally recognised as one of top three auction houses, it is not only important for specialists at Christie's to ensure they are representing interesting new names in any major art movement, it's also crucial that the contents of the sales reflect changing tastes and attitudes.

Claudia is a proponent of the notion of the eclectic collector. "You can like contemporary art and Old Masters, and you can like the Impressionists and digital art." She believes that NFTs have opened up the art world to a new collector as an access point. "Once they are in, they will then transition to new and different art choices."

But where are we now when it comes to broader perceptions of art on the blockchain? It seems that the market has moved beyond its initial 'gold rush' stage, and collectively

Road to nowhere –  
Human One by Bleeple

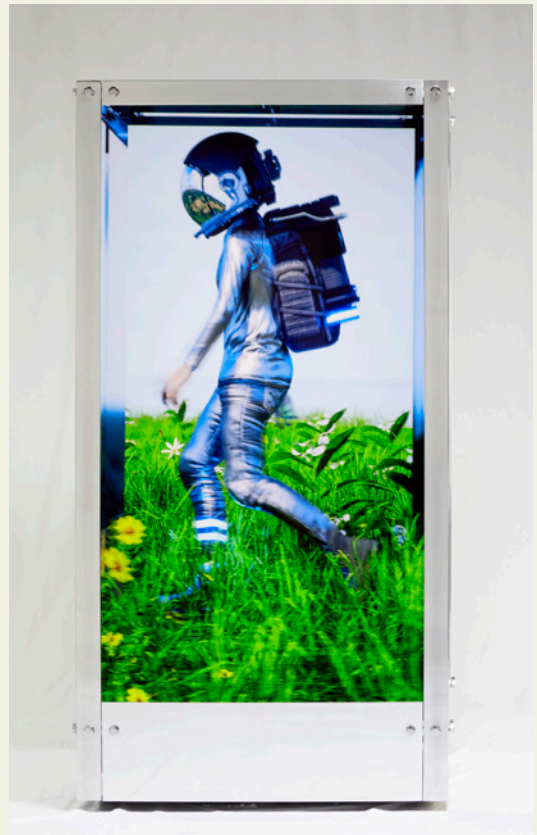


Image courtesy Sotheby's

Giddy goose – Dmitri Cherniak's abstract NFT sold for US\$6.2m



Image courtesy Christie's

the art world is reaching a more measured understanding of where it stands.

Anders Petterson, founder and Managing Director at art market analysis firm, ArtTactic agrees: "Many media reports have historically focused on either euphoria or doom to describe market performance. But change is happening. The market is evolving, technology is developing and our perception about how we can use NFTs is moving on."

A new-and-improved 'NFT-as-utility' paradigm is developing and the blockchain is being used as a tool for authentication, verification and community. This could be read as a reflection of the community's addressing of its teething issues around regulation, making NFTs easier to deal with and the blockchain a safer place in which to transact. Efforts to create sound frameworks have inevitably increased trust for all players.

Unsurprisingly, the opacity of the language surrounding NFTs has generated increased levels of exclusivity, shutting out some collectors. Bernadine Bröcker Wieder, CEO at Arcual, the art market's first blockchain

# US\$12.6bn

NFT sales Q1 2022

platform, is breaking through these linguistic barriers and focusing on functional benefits in real terms.

“It is about the underlying functionality. The art market has been reluctant to use technology until recent years, often due to concerns about the custodians of secure information; who they are, where data is being stored, and how it can be trusted. Blockchain allows us to create trusted spaces for information to be stored that weren’t there before,” says Bernadine.

The next chapter for NFTs is full of promise. Wider adoption is an inevitable next step once regulation becomes more sophisticated and both creators and consumers are better protected. The

▼  
Blue tick – Part of the Checks series by Jack Butcher

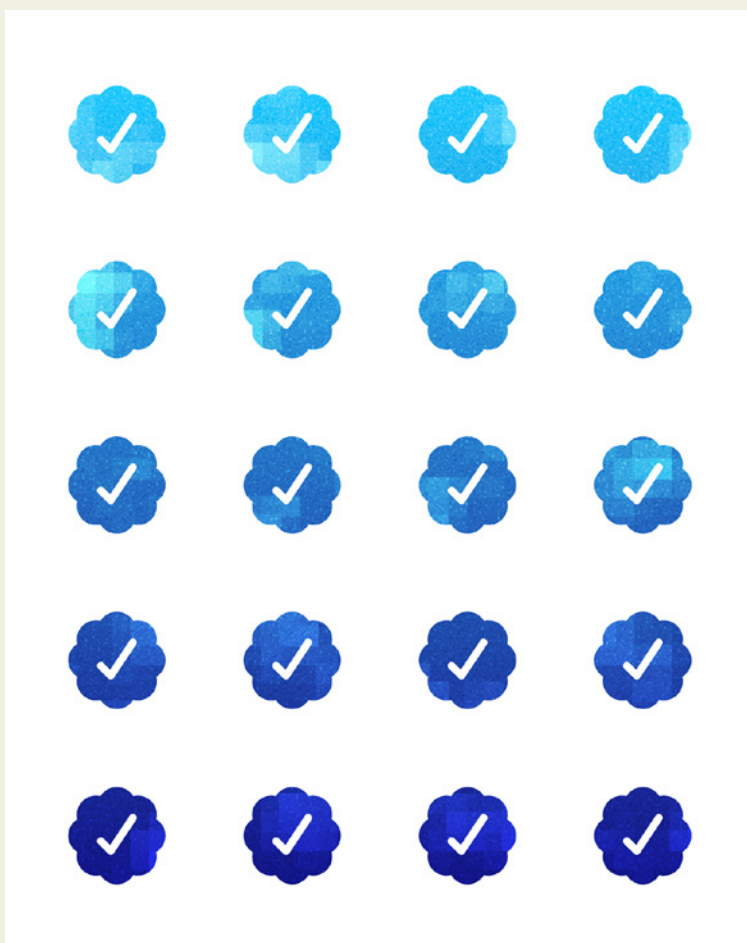


Image courtesy Christie's

market is working through challenges with the technology itself and reflecting on how NFTs and the broader Web3 can solve many of the issues in the art and luxury market relating to authentication, provenance and security of ownership, as well as potentially reducing transactional costs.

Anders goes on to observe that the values have changed but the appetite still exists: “Since the NFT market peak of 2021, there has been an adjustment and a correction in the market. We have seen Bored Ape Yacht Club, a popular series of NFTs which were, and still are, incredibly valuable, reach a floor price of around US\$260,000 a year ago. Today this is about US\$80,000.”

While values may have reduced, mindsets are turning. According to the *Art Basel UBS Art Market Report 2022*, art and collectibles NFT sales increased over a hundredfold from US\$4.6 billion in 2019 to US\$11.1 billion in 2021 and 74% of high-net-worth collectors had purchased art-based NFTs in 2021.

Almost 90% said they were interested in purchasing NFT artworks in the future. While 46% of dealers were reported to have no interest acquiring or selling NFTs, 19% were interested in doing so in the next one or two years.

We are also seeing NFT acquisitions by major institutions to support a sustainable revenue model for the future, and to engage audiences. At the start of 2023, Centre Pompidou became the first museum for modern and contemporary art to invest in the art form of NFTs, acquiring 18 works by 13 different artists, both French and international.

“Not only is this a step forward in the medium being accepted into the art world, but also recognition of the creative appropriation of this new technology by the artists,” says Alex Estorick, journalist and media theorist. “NFTs have provided a vehicle for diversifying the marketplace and have given a platform to new mediums that people previously ignored, including artists, illustrators and creators.

“The technology has the ability to connect artist and brands with new audiences and while there is uncertainty about the value of NFTs, the development of digital art will be determined by the platforms that support them in the future.”

We can also safely anticipate that the role of NFTs will continue to change. Luxury brands and consumers are seeing how this technology can be applied to our everyday lives and how it can be complementary to traditional collecting modes. Tiffany & Co, for example, is no longer talking about NFTs, but focusing on how the



# US\$4.7bn

NFT sales Q1 2023

technology can create valuable assets and an enriched user experience of collecting.

It is true to say that the established art world has reinforced the blockchain with a blueprint, but other asset classes and luxury sectors are catching up fast. The fashion world is recognising that blockchain technology provides an opportunity to connect with the digitally native luxury consumer of the future.

As Alex points out: “75% of children in the US between the age of nine and 12 have a Fortnite or ROBLOX account. They can buy ‘skins’ [digital assets to customise their own game] for these from Balenciaga and Chanel, and so on. What these luxury brands are doing is putting a down payment on their mind space.”

“This move towards wider adoption is all about accessibility,” adds Sian Rodway, COO at MDRx. “In order to see adoption of this space, brands have to unlock wider and new audiences by making the way that we collect and own digital assets straight forward to understand

▼ Pipe dream – Self-Discovery by DeeKay

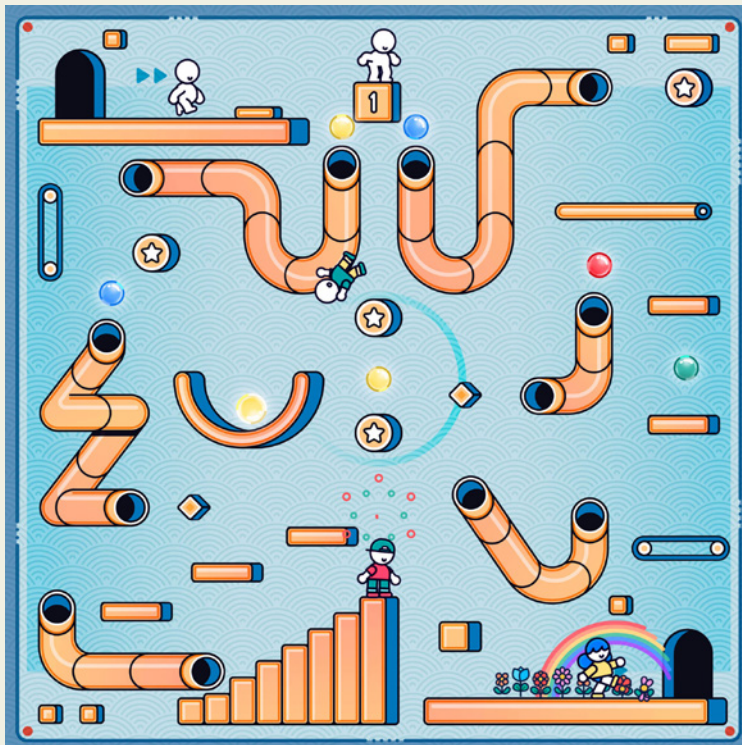


Image courtesy Christie's

and adopt... It should be described in terms of the user experience,” she explains.

High-value luxury good purchases through social media would have been unthinkable just a few years ago, yet today these transactions can be a regular feature of our lives. In a similar way, the technology of the blockchain, NFTs, and crypto will ultimately become tech-vocab of the past as will our preoccupation with how these system works. It will become part of our every day.

In Bernadine’s words, “the blockchain movement was initially focused on creating or proving the value of digital assets by adding them to the blockchain. We’re now at a point where we’re seeing how the technology can be used to preserve and enhance the value of many more asset classes and processes.”

