

THE SOCIETY OF
LONDON
ART DEALERS



MARKET REPORT

ON FINE ART DEALERS
IN THE UK

Insights from the Society of London Art Dealers
(SLAD) Membership Survey 2022

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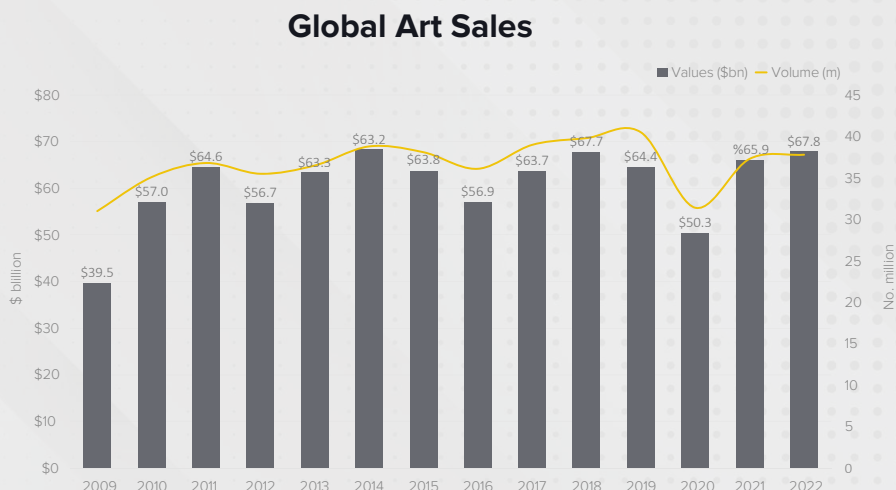
ABOUT US

Founded in 1932, The Society of London Art Dealers (SLAD) is a non-profit trade association representing the interests of 185 fine art dealers across the UK. Its members have expertise in art works from antiquity to the present day. The Society was established 'to promote and protect the good name and interest of the art trade, and to enhance public confidence in responsible fine art dealing'. Dealers play a key role in the 'art ecosystem' including nurturing and promoting new artistic talent. Dealers also help generate significant spending by high-net-worth visitors on hotels, hospitality, entertainment and retail sales in the UK. Further information can be found by visiting www.slad.org.uk Or e-mailing office@slad.org.uk

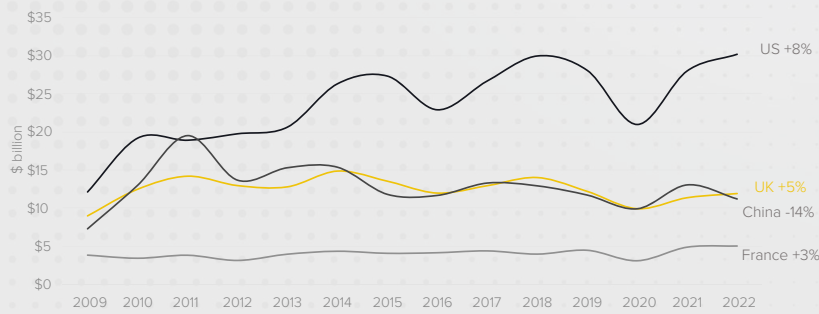
GLOBAL RANKING:

Despite political & economic headwinds, the UK art market performed better than expected in 2022 & overtook China to resume second place in the global ranking behind the USA. Summarizing the largest markets from The Art Market Survey 2022:

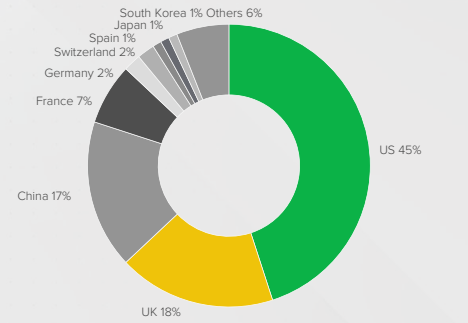
- The USA achieved a 45% share, with sales growing **8% to \$30.2bn***.
- The UK's share by value was 18%, with sales up **5% to \$11.9bn**.
- China's share fell to 17%, as sales declined **14% to \$11.2bn**.
- The French market grew 4% and retained a stable share of **7%**.



Sales By Region



Global Market Share By Value 2022



UK ART DEALERS CONTRIBUTED OVER £5.5 BILLION TO THE UK ECONOMY IN 2022

Excluding significant spending by their international clients on accommodation, hospitality and retail.