## Contributors



**Bernadine** is the CEO of Arcual, the first blockchain ecosystem built by the art community for the art community



**Alex** is Editor-in-chief of Right Click Save and aims to have critical conversations about the blockchain, NFTs and Web3



**Sian** is COO of MDRx and leads and shapes the delivery of consulting services specialising in emerging tech like augmented reality



**Claudia** is a former wealth manager who is now the senior specialist in post war and contemporary art at Christie's



**Anders Petterson** is the founder and MD of ArtTactic, a London-based art market research and analysis company

All of our panel contributed to the Cultural Comms and ArtTactic whitepaper – *Luxury Insights: NFTs, the Blockchain and the future of collectibles*

# Bags and bottles

Whisky and handbags are the two newest additions to the Knight Frank Luxury Investment Index (KFLII). Andrew Shirley asks the experts how they have been getting on

**Whisky topped KFLII on its debut in 2019 while handbags have performed strongly since they joined the index a year later. How are they doing currently?**

Like all markets, the handbag market has fluctuated slightly over the past year but overall continues to grow. Global registrants for Bonhams handbag auctions have increased on average 120% year-on-year, and the average hammer price achieved has increased by 154% indicating that there is still a huge demand for pre-loved designer handbags.

Bottles of rare whisky have had a far more sedate time from a performance perspective over the past three years. Higher value (over £5,000) bottles have re-traced recently due to a myriad of geopolitical, social and economic reasons. Certain brands have still performed well, while the market leader (from a sheer volume of market perspective), Macallan, has seen particularly punishing losses with its index re-tracing 11.7% over the past twelve months. The broader market (according to the Rare Whisky 101 Apex 1000 Index) is down just 1.5% over the last twelve months, so while certain brands and higher value bottles are having a harder time, the market as a

whole is relatively resilient, albeit currently underperforming traditional bank savings rates.

**Are there any brands or makers doing particularly well or enjoying strong demand?**

Clynelish is performing well (its index is up 3.9% in the past twelve months), but Balvenie has been the standout brand recently with its index increasing a mighty 22% over the past twelve months.

Hermès remains the most popular brand at auction, with smaller examples (such as the Kelly 25 and Birkin 25) proving particularly popular with buyers over larger designs. Chanel, too, remains popular, particularly as Chanel has in place a handbag quota, meaning that they are limiting the supply of handbags available on the primary market, so people are looking to auction for luxury purchases.

**Have there been any sales that have stood out so far this year?**

In April, we held a single owner auction in London that featured 30 Hermès handbags in excellent condition and which created huge demand. In particular the smaller

bags, such as the Kelly Pochette (pictured below) sold well.

As well as sales in London, Bonhams has achieved excellent results in Paris. In May, our team there held a dedicated Hermès sale consisting of over 300 lots. The star of the auction was an incredibly rare mini Kelly.




“Hermès remains the most popular brand at auction, with smaller examples (such as the Kelly 25 and Birkin 25) proving particularly popular with buyers over larger designs.”


 It's been a far quieter year from a standout bottle perspective as would be expected while the high-value segment undergoes a downward re-alignment of values. That said, northern Scotland-based auctioneer Whisky Hammer set a new record for an exceptionally rare bottle of Glenfiddich 'Special' Pure Malt earlier this year when the e-hammer fell at £3,650. So, record prices are still being paid, just not in the vast hundreds of thousands of pounds price bracket we saw in 2018 and 2019.


**Are you seeing any new trends in terms of how the market is evolving?**

 From my perspective, the same rules for investing in whisky still apply now as they did twenty years ago. Globally recognised brands, exceptional quality liquid, rare/commemorative limited editions and single cask releases will always be in high demand no matter what the short-term market outlook is. I've always said Scotch whisky is a medium to long-term investment; so while short-term gains are possible, people should look at a five to 20-year term. I've been collecting/investing for almost 35 years now and still continue to try to buy the right bottles at the right prices.

 As more and more people collect handbags, the market is becoming very specific with Bonhams customers increasingly looking for rare Hermès pieces that are in excellent condition. Bags created in the last couple of years are still fetching a premium at auction against more vintage models.


**What would be your one piece of advice to anybody thinking of starting a whisky or bag collection, especially if they are hoping it will be an investment?**

 I'm personally starting to see an increase in fakes appearing on the market again. New collectors and investors simply need to ensure they undertake rigorous due diligence on any high-value bottles. Never be afraid to walk away, no matter how rare a bottle apparently is.

 Buy from reputable dealers or auction houses, ask lots of questions, walk away from deals that feel too good as the market is sadly awash with fakes. Think about condition – some issues can be repaired by Hermès and Chanel whereas others can't, which will affect the long-term value. Most importantly buy what you like, the benefit of collecting handbags is that they are usable objects that can be enjoyed if they are well looked after.

**What is the one bag or bottle you would most like to own?**

 I have always loved Chanel handbags, in particular the Chanel 2.55 Classic Flap which was designed by Gabrielle Chanel in 1955. The flap bag was one of the world's first 'hands-free' handbags as Chanel popularised the shoulder chain which is now so commonly used. There must be some examples of the Classic Flap bag from 1955 and I would love to own one.

 I've been blessed over the years as I actually own it. It's what is understood to be the first privately bottled single-cask of Glendronach. It's also believed to be one of just four bottles left in existence. It's an amazing thing, of which I feel more



like a 'custodian' than outright owner. People often talk of liquid history, but this really is! Other than that, there's a specific cask of Brora 1972 (my personal birth-vintage!) lying, maturing, waiting to be bottled. I was lucky enough to try a sample and it was spectacular; so a bottle of that, when it's been bottled, would be incredible.

## Our Experts



**Meg Randell** is the European and UK Head of Designer Handbags & Fashion at Bonhams. She joined the department upon its launch in 2020. In 2021, Meg sourced and sold a Black Togo Hermès Birkin that belonged to the bag's namesake, Jane Birkin. It fetched £119,000 and attracted global attention.



**Andy Simpson** has been collecting/investing in Scotch whisky for 34 years. He co-founded Rare Whisky 101, known as global experts in the valuation and appraisal of rare whisky. He now runs the boutique private client/rare whisky business Simpson Reserved Ltd.

# Driven by passion

Specialist insurer Hagerty's John Mayhead takes a deep dive into the top end of the classic car collector market

In the past five years, the number of US\$1 million+ open-market cars tracked by Hagerty has more than doubled, with the private market estimate – based on Hagerty's global insurance data – growing at an even higher rate.

Back in 2018/19, online-only auction sales of this type of car were unheard of, but have now become a regular feature, even in the UK. The first online-only US\$1 million+ sale in the US, of a 1956 Mercedes-Benz 'Gullwing' 300SL, took place on Bring A Trailer in June 2019 and the first UK £1 million+ sale, of a Ferrari F40, on The Market in July 2019.

When we drill down into the decades in which the cars were produced, the US\$1 million+ sales increases fall almost entirely within just two decades: the 1990s and 2000s, with the 1990s increasing its proportion share the most by almost

## Millionaire's row

Number of cars sold at auction for over US\$1 million

DECADE	MAY 2022 - APRIL 2023		MAY 2018 - APRIL 2019	
	SALES	% OF TOTAL	SALES	% OF TOTAL
1920S	7	2	4	3
1930S	38	12	19	12
1940S	1	0	4	3
1950S	58	18	36	23
1960S	74	23	35	22
1970S	16	5	8	5
1980S	17	5	10	6
1990S	41	13	9	6
2000S	26	8	4	3
2010S	48	15	28	18
<b>TOTAL</b>	<b>326</b>		<b>157</b>	
ONLINE SALES	42		0	

Sources: Hagerty

The car in front – is a McLaren F1. Values have risen faster than for other classic cars



Image Courtesy Gooding & Co

7%. The number of 1950's sales fell most, down by just over 5%. Along with the median value, which increased only slightly, this shows that the typical increase has been in modern classics at the more conservative end of the price range.

### MOST COLLECTABLE

Defining 'collectability' is difficult. But Hagerty has selected 25 cars every collector would like to own that have increased the most in value in the past 12 months, according to our Price Guide.

The list includes all the cars you'd expect: the gold-standard 1960s V12 GT Ferraris, the Bentley R-Type Continental and the Aston Martin DB4 Zagato. But, interestingly, the list is led by a newly crowned champion: the McLaren F1. Values of both F1 LM – which increased by a huge 86% in

“In the past five years, the number of US\$1 million+ open-market cars tracked by Hagerty has more than doubled.”

the past year – and 'standard' F1 models soared this year as demand surged. The list also contains those cars once described as emerging top-flight classics, but which are now very much the elite: the Porsche 959, Ferrari 288GTO and F50, and the Bugatti EB110.

The other measure of collectability that Hagerty analysed was the volume of cars sold at public auction. Total sales of cars worth in excess of US\$100,000 were listed (see table below). The podium places are as expected, but Chevrolet at number four shows that quantity has a quality all of its own. Land Rover is a surprising entry at number 25, benefitting from sales of North American Specification (NAS) Defenders, James Bond 'Spectre' vehicles and some early Range Rovers that cross into the US\$100k+ category.

## Day dreaming

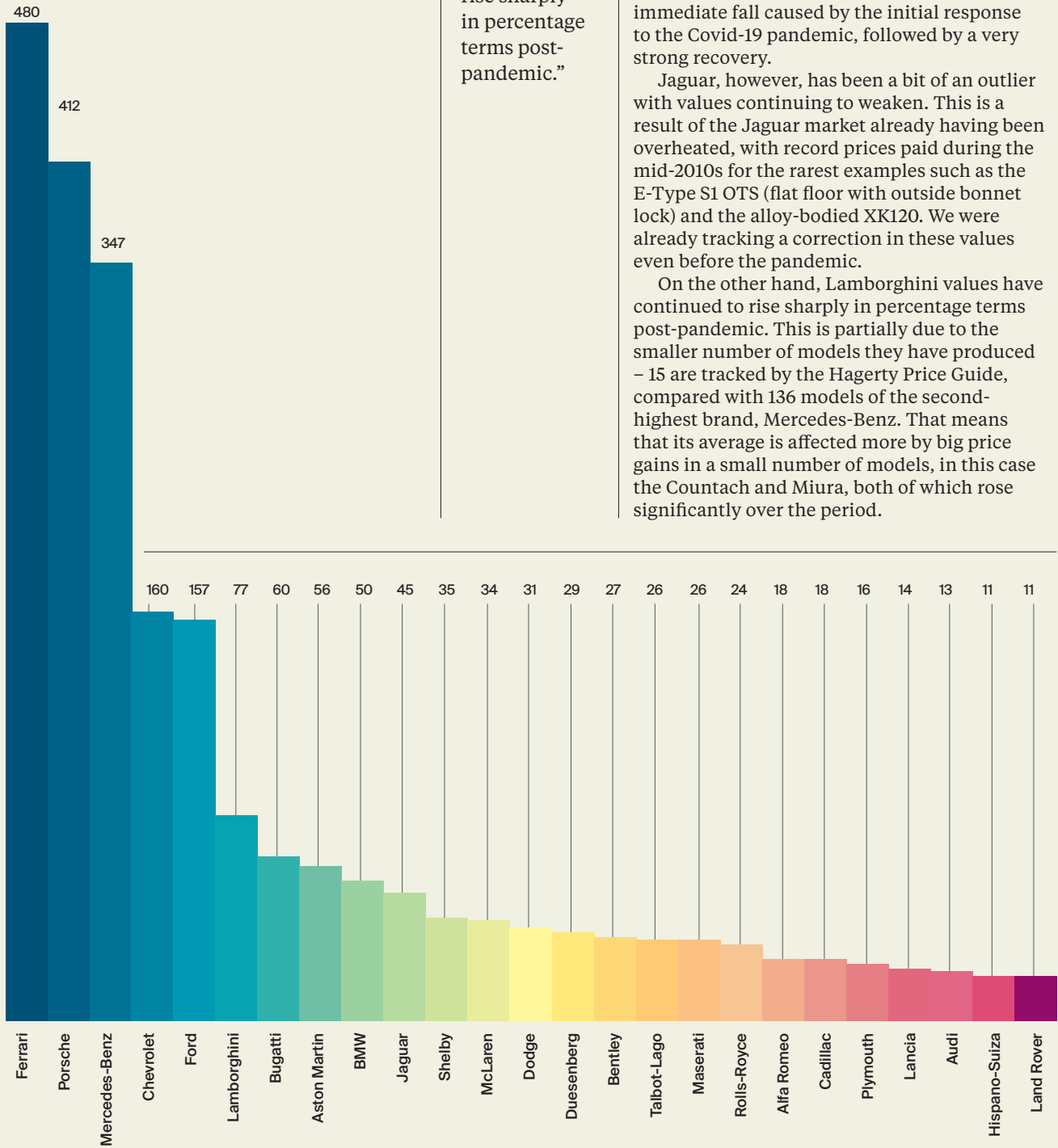
Price change of the ultimate collector garage

VEHICLE	MAY-22	MAY-23	£ INCREASE	% INCREASE
MCLAREN F1 (VALUES FOR LM)	£17,400,000	£32,400,000	£15,000,000	▲ 86%
FERRARI 250 GTO	£47,300,000	£53,200,000	£5,900,000	▲ 12%
AC COBRA DAYTONA COUPE	£20,300,000	£24,500,000	£4,200,000	▲ 21%
FERRARI 250 GT CALIFORNIA	£14,800,000	£17,000,000	£2,200,000	▲ 15%
FERRARI 250 LM	£14,000,000	£16,100,000	£2,100,000	▲ 15%
FERRARI 250 GT SWB	£10,900,000	£12,300,000	£1,400,000	▲ 13%
FERRARI 288 GTO	£1,800,000	£3,000,000	£1,200,000	▲ 67%
PORSCHE 959	£1,500,000	£2,500,000	£1,000,000	▲ 67%
FERRARI 275 GTB/4 BERLINETTA	£3,600,000	£4,500,000	£900,000	▲ 25%
FERRARI F50	£2,600,000	£3,500,000	£900,000	▲ 35%
MERCEDES-BENZ 300SL GULLWING	£4,900,000	£5,800,000	£900,000	▲ 18%
ASTON MARTIN DB4 GT ZAGATO	£7,200,000	£8,000,000	£800,000	▲ 11%
BUGATTI EB110 (VALUES FOR SS)	£1,900,000	£2,700,000	£800,000	▲ 42%
BENTLEY R-TYPE CONTINENTAL (VALUES FOR 4.6)	£1,000,000	£1,700,000	£700,000	▲ 70%
FERRARI 250 GT TDF	£5,300,000	£6,000,000	£700,000	▲ 13%
LAMBORGHINI MIURA (VALUES FOR P400 SV)	£1,900,000	£2,500,000	£600,000	▲ 32%
FERRARI 365 CALIFORNIA SPIDER	£2,900,000	£3,500,000	£600,000	▲ 21%
PORSCHE 911 CARRERA RS 2.7	£641,000	£1,200,000	£559,000	▲ 87%
ALFA ROMEO TIPO 33 STRADALE	£16,200,000	£16,600,000	£400,000	▲ 2%
CHEVROLET CORVETTE (VALUES FOR C2 427 L88)	£1,800,000	£2,200,000	£400,000	▲ 22%
FERRARI 275 GTB BERLINETTA	£1,400,000	£1,800,000	£400,000	▲ 29%
FERRARI 365 GTS/4 DAYTONA SPIDER	£1,600,000	£2,000,000	£400,000	▲ 25%
FERRARI 400 SUPERAMERICA CABRIOLET	£3,100,000	£3,500,000	£400,000	▲ 13%
ALFA ROMEO GIULIA TZ-2	£2,500,000	£2,900,000	£400,000	▲ 16%
PORSCHE 356 (VALUES FOR PRE-A GMUND)	£1,300,000	£1,600,000	£300,000	▲ 23%

Sources: Hagerty \*Values based on 'excellent' condition cars and where there were duplicates within the list (eg, both series 1 and 2, open and closed headlamp) the most valuable was retained.

## Brand value

Total value (US\$ million) of models sold at auction for over US\$100,000 (April 2022 – May 2023)



“Lamborghini values have continued to rise sharply in percentage terms post-pandemic.”

## BRAND AWARENESS

In terms of overall market performance, the top collector car marques show similar trends, with growth leading up to the end of 2019, an immediate fall caused by the initial response to the Covid-19 pandemic, followed by a very strong recovery.

Jaguar, however, has been a bit of an outlier with values continuing to weaken. This is a result of the Jaguar market already having been overheated, with record prices paid during the mid-2010s for the rarest examples such as the E-Type S1 OTS (flat floor with outside bonnet lock) and the alloy-bodied XK120. We were already tracking a correction in these values even before the pandemic.

On the other hand, Lamborghini values have continued to rise sharply in percentage terms post-pandemic. This is partially due to the smaller number of models they have produced – 15 are tracked by the Hagerty Price Guide, compared with 136 models of the second-highest brand, Mercedes-Benz. That means that its average is affected more by big price gains in a small number of models, in this case the Countach and Miura, both of which rose significantly over the period.

Source: Hagerty

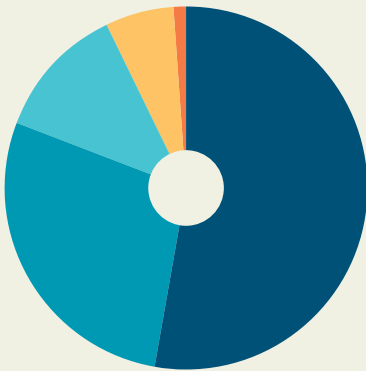


Image courtesy Jaguar Land Rover

Shaken not stirred – Bond actor Naomie Harris with a Spectre edition Land Rover that has helped boost the marque’s value

## Generation split

% Ownership of classic cars by age group\*



Boomers	53%
Gen-X	28%
Pre-boomer	12%
Millennial	6%
Gen Z	1%

Source: Hagerty \*Based on Hagerty insurance policies

“The buyers of classic and collectable cars are changing in age as Generation Xers reach peak earning potential.”

### GENERATION SHIFT

The buyers of classic and collectable cars are changing in age as Generation Xers reach peak earning potential, their kids leave home, and they buy the cars they have always been lusting after.

Although boomers still own 52% of all the cars Hagerty covers, Generation X and younger accounted for 63% of insurance quotes in 2023 so far. But quotes from the younger millennial and gen Z generations have grown faster and may soon comprise the largest group of buyers.



John Mayhead is Editor of the Hagerty Price Guide UK

Image courtesy Jonathan Fleetwood/Octane magazine. Article appears in edition 242

# Watch list

Vintage Rolex professional watches dominate the collector market. With the help of AMR we've pulled together a selection of the maker's iconic reference models that have performed most strongly over the past 10 years

**Ten-year price change**  
of selected vintage Rolex  
professional references



**£580,000**  
Ref. 6241 Daytona Paul  
Newman John Player  
Special Dial

**571%** 1



**£165,000**  
Ref. 8171 Triple  
calendar

2 **280%**



**£36,000**  
Ref. 16528 Daytona  
Cosmograph gold

**272%** 3



**£20,000**  
Ref. 16520 Daytona  
Cosmograph steel

4 **249%**



**£98,000**  
Ref. 6263 Daytona  
Oyster gold

**231%** 5



**£14,000**  
Ref. 1675 GMT steel

6 **227%**



**£132,000**  
Ref. 6239 Daytona  
steel with Paul  
Newman dial

**227%** 7



**£10,000**  
Ref. 1016 Oyster  
Explorer steel

8 **220%**



**£88,000**  
Ref. 6538 Submariner  
Big Crown

**198%** 9



**£16,000**  
Ref. 1680 'Red'  
Submariner

10 **188%**

Source: AMR \*The top ten is a survey of the watches in AMR's index and is not an exhaustive survey of all vintage Rolex professional watches. To measure the % change, a calculation for 22 Rolex references was made using prices at auction averaged in the three years to June 2014 compared with prices at auction averaged in the three years to June 2023.





Contact [jason.mansfield@knightfrank.com](mailto:jason.mansfield@knightfrank.com) for more details of this unique Californian property for sale through Douglas Elliman | Knight Frank

# Insight

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# Electric dreams

Restrictions on the use of conventionally powered cars in many parts of the world are getting stricter by the day, so what does the future hold for classic and supercars? Andrew Shirley takes a road trip to find out

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When you're stuck behind a column of dawdling day trippers ogling the breath-taking scenery on the winding road heading north towards Balmoral, there's not much you can do. It does help though if you are in a Porsche 911 Turbo S, the marque's fastest non-track-focused petrol-engined car.

The overtaking opportunity when it comes looks tight, but the acceleration of this twin-turbo-ed beast – 0 to 60 in little over two seconds – means we are safely past the tourists in the blink of an eye.

My journey through the Scottish Highlands marks the beginning of a quest to find out if electric vehicles (EVs) can match the visceral thrill provided by internal combustion-engined (ICE) classics and supercars.

I'm riding shotgun with members of car club Autobahn Scotland, who between them boast a dazzling array of scorchingly fast vehicles. These include the electric Taycan Turbo S owned by Andy Simpson who, besides supplying the rare whisky data for the Knight Frank Luxury Investment Index, is a bit of a Porsche fanatic.

Andy knows I'm sceptical about the two-tonne-plus, battery-laden Taycan and has invited me to experience it for myself. The 911 Turbo S lays down a strong benchmark, it's certainly the fastest car I've ever been in, but for something with so much horsepower it seems, well, just too quiet and civilised. Its owner must have similar feelings, as he tells me he's ordered the sports exhaust package for a louder soundtrack.

There's no danger of not feeling engaged in my next ride, a Ferrari 458 Italia. First built in 2009, this is clearly a car that while still good for 200 mph is technologically in a different era to the 911. But the glorious howl of the V8 engine right behind my head and the smell of burning petrol as the revs rise certainly offer the visceral connection you'd expect with a traditional supercar.

Last up is the Taycan. The acceleration can rearrange your insides – it's slightly quicker from a standing start than even the 911 – and it feels nimble despite the weight of those batteries. But aside from a slight whine from the motors it's virtually silent, meaning somehow, despite the performance, it doesn't feel quite like a sports car. An adult can even fit in the back without performing some kind of human origami. It's a very, very fast luxury family cruiser, not to mention a tax-efficient company car.

Throughout the trip I've been trying to gauge the sentiment of the Autobahn members towards EVs. From a community of petrolheads I was expecting a bit more snark, but nobody seems to have anything against them per se. The criticisms are more practical: the range isn't great, the UK's charging infrastructure isn't good enough – just



▲ **Driven** – Ho-Pin Tung is a Le Mans winner and is currently competing in the Japanese Super Taikyu endurance series

↓ **Highland fling** – Ferrari 458 Italia and Porsche 911 Turbo S line up with other cars driven by Autobahn Scotland members

as I'm finishing this article Andy phones me up to say he's had enough of charging nightmares on longer journeys and is getting rid of the Taycan – are EVs really as green as their manufacturers would have us believe, and will e-fuels and hydrogen ultimately overtake electricity as the eco-friendly power source of choice?