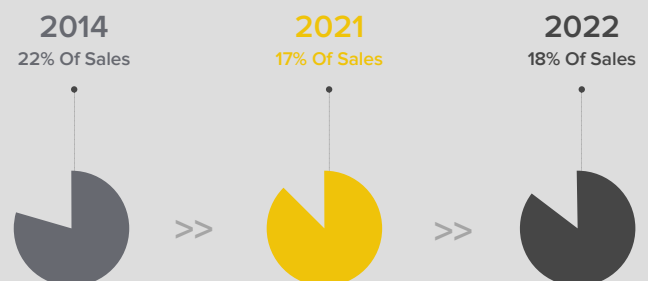
- The UK art market has an estimated value of \$11.9 bn (£9.6bn.) This breaks down into an estimated 58% through dealers including the 185 members of The Society of London Art Dealers and 42% through the auction houses.

- 38% of sales went to buyers within the UK and 62% to overseas buyers including:

- 27% to those in North America,
- 24% to the EU,
- 5% to Switzerland,

- The UK is very reliant on international buyers with a 62% share compared to averages of 20% of sales for US dealers (in 2022) and 24% in China.

UK Market Share



- 4% Asia
- 3% Rest of the World

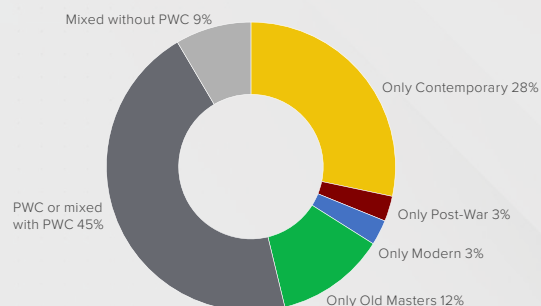
MAIN CONCERNS & CALLS TO ACTION FROM SLAD MEMBERS

- 78% of members are very concerned by the increased administrative burden of the Anti-Money Laundering Regulation (AMLR). It has had a direct impact on increasing their cost base and eroded profitability.

- The membership calls for: -

- Regular feedback from HMRC on where the real (as opposed to perceived) risks of money laundering are.
- Increase the threshold for due diligence checks from €10,000 to £30,000 & ensure that interventions are conducted in proportion to the size of dealers' businesses.
- Refocus the popular narrative onto the vital role UK dealers play in nurturing and promoting the most diverse range of artistic talent in the world.

Slad Responses By Sector

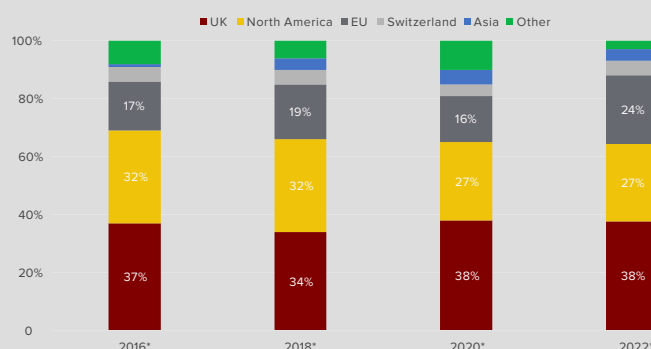


- 75% are very concerned about the increased regulations, administrative and costs of cross-border trade & employment post-Brexit. Brexit has not only increased their cost base, but caused EU artist and clients to quite living, working & transacting in the UK there by stalling sales.

The membership calls for: -

- Simplifying the conditions of Temporary Admission (TA) & introducing a deferred system of import VAT.
- Issue more visas to international artists to come and study and work in the UK.