#### DRIVING SEAT

As I'll come to discover, some of these issues can be pretty polarising. But regardless of people's views and concerns, government policy pretty much signals the end of new ICE car sales in the UK (from 2030) and the EU (from 2035).

There are glimmers of hope for drivers and makers unwilling to give up their camshafts. Smaller manufacturers producing fewer than 1,000 cars a year will still be able to sell in the EU and it is hoped the UK will introduce a similar exemption. Controversially, under pressure from Germany and Italy, the EU has also agreed post 2035 to allow the sale of ICE cars that can run solely on e-fuels. This could offer a lifeline for those supercar marques keen to retain their iconic engines. Porsche has already invested US\$75 million in a Chilean e-fuels business.

But what do the experts think about the battle between ICE and EV? As luck would have it, Ho-Pin Tung, a former driver for the Renault Formula 1 team, a class winner at Le Mans and Jaguar Formula E test driver has just joined Knight Frank as the Head of our Private Office in Hong Kong, and he's happy to chat.

I ask Ho-Pin what he drives at home in Hong Kong. "I have a BMW M3. It's an everyday sports car that is good for our two young kids, but frankly the car I drive most is an electric BMW SUV. Cities are the ideal environment for EVs as they make a real difference to local pollution levels. I'm not very much into classic cars ▶

"Are EVs really as green as their manufacturers would have us believe, and will e-fuels and hydrogen ultimately overtake electricity as the eco-friendly power source of choice?"

myself frankly speaking, but I have friends that are big collectors and for daily use they drive an electric car.”

What about racing though, would he choose a howling Formula 1 car or a Formula E car to take for a spin? “Formula 1, for sure. But having said that, before 2014 when hybrid engines were introduced Formula 1 was significantly louder than it is today.” The rapid advances in technology developed for performance EVs is pushing ICE racing cars to become more efficient, which will also have an impact on road cars, points out Ho-Pin.

“Even though there's a very strong push on electric cars and electric vehicles in general, don't forget there's a lot of progress that we can still make on combustion engines. Formula 1 engines achieve a peak thermal efficiency above 50%, which is significantly higher than a modern passenger car, the most efficient of which is probably around 35%. So, there's still a lot of room for improvement there as well.”

Motorsport is also pioneering the use of e-fuels with Formula 1 set to ditch fossil fuels completely by 2026. Given Formula E has the sole rights to run an FIA racing series using 100% electric cars, the likes of Formula 1 and Le Mans currently couldn't go full EV even if they wanted to, so teams will continue to innovate and push the technological boundaries of what can be achieved from an ICE.

## VANQUISHED

The next leg of my journey to work out whether EVs can ever replace the thrill of an iconic classic takes me to the Wentworth Estate in Surrey. As somebody born in Newport Pagnell, the spiritual home of Aston Martin, I've always been a fan of the marque so snapped up an invitation to try some of the cars owned by fellow enthusiast Bryan Webb.

When I arrive, Bryan's got a mouth-watering trio from his collection lined up on the driveway of

“The rapid advances in technology developed for performance EVs is pushing ICE racing cars to become more efficient, which will also have an impact on road cars.”

Licence to thrill – Aston Martin DB5 V8 and V8 Vantage X-Pack



the house that, coincidentally, he bought through Knight Frank. There's a mighty V12-engined Vanquish Zagato Shooting Brake, one of only 99 made; an X-Pack edition of the V8 Vantage, which, with a 170mph top speed, was heralded as the first genuine Aston Martin supercar when it was launched in 1977; and, last but certainly not least, a unique DB5.

Missing is anything that looks like it could be plugged in – Bryan isn't convinced by EVs, especially classic conversions. “Talking as an engineer who loves mechanical things, taking the engine out of a car like a DB5 or E-type would be like ripping out its heart. We've spent 120 years perfecting the internal combustion engine and now people want to throw it out,” he laments.

Out on the road though he lets the Astons do the talking. Like the 911 Turbo S the Vanquish is a stunning car, but encased in the carbon-fibre lined cockpit you don't really feel the roar. But the V8 Vantage and DB5 don't disappoint. Their engines thunder gloriously and the cars ooze period glamour – you can see why James Bond got behind the wheel of both.

However, 007 would be in for a shock if he were to take Bryan's DB5 for a spin. It's the only DB5 with a V8 under the hood and offers significantly more grunt than the standard model. Never meant to be sold, it was a testbed for the engine that features in the Vantage. To squeeze in the larger V8, the bonnet and front wings bulge and flair in a subtly muscular way. It's a beautiful car. “If I had to choose only one of my Astons to keep it would be this one,” says Bryan.

## FAN ZONE

The trump card of ICE classics and supercars over EVs is their personality. “The problem for the manufacturers of supercar EVs is that it's hard to differentiate them. A large part of the driving experience is relatively similar,” agrees Henry Catchpole, a leading motoring journalist and filmmaker who has test-driven hundreds of cars.

“I can absolutely see why a collector would want to have one in their garage just for the performance, but not lots of them. On the other hand, if you look at three of the ICE hypercars of the moment, the Aston Martin Valkyrie, the Mercedes-AMG One and the Gordon Murray T50, each of them offers something different. If you were rich enough you could find an excuse to buy all three,” says Henry.

The one EV that many of the people I've spoken to for this article do talk about with awe is the track-only McMurtry Spéirling, a single seater rocket that broke the hill climb record at the Goodwood Festival of Speed, boasts the equivalent of 1,000 bhp and is glued to the tarmac with the help of an electric fan spinning at over 20,000



rpm. From 0 to 100mph and back takes under six seconds and needs just 170 metres of track. And Henry is the only journalist to have experienced the McMurtry's full potential.

"It does redefine motoring but it's probably slightly disingenuous to hold it up as a flag-bearer for visceral EVs because the fan-generated downforce is arguably the bigger factor in the ground-breaking experience it offers," he says. "The EV powertrain certainly plays a part in the McMurtry's extraordinary performance though and an EV's inherent simplicity of operation is crucial in allowing mere mortals like me to access the Spéirling's F1-beating numbers. For £820,000 I'd say it's a bit of a bargain."

### CLASSICS REBORN

My conclusions so far: a well-heeled collector would probably want one electric car in their collection, but not a garage full; the UK's charging infrastructure isn't great; e-fuels might offer a future alternative to EVs; and, despite their stunning performance, EVs can't match the character and all-round driving experience offered by a petrol-engined classic or supercar.

For the final stretch of my road trip, I'm about to meet two men who want to change my perspectives on pretty much all of the above.

The Ford GT40 isn't generally considered to be a beautiful car, but while it may not have the flair of a Ferrari or panache of an Aston Martin, to me it oozes naked racing aggression. It looks like it was born to race hard – as indeed it did when it famously prevailed at the Le Mans Ferrari-Ford grudge match in 1966. The term visceral could have been coined to describe it. And I'm going to drive one. Sort of.

Everrati was founded by Justin Lunny and Nick Williams with the aim of "redefining iconic cars into beautifully engineered, fully electric vehicles,

▲  
Rocket man – Henry Catchpole in the McMurtry Spéirling

more powerful and rewarding to drive than ever before". So far they've waved their magic wands over the Land Rover Series 2a, the Porsche 911 964 and, of course, the GT40.

They are keen to stress that these aren't EV conversions but cars that have been completely reengineered, although it is possible to refit the original engine if needed. "Our painstaking redefinition process is performed by our expert team, many of whom have designed EV & hybrid powertrains for new electric supercars. Each new model we release takes up to 4,000 hours to develop and test," says Justin.

"It's not an easy thing to do, particularly if you want to keep the handling, the weight distribution and the soul and character of these cars," adds Nick. As a result, an Everrati car isn't cheap. You're looking at about £160,000 for the Land Rover and £290,000 for the Porsche, plus taxes and the cost of a donor car. The GT40 costs £440,000 but given the cost of an original, it's built using a shell produced by a continuation maker. "No V8s are harmed in the making," Nick jokes.

Apart from making the cars better to drive, Justin is convinced that it could be the only way to keep classics on the road. "If we don't do what we're doing, these cars will be lost forever. You will not be able to drive them, whether it's in five years, or ten years they will be banned. They're being banned already if you look at the centre of Oxford, certain streets in London, Geneva, Zurich and LA, it's happening everywhere. And it's not just emissions, noise cameras are also becoming more common.

"We have a Californian client who as a kid loved the idea of having a Porsche 964 when he was older, but he told me he would never consider driving one if it wasn't electric. His view is that virtually none of his colleagues and friends in the Bay Area will ever drive combustion again, but ▶

"The one EV that many talk about with awe is the track-only McMurtry Spéirling, a single seater rocket that broke the hill climb record at the Goodwood Festival of Speed."

## The road ahead – Navigating the big EV issues

**IS THERE A FUTURE FOR CLASSIC CARS IN AN EV WORLD AND WILL THEY RETAIN THEIR VALUE** is the big question for collectors. Allan McNish, champion racing driver and a non-executive director at Tertre Rouge, a specialist classic car and motorcycle investment business, thinks so.

“Does a car need to be driven to have real value? Very often the most valuable cars are not driven today but stored in perfect condition with their exclusivity and history being the key to their value. But as conventional fuel is phased out, sustainable fuels are being phased in. This future suggests we will continue to be able to enjoy beautiful classic cars as engineering masterpieces as well as the pleasure of driving them.”

“One of the foremost pre-war Bentley specialists and racers is now using e-fuel in his cars with no ill effects, so that’s encouraging,” agrees John Mayhead, Editor of the Hagerty Price Guide UK.

Dietrich Hatlapa, of analyst HAGI, is also feeling positive. “For the moment only new cars that use fossil fuels will be phased out. Old cars will continue with existing fuels or e-fuels so there is no threat to values.”

“I hope we can keep the door open on this so real classic car enthusiasts can continue taking their cars out occasionally. I’m not too concerned about values as the supply side of these pieces is fixed and normally very limited,” says Formula 1 champion Mika Häkkinen, another non-exec at Tertre Rouge.

**WILL EVS EVER BECOME COLLECTABLE IS ALSO A TALKING POINT.** “Some rare and performance EVs already are – the Tesla Roadster, BMW i8 or Porsche 918 hybrid, for example,” says Dietrich. “The lower their mileage the better. An uncertainty factor though is the life cycle of batteries and the associated replacement cost.” John adds: “We have seen the values of very early Teslas rise, even things like Nissan Leaf.”

“I think in about 20 years’ time there will start to be a classic electric car market, such as owning the first of the EV hypercars we will see in the next five years, but it will likely be a different generation of owners,” reckons Allan. “Some people collect stamps, so there is no reason that some EVs won’t be collectibles in the future,” muses Mika.

**SHOULD I ELECTRIFY MY CLASSIC AND WILL IT AFFECT ITS VALUE?** “It depends on the car,” says John. “For some it may have a positive effect. A Porsche 911 reimagined by Singer is worth a damn sight more than a standard 964. The whole point of old Bentleys and Rolls Royces is to be smooth, quiet, powerful and beautiful – an electric engine ticks all those boxes.”

“If a model has been produced in large numbers, it can be fun and lucrative to convert a few,” says Dietrich. “But generally, their value as a collector’s item will be negatively affected depending on the degree of changes made and their reversibility.”

“I don’t see why one would do that, they represent an era and like other rare collectibles and art we celebrate their originality,” says David Coulthard, Formula 1 champion and Tertre Rouge board member, emphatically.



▲  
**Matchbox –**  
The Everrati GT40

“Everrati provides a sophisticated synthetic soundtrack that can be turned on for its conversions, but the GT40 powertrain, which generates the equivalent of 800 bhp, has one all of its own that, to be honest, is pretty damn cool.”

they love cars. That’s where we come in,” explains Justin. “There is a movement to say it’s actually pretty cool to drive an electric car, it doesn’t have to be boring.”

He’s also not convinced e-fuels and hydrogen will ride to the rescue as many are hoping. “They are expensive and look at who’s backing them, it’s big oil. They aren’t that environmentally friendly either.” And the argument classics don’t drive enough miles to make a difference? “You shouldn’t underestimate the emissions of older cars with no catalytic converters,” reckons Nick.

### LOW RIDER

If you feel a yoga-esque entry adds to a car’s character, the GT40 delivers before you’ve even fired up the engine. The right foot needs to go on the door sill, the left on the seat (protector provided), and then you wiggle yourself down into the cockpit before slotting back the quick-release steering wheel. It’s worth remembering the 40 in GT40 refers to the 40 inches between the tarmac and top of the roof. Snugly cocooned, racing harness on and you’re ready to go.

One of the things I’ve found most evocative about the classics I’ve ridden in is their noise, it’s a defining part of their character missing in most EVs. Everrati provides a sophisticated synthetic soundtrack that can be turned on for its conversions, but the GT40 powertrain, which generates the equivalent of 800 bhp, has one all of its own that, to be honest, is pretty damn cool. It’s hard to describe, but it’s a kind of pulsing, other-worldly noise I imagine engaging warp drive on the Starship Enterprise might sound like.

Unfortunately, on the day I’m visiting the car has just had some new parts fitted and needs to be treated carefully. I can hardly scratch the surface of its performance or handling capabilities on the runways around the brutalist concrete hangers of a former US airbase near Bicester where Everrati is based. Despite that, the sensation is far removed from that of a Taycan. This is a proper, thrilling EV ride affecting all of your senses. My quest is over.

# Banking the passion

High-net-worth individuals are increasingly using their investments of passion as loan collateral. Finance expert Alex Ogario reports on the trend and offers some practical advice for would-be borrowers

For most people their homes are their most valued possession. But when you look at the prices being paid – tens, even hundreds, of millions of dollars – for some of the assets tracked by the Knight Frank Luxury Investment Index, it's clear that certainly isn't the case for many wealthy collectors.

I'm not that surprised, therefore, to be receiving a growing number of enquiries from clients looking to borrow against assets such as art and cars to fund acquisitions of other assets ahead of planned liquidity events. But before you jump to any conclusions, I should make it very clear that I'm not on the verge of starting a new career as pawnbroker to the high-net-worth community.

What I am talking about here is not short-term debt to cover some kind of liquidity crisis, but structured borrowing used as part of a defined investment or cashflow strategy. This could be connected to the client's business or possibly to fund new acquisitions for their collections.

To match this rising demand, an increasing number of the lenders that I work with at Knight Frank Finance are now prepared to discuss with us credit lines using things like art, classic cars, wine or jewellery as collateral.

Such loans offer lenders the opportunity to build relationships with wealthy clients and grow their books with loans offering higher yields than their more traditional business streams. Wealthy borrowers are able to find new forms of liquidity when debt is becoming scarcer and in a manner that avoids expensive penalties, not to mention much higher interest rates, for prematurely refinancing other assets.

Terms vary widely depending on a given lender and the asset that the loan

is being secured against. Capital is often issued in the range of 50% to 60% loan-to-value, and the associated fees are generally higher than for more conventional real estate-backed borrowing.

Lenders will require granular information, dependent on the specific asset. Borrowing against a car collection, for example, will prompt requests for the mileage, year of manufacture, the service history, condition, details of storage, whether the borrower is based offshore – even colour can impact the lender's appetite.

There will be other aspects to consider, depending on the asset type. Fine art, for instance, can often no longer be hung on the owner's walls according to the terms of many lenders. Others will allow it, but it will incur costs.

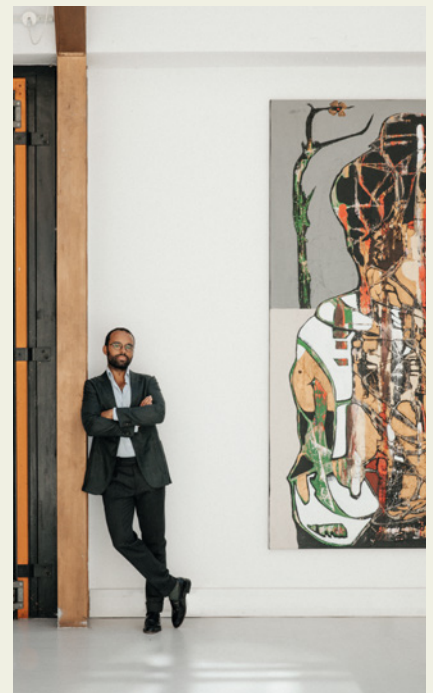
Lending of this type has a foundation in art and has expanded into other asset classes. Wine and watches are generating a lot of interest among lenders now, but some institutions are growing comfortable with even more esoteric asset classes.

Intellectual property, such as the rights to a singer's back catalogue, can be a suitable source of collateral for some lenders as it produces royalties and acts much like a bond. As a broad rule, if the asset can be properly appraised and the market is liquid enough, lenders will consider issuing capital secured against it. Growth could accelerate as lenders become more comfortable with new appraisal tools using artificial intelligence, which is becoming an instrument in the luxury asset space.

Unsurprisingly, given the often less predictable nature of the asset class, borrowers can expect to pay

higher rates than for the loans they are used to when raising funds against real estate or securities, but many clients think it makes sense in current conditions.

Borrowing against an object or collection that could rise in value spectacularly sometime in the future, makes more sense to many than selling to release cash at a time when, as the latest Knight Frank Luxury Investment Index figures show, the market for many tangible assets is slowing.



## Get in touch

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# Generation games

The man in charge of one of the world's most prestigious art fairs shares his unique insight with Andrew Shirley on the changing behaviour of high-net-worth collectors and picks his notable sales from TEFAF 2023

“Age does not define one’s taste or interest in the world,” says Hidde van Seggelen, Chairman of the Executive Committee for TEFAF, The European Fine Art Foundation, and owner of the eponymous contemporary art gallery based in Hamburg, Germany.

Instead, he tells me, “I have seen clients over 75 years old with more adventurous tastes and interests than some 30-year-olds.” For Hidde, there is no discriminating. Young visitors to his stand at TEFAF Maastricht’s bustling halls in the spring, or at his gallery, are met with the same enthusiasm and cordiality as their grandparents would be. “I treat all my clients equally, regardless of their age,” he says, noting that, much like great family heirlooms, a passion for collecting can be, “contagious in a positive sense”.

Hidde’s career began in St James’, London, where he worked for the dealer of antique Chinese and Japanese works of art, Ben Janssens. He recalls that while his responsibilities were broad, the veteran dealer allowed him the freedom to pursue his own interests, such as attending auction house Christie’s first contemporary art sales in the 1990s.

There, he witnessed a distinct shift in how art was presented to new generations and the influx of new money from the City that led to the emergence of many new dealerships in London, particularly in the contemporary art field. Such is the success of the category at TEFAF’s international fairs in Maastricht and New York,

where, at the former, contemporary works (including those from Hidde’s gallery) can be found among the flurry of Old Masters and relics of past civilisations.

“Fast-forward 30 years and the art market has grown further still,” says Hidde. “High-net-worth individuals are spending on various asset classes,

▼ Master of art –  
Hidde van Seggelen





and art in particular.” While heavy investment keeps the wheels on the art market turning, Hidde advocates for a more organic approach to collecting, saying, “it’s important that you enjoy the experience. I always recommend that clients buy art for personal enjoyment rather than just as an investment.”

While Hidde believes there are no true differentiators in artistic taste amongst different generations, he does feel that this qualitative, emotionally driven mode of collecting is particularly exhibited among millennial art buyers. “Millennials are particularly interested in unique and original pieces created by emerging artists that hold personal meaning for them,” he says. Another truism that Hidde suggests is definitive of millennial collecting behaviours has to do with breadth. “Occasionally, younger generations have broader interests than generations that precede them, collecting across various categories.”

As such, this poses something of an issue to those looking to benefit from the so-called “great wealth transfer”, although Hidde suggests we should still expect some movement in the art market as collections are passed down to the next generation. The general notion of the “transfer” is that works from private collections will become increasingly available as younger generations start to sell off inherited works.

### MILLENNIAL DISPOSITION

However, this millennial disposition to broad-brush collecting might mitigate that, reckons Hidde. “It’s not always the case that younger generations will sell their parents’ collections,” he says. Indeed, it’s not uncommon, but Hidde believes there is a growing appetite to retain and maintain collections.

This can include selling just one or two pieces from an inherited collection to fund new purchases by way of updating the family hoard. “It’s a fascinating process,” he says.

And what of the future of collecting? Well, the question of NFTs is front of mind for risk-averse, curious collectors. “Since the initial release of NFTs,” says Hidde, “there have been numerous developments that have attracted and repelled collectors with diverging dispositions.”

Whether TEFAF could entertain incorporating the display and sale of works on the blockchain remains debatable. “Our primary consideration would be whether the material is compelling enough for collectors. At the end of the day nothing beats experiencing an extraordinary Old Master or a rare sculpture against the backdrop of the most beautiful fair in the world. That’s what TEFAF is all about.”

## Hidde’s TEFAF 2023 favourites



François-Xavier Lalanne *Singe Attentif SI 1992*. Sold by Galerie Mitterrand for US\$1.7 million



Kehinde Wiley *Portrait of Tarek Ali Ellis and Michael Morgan*. Sold by Sean Kelly to a private collector for US\$950,000



Joaquin Sorolla *Girls on the Beach*. Sold by Artur Ramon Art with an asking price of €2.7 million



Frank van den Bergh *Collection of 157 playing card sets*. Sold by Daniel Crouch Rare Books to a private collector for €600,000



Johann Kunckel 17th-century gold ruby glass. Sold by Galerie Kugel to the Rijksmuseum

# Crossing continents

Catherine Lieman's Gazzambo Gallery in Madrid is an oasis of African art. She shares her love of the continent with Andrew Shirley and explains why it is important for galleries to support artists and their communities

**You specialise in Kenyan and Zimbabwean art. How did you become connected to Africa and those countries in particular and why are you so passionate about their artists?**

I became connected to the continent through my husband, a filmmaker who produced a documentary about African tribes, and thus began our love for Africa. The Kenyan episode started in 1977, and Mombasa became our home. I get involved straight away with many artists



▲ Entrance of Gazzambo Gallery designed by Rafa Bertone

↓ Catherine Lieman

from Nairobi but Richard Kimathi's art caught my eye. I love the dynamic exchange between his obsession with colour and his necessity to express the deepness of his own interpretation.