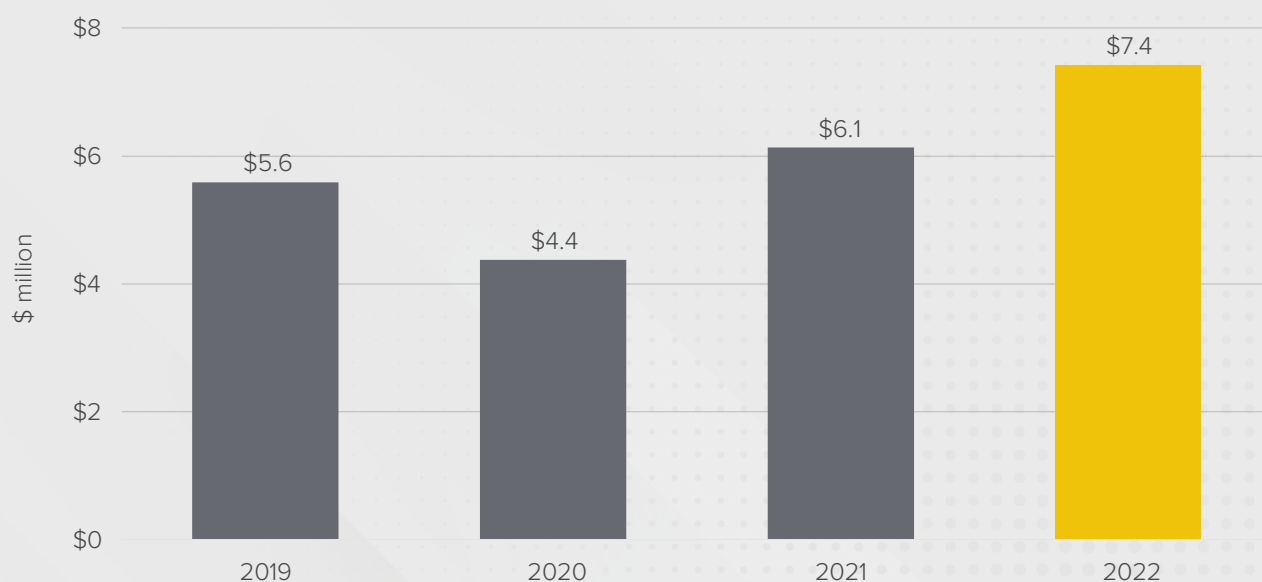
Share Of Sales By Buyer Region



THE PROFILE & PERFORMANCE OF SLAD'S MEMBERSHIP BROADLY REFLECTS GLOBAL TRENDS:

- Genre: the rise of Contemporary (and Post War) dealers, with these sectors now included in the programs of 76% of responding members** and the decline of Old Master specialist dealers to 12% of respondents.
- Specialisation: in dealing in a single genre is increasing, now accounting for nearly half (46%) of SLAD respondents, although still below the global average (63%).
- Mix of Primary & Secondary dealing: 51% of SLAD respondents deal in both sectors of the market, with 46% of their sales coming from the primary market.
- Galleries with no permanent space: while the traditional gallery model still dominates, alternative structures have increased and 5% of SLAD dealers had no permanent space in 2022 vs. 6% globally.

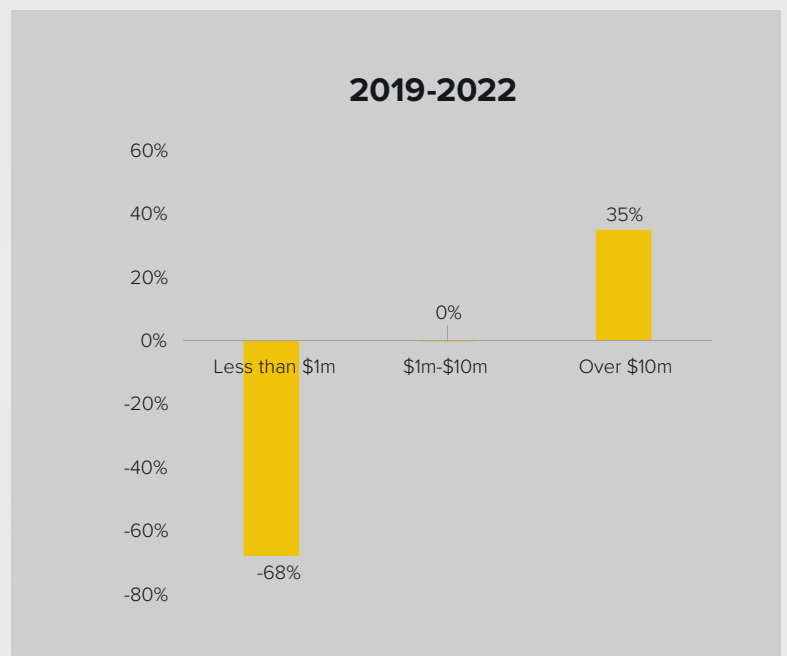
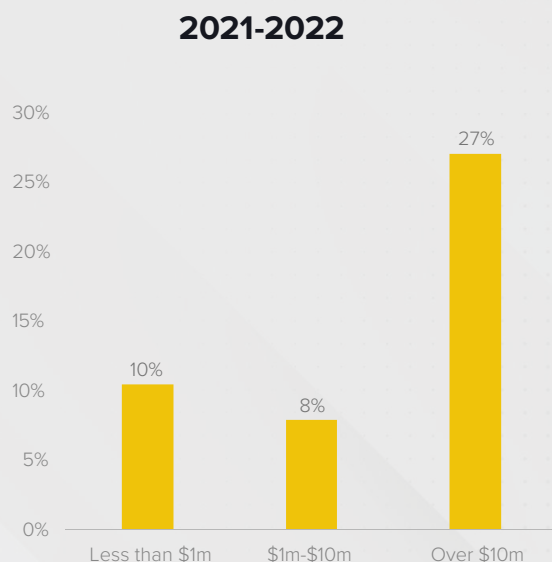
Average Sales 2019-2022