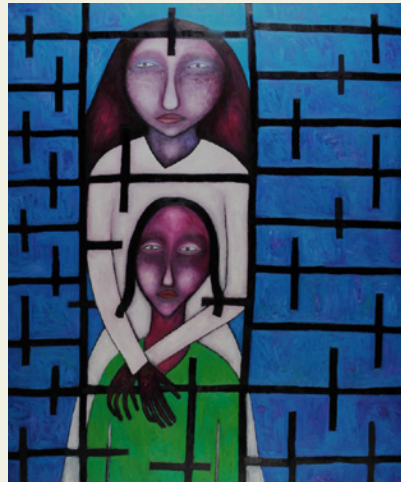
My love for Zimbabwe started a bit later in 1998. I was immediately hooked by the natural beauty of soapstone and by the sculptors of Shona art. This was a discovery, a new experience, both visual and spiritual. This grew into a passion for the stone sculpture. Dominic Benhura is considered a leader of the second generation of carvers. He endows his sculptures with sensibility, minimizing any features and attaining a universal appeal. Joe Mutasa, another recognized artist, treats female figures and emotions in a classic and modern way.

**The economic and political travails of eastern and southern Africa, especially Zimbabwe, are well known. How difficult is it to make your way as a successful artist there?**

It is quite difficult due to the severity of the political and socioeconomic situation that still exists in many parts of the continent. Artists in general are struggling because of a lack of materials like canvas and paints. However, it is impressive how they continue to express their own points of view through their powerful work.

**As a gallery owner, is it important for you to help your artists, and their communities, beyond just buying their pictures and sculptures?**

Definitely, it is very important for me to support the artists. I am a collector who has become a gallerist, that's why I consider myself an 'eclectic gallerist'. My dedication to Africa makes it very easy to promote and help the artists who are so authentic and so talented. I help provide artists with materials and support their families with school fees and other financial help. My husband and I also financially support the Tengenenge Art Centre in Zimbabwe, which is one of the original hubs for the Shona art movement and is managed by Dominic Benhura who provides



▲ Richard Kimathi - *Closed*

▼ Dominic Benhura - *Paso a paso*

▶ Johnson Zuze - *The Owl*



encouragement for many aspiring artists. My attachment to African contemporary art is a significant part of my life.

**A number of the works of art that you sell are created with waste materials and scrap. Presumably that was originally due to cost, but now the world has become more environmentally conscious is the circularity element of art becoming more important?**

I believe that upcycling and art are a question of responsibility. Through art, we can create an impact that helps in converting junk with the aim of preserving the health and sustainability of our planet. Zimbabwean artist Johnson Zuze is working with pre-existing materials (see above) with the purpose of transforming them into a creative interpretation.

**Since you set up your gallery in 2009 have you seen attitudes towards contemporary African art change?**

A huge change! There was not much interest for contemporary African art when we opened in 2009. But I am glad to say that many collectors have now started to buy and become interested in these artists.



◀ Dominic Benhura

▼ Ivan Lieman & Rafa Bertone - *Western Hotel Intervention*

# Time Flies

Andrew Shirley meets a watch collector who has taken the concept of passion investing to new heights



Like many watch collectors Andy Tolley has owned a huge number of Rolexes, but the brand revered by so many is definitely not where this collector's heart lies. He buys and sells them to help finance his real horological passion.

Andy is a Longines' man. His maker of choice may hardly register on the radar of many less knowledgeable collectors, but the firm's aviation-focused timepieces, particularly those produced between the two world wars, played a pivotal role in the development of flight, transforming the world we live in.

Born in Britain, raised in Australia, and now living in South-East Asia, I can tell Andy's passion runs deep because he is still in full flow 60 minutes after starting his reply to my first question as we chat over Teams. Listening to him talk about his watch collection, which is arguably the world's most comprehensive dedicated to aviation, it is clear to me that he is more than just a collector – he's a historian, educator, storyteller and influencer of substance.

His enthusiasm is infectious and I'm loathe to interrupt as he describes the history, much of it researched by himself, of his pilot watches, many of which were owned by the pioneers of flight and exploration. The development of features that we now take for granted on our watches, but of course never ever use, such as rotating bezels, helped these heroic men and women to establish feats of amazing endurance and navigation during their epic solo journeys. In many cases they were the difference between life or death.

Looking over the transcript of our interview, it feels like there's a book to be written about Andy and his collection, but in the meantime here is a very abridged version of our conversation.

### How did you get into collecting watches and why do you enjoy it so much?

An initial holiday abroad to Malaysia upon finishing school in 1987 led to the purchase of several Seiko watches as gifts for family members. The Seiko soon turned into a second-hand Omega, then a Rolex and later I inherited my Polish grandfather's Longines that he acquired in 1942 in Palestine.

My exposure to vintage watches increased after becoming friends with a bookseller who also held an interest and sold vintage watches. I purchased my first vintage pilot watch from him, a Breitling AOPA (Aircraft and Pilot's Association) Navitimer reference 806. I attended a few local auctions, antique collector meets, shows, flea markets and I was hooked.

I believe almost everything we do is measured in time so there is tremendous joy in collecting watches on multiple levels. Watches are a very personal item, showcase masterful engineering



▲ Honours' board – Some of the famous wearers of Longines watches

◀ Time travel – A selection of Andy's treasured Longines pieces

and consequently one can acquire a unique attachment to them. They may have some connection to important historical events, a timeframe or a person that helped shape their rarity. I find collecting a little like the excitement and anticipation one derives from a pastime like fishing. One never knows what one is going to discover or catch and the passion gives you a natural high. There is often a chase, a perennial hunt in the collector's mind looking for a last piece or two to complete the jigsaw.

### You specialise particularly in aviation watches, why did you choose that sector?

I am fascinated by this remarkable chapter in world history; the complex interwar period – aviation's so-called golden years – that accompanied the challenges and advancement of commercial and, later, military aviation. During this time speed, altitude, duration and distance records were being attempted and practically being set on a daily basis. Aviators and aviatrix became household names with their feats making front page news. History books record the successes and often spectacular failures that they paid for with their lives.

The calculation of longitude at sea had been overcome by John Harrison and others 200 years earlier using the marine chronometer. But flying over the sea and uncharted lands at night, in clouds, and at much greater speed presented very complex air navigation challenges. Initially, dead reckoning and pilotage were used. The former involved setting a compass course based on ▶

“It is clear to me that he is more than just a collector – he's a historian, educator, storyteller and influencer of substance.”

one's last known position and the latter involved sighting known landmarks to provide clarity on location. Two new techniques, radio and celestial navigation were later added.

There was the development and introduction of specialist aviation watches to take advantage of these new methods. These were accurate, robust and functional tool watches, essential for both navigation and timekeeping, used by the who's who of aviation who depended upon them with their lives. This makes them in my opinion some of the most important historical pieces ever made.

The list included extraordinary characters: Admiral Byrd, Lindbergh, Howard Hughes, Roald Amundsen, Amy Johnson, Wiley Post, Kingsford-Smith and Amelia Earhart among countless others. The first time I saw one of these special Longines watches, an oversized 47mm 1940s military chronograph, I was mesmerized but did not have the money to buy it. A trade followed and I swapped 10 simple Rolex Oysters for it.

#### What makes a watch collectable?

Rarity, condition, history, originality and provenance are key. Early pilot watches are very rare because 1920s to 1950s aviation was a dangerous pursuit. Military pieces can be even rarer because, aside from the plane's challenges, somebody was probably shooting at you.

A wide number and range of watches are now considered collectable. Watches have acquired exotic names based on historical events, attachment to movie stars, famous people,

“Rarity, condition, history, originality and provenance are key. Early pilot watches are very rare because 1920s to 1950s aviation was a dangerous pursuit.”

designers or even style periods. This includes so-called 'sport watches' used in a range of pursuits like diving and timing chronographs.

New watch sales have grown substantially, leading to a new and ever-growing pool of collectors who regularly discover the joys of the collecting rabbit hole. There are also designer watches and periods of wild and incredible designs made by famous marques like Cartier, Piaget, Patek Philippe, Vacheron Constantin, and Jaeger-LeCoultre. Some of these new-model watches are also considered collectable because of market forces creating apparent and sometimes real scarcity. At times these may be shaped by so-called 'influencers'.

#### Do you have a favourite watch in your collection?

Sadly, my grandfather's watch was stolen and while not the most valuable watch in my collection, on a sentimental level it is incomparable. I have two Weems second-setting watches vying for top spot. Weems was considered by many to be the grandfather of our GPS system and one of the two most important pilot watches ever made carried his name.

Longines made these pieces and their archives enable them to provide complex details and insights into a watch's history. The first watch regulated for sidereal time was ordered and supplied to Admiral Richard Byrd's second Antarctica mission that ran from 1933 to 1935. It even includes the original eight-page flight log from the mission, which notes the use of a special extra-quality movement to conquer the challenges of travelling in minus 80 degrees.

▼  
Up in the air – Andy with his father at Biggin Hill ticking off a lifelong dream to fly in a Spitfire





The other favourite in my collection is the second Weems prototype ever made – the first was kept by Weems himself and is now in the Smithsonian. The specific details and nuances of the two prototype watches are different to all second-setting pieces that followed. My watch was delivered to the UK agent, Baume, in Hatton Garden in 1930. It is the very first Weems watch of any type ever delivered outside America.

**Where next with the collection – is it missing any important watches, are there other watch themes you'd like to explore?**

Once hooked it is hard to stop and my eyes are bigger than my wallet. I am passionate about these pilot watches and there are always new interesting pieces and history to be discovered. I am a handful of oversized and small Longines 1920 to 1950 pieces short of finishing one jigsaw puzzle before continuing on with other less complete aviator-themed ones that involve Breitling, Universal and Omega. I enjoy writing

▲ Pole position – A watch designed for Admiral Byrd's second Antarctica mission

about this topic and am slowly pulling together an information website [flightbirds.net](http://flightbirds.net).

**How do you find your watches and where do you go for advice?**

There is now a variety of watch forums with knowledgeable collectors and reputable dealers who write and comment extensively on topics. With a range of contacts and experience, they may also know the whereabouts of something you are chasing. In this space I have often heard the expression “buy the seller not the watch”. Antique fairs, markets, books, magazines and collector shows like the upcoming LAPADA Berkeley Square Fair are great places to shape and improve one’s knowledge. The personal connection and opportunity of looking at a real watch or two in hand is one of the big advantages of a physical show.

One of history’s most important pilot watches, the prototype Weems, indirectly came through Paul Pfanner of Timewise from the Berkeley Square Fair a few years ago. We both joke about it today, and I will keep a Cheshire cat grin for the rest of my days. I will drop in and see him again and perhaps he can help me unearth the whereabouts of another rare ticking treasure.

**What advice do you have for anybody who would like to start collecting watches?**

First and foremost, buy what you like and are interested in, and not what a spruiker is telling you to buy. There is a masterful and passionate watch lover Roni Madhvani who captures the essence of this and has a magical collection centred around beautifully designed watches. He is now a celebrity of sorts. I would suggest reading up on the areas one is interested in, joining a forum or two and opening the eyes and ears.

To ascertain indicative values, I would look on websites, completed auctions, Instagram, forums and have a rough idea of listings on Chrono24 and try to find a recommended dealer or two. There are collectable watches at almost all price points. Condition is absolutely everything and to the inexperienced eye two watches may look similar or even the same. Have someone learned show you condition and originality tricks and details. There are many helpful collectors and dealers who will give you a lot of quality advice from years of experience for free, so never be afraid to ask a question or two.

Timewise will be exhibiting at LAPADA Berkeley Square Fair from 27 Sep to 1 Oct. [lapadalondon.com](http://lapadalondon.com)

# Whisky galore

The market for rare whisky has hit the headlines, but pitfalls await the unwary potential investor. Independent advisor Charles Beamish tells Andrew Shirley how to collect wisely

Coincidence perhaps, but ever since I added bottles of rare whisky to the Knight Frank Luxury Investment Index in 2019, there has been a boom in the number of funds – a few reputable, many less so – touting single malt Scotch as a profitable place to put your money.

Their interest was piqued, no doubt, by the headline stats generated by our rare whisky index – 12-month price growth of 40% and a staggering 10-year

rise of 582%. However, we track a small number of very rare bottles and their performance is not necessarily a reflection of the wider market, including casks, that these funds were purporting to invest in.

But for the informed collector, whisky can certainly be a shrewd investment so I thought it would be interesting to ask one industry expert for his five top tips on how to make the best decisions.



## 1. UNDERSTAND THE NUMBERS – LOOK BEHIND THE HEADLINES TO FIND OUT WHAT IS REALLY HAPPENING

When it comes to navigating the world of rare whisky collecting, it is crucial to seek guidance from independent experts who possess a comprehensive awareness of the market and can enable the buyer to undertake a meticulous approach when dealing with the industry. Before making any purchase for investment reasons or otherwise, it is essential to reflect on the purpose behind it. Are you acquiring an item solely for financial investment or for the pleasure of collecting? I'd urge buyers to be attentive to the pricing trends at auction, as sale prices continue to rise. The 2021 Distillers' One of One charity auction raised £3 million from 42 lots donated directly by 37 distilleries, including one lot selling for over £1 million. In the secondary and tertiary markets, where items have not come directly from the distillery, acquiring the prominent items in the market may not always be the most optimal choice.

Always research current pricing for the desired brand, looking at individual lot performance as well as the record-breakers. If an auction estimate is too good to be true then investigate why, just as you should do if it seems oddly high.

Over a barrel – Whisky collectors need to differentiate pricing data for cask and bottle markets







### FUNDS – THINK HARD BEFORE USING

When considering investing via an existing fund, it is important to exercise caution as their promised results often fail to align with reality. Instead, it is recommended to collaborate with trusted advisors who possess a deep understanding and genuine passion for the whisky industry. Given the unique nature of this commodity, it deserves to be treated as such. If you decide to engage with a fund, you must come prepared with the right questions to evaluate their approach thoroughly, and the patience to undertake the necessary research on the provenance of the fund and its key people. By taking these steps, you can navigate the realm of whisky funds with greater confidence and make informed decisions regarding your acquisitions.



### 3. CASKS OR BOTTLES – CONSIDER WHICH TO PRIORITISE WHEN COLLECTING

The purchase of casks enables you to select a specific vintage or taste profile that resonates with your personal preferences. It provides a personalised experience that caters to your individual taste. On the other hand, buying limited-release finished products in bottles may offer a less personal experience but often holds greater appeal to collectors in the secondary market.

In addition to this, purchasing a cask often grants the option to defer the bottling process to a later date. This flexibility allows for more control over the maturation process. Furthermore, when you opt for casks, you may have the opportunity to personalise the bottles, creating a truly unique and memorable experience. This aspect makes it particularly appealing to collectors and individuals looking for distinctive gifts, adding to its value as a ‘passion asset’.

## The expert



**Charles Beamish** founded Beamish International, a global whisky office providing direct-to-distillery advice, assurance and access to the world’s most coveted Scotch whisky stocks for collecting, drinking and gifting, in 2018. With over 17 years’ experience in the drinks and financial services industry Charles’s disruptive investing within the wine & spirits industry has seen him recognised as one of the industry’s leading specialists. Charles is a Freeman of The City of London, A Liveryman of the Worshipful Company of Distillers and a Commandeur de Bordeaux. Beamish International is programme sponsor for the second edition of The Distillers’ One of One auction in aid of the Distillers’ Charity takes place on October 5th at Hopetoun House, Edinburgh.



### 4. UNDERSTAND NEW-MAKE SPIRIT – PAST PERFORMANCE IS NOT A GUIDE FOR FUTURE PERFORMANCE

It’s important to note that new-make spirit, which is often sold as an investment, is not yet whisky. It takes three years in cask before it can be classified as whisky and even longer to allow the liquid to mature. When purchasing new-make spirit, the resultant whisky is an unknown entity as there can be no way to guarantee how it will interact with the cask, its surroundings and develop once aging in the cask.

More to the point, future shifts in the market are unpredictable, with the potential for continued growth or stagnation. Therefore, investing in spirits from new or start-up distilleries with no track record for production should be done under caution, especially for those primarily seeking investment opportunities. The first few years for any new business can be challenging and often these distilleries lack credentials in terms of quality or historic brand performance. However, for individuals aiming to commemorate a specific date or occasion, acquiring young spirit can be a viable option, provided they are willing to take the long-term risk and wait for its eventual enjoyment at a later date.



### 5. FAKES AND FORGERIES – LEARN HOW TO SPOT AND AVOID THEM

There are undoubtedly many fake whiskies found across the secondary market and it is important to be proactive in checking a bottle before purchase, ideally in person or via a trusted agent that offers auction representation. Check bottle integrity, label condition and evaporation levels of any lot. For example, a pristine label on a 50-year-old whisky bottle is rare, no matter the storage conditions within which it has been kept, while an original label on a modern-feeling bottle can reveal a fake. Seeing a label in a condition that does not match the supposed age of the liquid should always be a warning sign. Whenever possible, acquire distillery-letterheaded paperwork confirming the provenance of the bottle or cask. This provides legal proof of authenticity.

Consider working with an advisory firm that has direct connections with distilleries. Such a relationship can provide a cast-iron guarantee of the whisky’s authenticity and quality, eliminating the need for a middleman. Firms like ours manage direct-to-distillery bottle and cask acquisitions for clients, which ensure end-to-end client management, pricing transparency and guaranteed provenance and authenticity.

# Home is where the art is

High-net-worth individuals are passionate about their collections and their homes, but to what extent do they influence each other? Andrew Shirley investigates



“It was really the gallery that sold it to us, it was mind blowing,” recalls John, a Californian real estate developer, tech entrepreneur and philanthropist. He is describing Knoll House, the family’s Pasadena home that is now for sale, but which for the past 12 years has played a pivotal role in their collecting journey.

And when John, who prefers not to share his family name for privacy reasons, says gallery, he’s not talking about a room or two in which to hang some paintings, but a standalone commercial-grade museum. Built in the 1970s and designed by the influential architectural practice Ladd & Kelsey, the 20,000 sq ft facility was originally

▲  
**Room with a view** – Part of the art gallery at Knoll House. For sale through Douglas Elliman | Knight Frank for US\$38.5 million

created to house the European Modernist collection of former occupant and arts patron Virginia Steele Scott.

Despite the gallery clinching the deal, John admits that he and his wife weren’t quite sure what they were actually going to do with it. Although they collect art and sculpture, the couple didn’t have the thousands of pieces needed to fill the space, which is linked to the property’s more traditional house, built in 1916, by a secret underground passage.

What followed was a fascinating symbiotic journey that merged property with passion. “Our collecting tends to be a bit strange,” says John. “I

get obsessed with certain things, collect them and then move on to other things.” Restoring the colonial revival mansion, designed by Myron Hunt and Gordon Kaufmann, but left in a sorry state by its previous owner the televangelist Eugene Scott, kickstarted a number of new enthusiasms, including collecting original fixtures by the renowned metalsmith E F Caldwell. “It was definitely a labour of love, wherever we could, both in the house and the gallery, we tried to maintain the architectural integrity.

“For me architecture is the ultimate collectible. With art you can live around it, but with architecture you can live inside it, interact with it and bring others into it. The house itself, I would say, is the ultimate collectible,” reckons John. “For example, it has a pub that’s 100 years old in a beautiful wood-panelled room, so we ended up collecting antique beer trays for a while and that became a passion. They’re very beautiful and interesting. Some are serious. Some are kind of comical.”

The tunnel to the art gallery from the house even inspired John to create a collection of antique mining ephemera around a mock mine shaft entrance. Chatting to him though and it’s clear what his biggest passion was. “As we didn’t have enough art to fill the entire gallery, we decided we would use it both as a display space and as an extension of our home,” he says. “One thing that we did was to build a little museum within the museum.”

What emerged was the ultimate Tiki bar designed by the world’s leading designer and complete with genuine carvings from Papua New Guinea and bespoke Tiki mugs, apparently a collectible in their own right. “There’s a huge Tiki community still in the United States and beyond which is obsessed with this concept of Tiki,”

“Space to show off their prized passions is often top of the wish list for wealthy home-hunters.”

South Pacific – John’s Tiki bar



explains John. “Frank Sinatra, the Rat Pack, they were all into it. Tiki was kind of the coolest thing going at one point, and for many people it still is.”

#### ARTISTIC DIALOGUE

Not every collector has such eclectic or evolving tastes as John, but space to show off their prized passions is often top of the wish list for wealthy home-hunters, according to my colleagues from across Knight Frank’s global residential network.

“With family offices and HNWI’s it’s part of the standard conversation: seven bedrooms, a swimming pool, exceptional wine storage, space for x Ferraris, a safe for watches and jewellery,” explains Jason Mansfield of our American desk in London. “Their level of disposable income means all the buyers we deal with will have an art collection and you need a house designed for art to make it shine. These assets have gone up in value and people like their money where they can see it,” he says.

“From the first viewing it was clear that space to hang his art was a high priority, specific areas of the house were definitely being considered as areas for art,” recalls Jack Mogridge, a partner in our Baker Street office who has just sold a unique Robert Adam townhouse in West London to a keen collector of wine, art and classic cars.”

“In the prime market it’s not about square metres anymore, it’s about cubic metres,” confirms Madrid-based Ana White who deals with many art-collecting HNWI’s, including a large number relocating from Latin America. “The buyer arriving in Spain is very sophisticated and is more than ever looking for a house in a classic city centre building with high ceilings and mouldings but refurbished with all modern facilities.

“This buyer loves receiving family and friends at home. And for them art generates meaningful conversations and stimulates the exchange of ideas. By having artwork in your home, you invite your guests to immerse themselves in artistic dialogue. Each work becomes a starting point for sharing experiences, perspectives and emotions. Art has the power to transform our homes. It is more than just decoration, it is an expression of our identity and a constant source of inspiration,” adds Ana philosophically.

The concept of collecting as a communal activity is influencing a growing number of residential developments, says Luke Hayes, a project marketing specialist from our Sydney office. “We’re creating individual communities for our buyers who are generally like-minded people. For example, we have Royale, a beautiful development that we’re selling on the Gold Coast in Queensland. In it we’ve created a members’ ▶



circuit replacing the fairways at the ends of their gardens.

### TRANSFORMATION

The work of many interior designers and architects is also heavily influenced by their clients' collections. From installing the perfect lighting system to creating bespoke rooms specifically for displaying a particular treasured collectible, good design can completely change the relationship between house, object and person.

"As an interior designer I find working with clients who are also avid collectors of art and design objects is often an exhilarating journey," agrees Shalini Misra. "I have always believed that art holds the power to transform spaces, and with personal collections this is more true than ever – a person's art collection can reveal so much about them, their world and their life, and it can shape the very essence of the places they call home."

Richard Angel, co-founder of Angel O'Donnell, concurs: "Art enlivens a space, whether it's adding colour, texture, movement, drama, humour or all the above. When you place a sculpture on a plinth or hang an expressive oil painting on a wall, it's like slotting the final jigsaw piece into a giant puzzle. It simply completes the scene. We love to curate art for our clients. Many will see interior design as an opportunity to start afresh and reimagine the way they emotionally connect to their surroundings. Art plays an inspiring role in that transformation."