DEALER SALES, PROFITS & COSTS:

in 2022 there was an uplift in sales across the board as the restrictions of the pandemic were lifted.

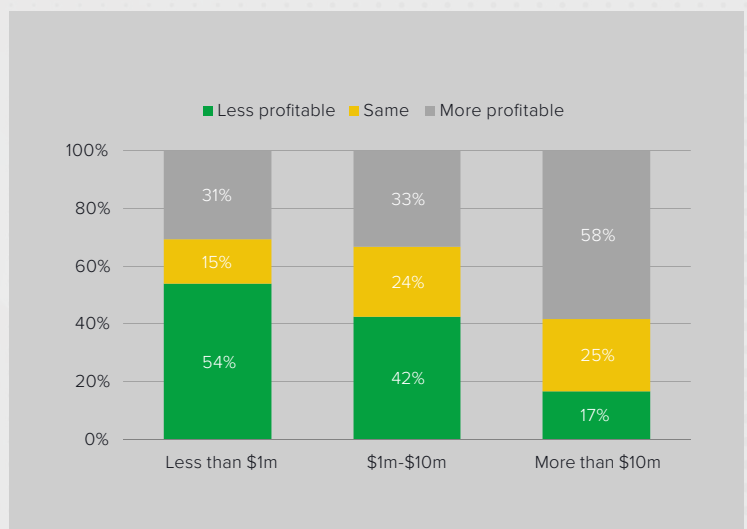
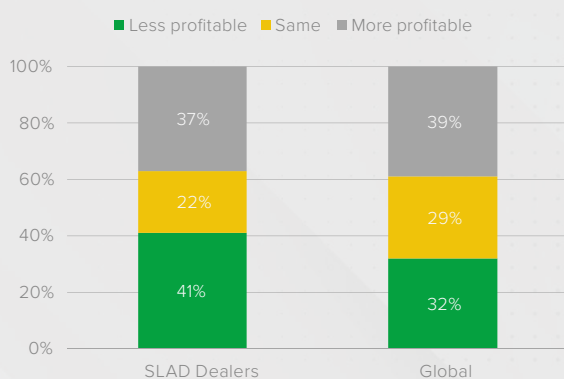
- Secondary dealers reported a 59% uplift while primary a more modest 8%, and 14% for dealers working across both markets.
- Regardless of sector: -
 - **Larger galleries** (\$10m or more sales p.a.) recovered the fastest, showing a 27% increase year-on-year in sales values vs. 19% globally, as well as up just over one third on pre pandemic 2019.
 - **Medium sized galleries** (sales of \$1-10m p.a.) grew more moderately (8%) but have regained losses and recovered values to 2019 levels.
 - **Smaller galleries** (sales of < \$1m p.a.) have had a more challenging time: although sales grew 10% year-on-year, they are still below 2019 levels, with average sales almost 68% lower than before the pandemic.