Designers will often work around specific pieces of art, or even suggest new acquisitions that will complement a particular project. "When hanging artwork, it is always important

club lounge where everyone has their own Sub Zero fridge and whisky locker.

"We've also recently sold some town houses in the Southern Highlands of NSW and every single town house had its own wine cellar and wine room. The Southern Highlands area is known for its green hills and vineyards so the properties were reflecting that environment."

Classic car enthusiasts are some of the most community-minded collectors, but often their requirements are hardest to satisfy because their collections take up so much space. "The need for an expansive garage not only allows for secure and organised storage of their prized possessions, but also serves as a showcase for their automotive treasures," says Yulia Sgroi, a private client adviser in Dubai.

"For clients with car collections, finding a mansion with a spacious garage is a top priority. I strive to identify properties with exceptional automobile storage facilities, but in Dubai these options are scarce so finding a plot of land for an entirely new bespoke project often makes much more sense, particularly financially," notes Yulia.

In the UK's Home Counties buyers are also looking further afield, reports Theo James-Wright of TBS, Knight Frank's specialist property search agency. "I've had a lot of recent requests for large agricultural buildings so that they can be converted into personal car museums and storage arrangements."

Classic car collectors also fret that mounting environmental legislation will one day force their cars off the road. This has led to the creation of a number of specialist developments riffing on the traditional gated-community-for-golfers concept, but with a professional racing

▲ Wine society – Part of the Royale Gold Coast's club lounge

▼ Eye fall – Hanging art correctly can make a room, says designer Louise Bradley



to consider where the eye will fall and create the space between pieces so that each can capture the viewer's attention individually and as a group," emphasises design guru Louise Bradley.

"Over the years, I have worked with clients to incorporate their favourite pieces into the homes we design as well as guide and select artwork that provides harmony in an interior. In one elegant drawing room I designed, a framed Lucian Freud etching adds depth and balance to the space, leading into the inner drawing room where a Maria Luisa Hernandez oil painting is displayed to full effect over the fireplace, flanked by two intricate wall lights."

Modern lighting solutions can be transformative, particularly in period properties, says Andrew Molyneux, co-founder of TM Lighting. He cites one project at Waddesdon Manor, a palatial country house originally built by Baron Ferdinand de Rothschild for entertaining his friends over summer weekends, that involved transforming the building's magnificent dining room from a flat-lit area into a truly three-dimensional space.

"We used custom gold-painted spotlights concealed in the chandeliers to define the richly decorated table setting, tapestries and murals. As you enter, you are taken on a journey of the room which plays with the visual hierarchy of the light; your eye is first drawn to the late 18th century Meissen dining set on the table, then to the murals at a higher level and finally to the tapestries that adorn the walls," explains Andrew. "It was fantastic to overhear a member of the curating staff saying they had fallen in love with the collection all over again."

Some collections require unique solutions. "One client asked us to design a room just to show off her collection of hundreds of rare Barbie dolls," says Charu Gandhi, founder of the Eliycon studio. "For another, we installed a beautiful wall feature comprising the client's precious vintage hat collection creating a dramatic focal point and conversation piece for the room. Other briefs have involved installing a two-metre diameter watch winder and display case in the client's study, and even a collection of rare parrots. I believe that if you love something and enjoy collecting it then it should be on display."

But protecting collections as well as displaying them is also important, adds Charu. "When designing for a client with a particular collection we always begin by taking a deep dive into that subject area so we can confidently propose solutions that are not only beautiful but genuinely practical. For delicate collectibles we look at how we can arrange and display these in innovative ways that allow them to be

"I believe that if you love something and enjoy collecting it then it should be on display."

appreciated while also protecting them from any risk of damage.

"For example, when asked to create storage for a client's extensive collection of designer handbags, we sought guidance from luxury French fashion house Hermès, which provided expert advice ranging from the ideal level of room humidity to the importance of avoiding exposure to direct sunlight which may otherwise lead to fading and other deterioration of the leather."

#### NEW BEGINNINGS

It's clear that collection, collector and home form a unique trinity. And although John says he will miss his Pasadena art gallery, "it ended up being our favourite part of the house", and plans to create something similar at the family's new home in Nashville, he can take comfort from the words of designer Scott Maddux for a job well done: "Functionality is key. We are creating homes not museums."

Barbie girl - Charu Gandhi's design briefs have even included a room dedicated to the popular doll



# Declining nude

Will changing attitudes on race and the treatment of women affect the popularity of one of the world's most bankable and prolific blue-chip artists? The evidence is inconclusive so far, argues art expert Dr Veronika Lukasova

In 2015, a world record price of US\$179 million was paid for a work by Picasso. *Les Femmes d'Alger (Version 'O')* was painted when the artist was 73 years old, and it was considered a rare return to his best form.

The canvas was inspired by Eugène Delacroix's painting of the same name. Like Picasso, Delacroix was fascinated by African culture as he encountered it in the 1830s. But driven by the belief that he was from a superior civilization, the artist created several works, supposedly depicting local scenes and people, that were in fact heavily embellished.

By using the *Les Femmes d'Alger* – a fabricated scene of a harem – as a starting point, Picasso revisits Delacroix's male gaze prying into a forbidden world of a female seclusion in the Islamic world.

From a contemporary perspective, both artists appropriate and distort the idea of what was then perceived as an 'exotic' culture to suit their need.

I can't help feeling the same abrasive gaze in the large part of Picasso's oeuvre

that features women who enabled his creativity while he systematically suppressed theirs.

This year the art world is celebrating 50 years since Picasso's death with a number of exhibitions. But the anniversary is also sparking fierce debates about his troubled legacy. Neither side of the debate explains why the market for Picasso's works is apparently so consistent.

According to the AMR index that tracks the work of Picasso, average values remain close to their peak in 2019. Guardian art critic Adam Searle suggested in a recent article that Picasso's "indisputable awfulness as a human being is part of that complexity. There is no going back on the difficulties. You can't have Picasso without Picasso."

I think the reason for the Picasso market strength is more prosaic than that. Having a large oeuvre is an important part of creating a robust market for any critically acclaimed artist. The liquidity establishes a reliable reference of value.

According to the catalogues raisonné of his works, Picasso produced 15,691 unique paintings and drawings, more than 30,000 ceramics and over 70,000 prints – by far the greatest output of any artist who has ever lived.

In my role as AMR's chief data analyst, I see more of Picasso's works than most – around 750 individual pieces passing through the doors of the major auction houses every year. Very few works sold today are from his most celebrated early years – his blue, rose and early cubist periods. For example, the last rose period painting to be sold at auction was five years ago.

*Fillette à la corbeille fleurie* (1905), depicts a naked girl with a flower basket and was sold at Christie's for US\$115 million. Most works traded at auction today were produced in the last third of the artist's life. By this point Picasso was just doing Picasso and focusing on the 'Picasso' brand. The output is distinctly uneven, including portrayals of women in explicit detail, more closely resembling pornographic scribbles than works of art.

Breaking down the Picasso index before and after the record sale of *Les Femmes d'Alger (Version 'O')*, we find that between 2000 and 2015 the market for Picasso experienced a compound growth rate of 7.8. Since then, the growth rate stands at just 0.5. Is the growing number of younger collectors interested in art choosing to pass on Picasso for the reasons highlighted above?

In 2022, his granddaughter Marina Picasso and her son Florian minted an NFT titled *Visage de Couleur*. The edition included five limited sets of 200 NFTs plus 10 *Visage de Lumière* drops accompanied by a song written by John Legend. It was inspired by a never-seen-before 1958 hand-painted ceramic bowl in Marina's personal collection.

However, the Picasso estate, representing various descendants, blocked the sale. Marina and Florian pressed on and released *Man and the Beat Visage de couleur* NFT. Sold for the equivalent of US\$537, 55 out of 101 NFTs remain unsold. This attempt to attract young audiences to the blue-chip master seems to have failed. The truth is today's millennial and gen Z collectors are simply interested in other things.

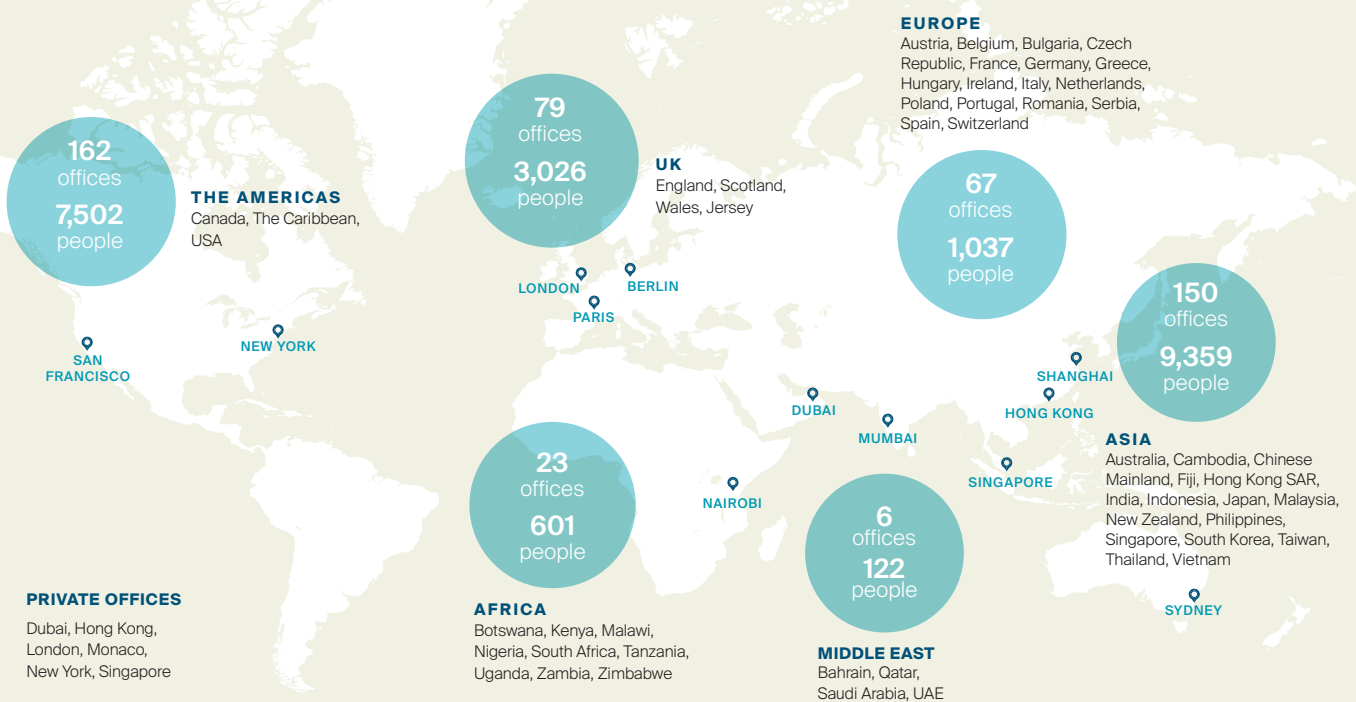
## Dr Veronika Lukasova

As an editorial photographer in the US for over 10 years, Veronika produced stories for publications such as the New York Times and Washington Post, before her interest in art led to further academic study and a doctorate. As a freelance writer and lecturer on the art market and photography, Veronika is especially interested in the manifestation of emerging technologies and science in the contemporary arts.



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Sales & Leasing

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