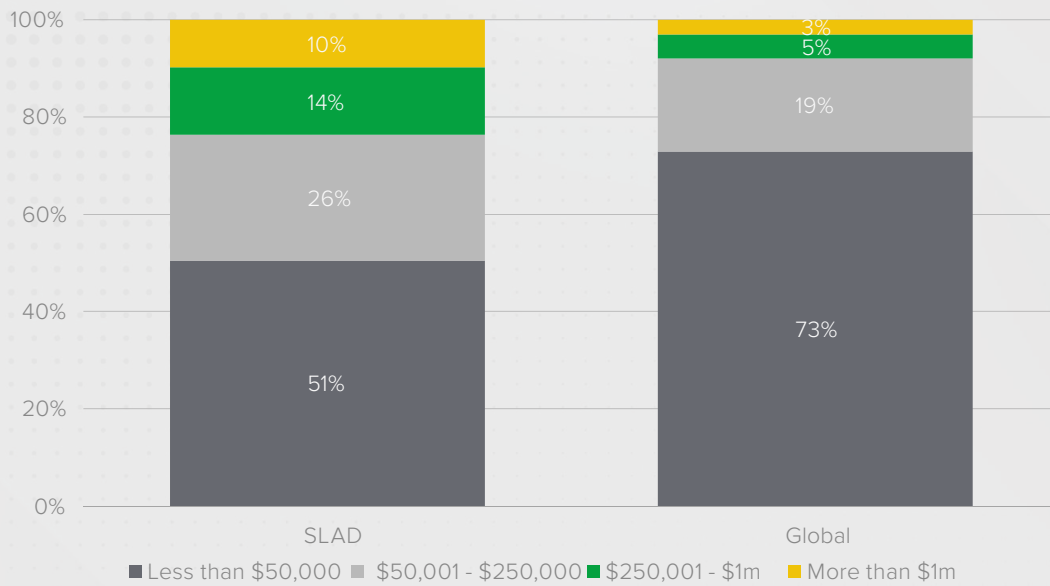
SLAD MEMBERS SELL FEWER WORKS AT HIGHER PRICES THAN THE GLOBAL AVERAGE

- The median number (the value separating the higher half from the lower half of the data sample) of works sold by SLAD dealers increased from 35 in 2021 to 45 works in 2022. This was lower than the global average (75 works in 2022) but represented the highest level for 4 years indicating significant activity in the market.
- **Price points:** 51% of transactions by SLAD dealers in 2022 were below \$50k; 10% over \$1m and 1% above \$10m.
- **Profits** followed suit and bigger dealers fared better with 58% of large dealers in the \$10m+ segment seeing a rise year-on-year. Smaller dealers' profits were negatively impacted by the heavy burden of rising costs, increased regulation from AMLR and administration from organising cross border transportation and transactions, and the majority (54%) were less profitable in 2022.
- **Slow-moving inventory** cycle: the average period from inventory to sale across all SLAD respondents was 16 months compared to a global average of 13 months, and 28% of SLAD respondents reported an average of 2 years vs. 20% of dealers globally.

PROFITABILITY 2021 v 2022



Share of Transactions by Price

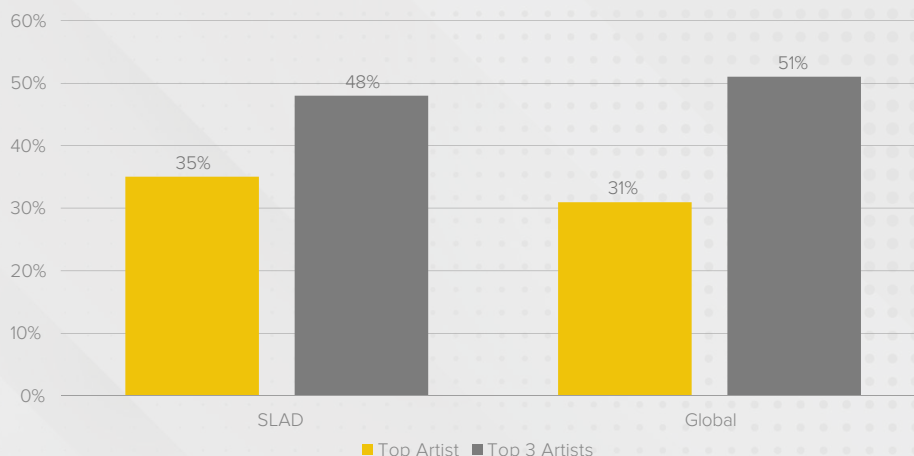


ARTISTS REPRESENTATION:

Overall UK dealers represented 31 artists (median 23).

- In the primary market the figure was 21 artists.
- Across all respondents 48% of annual sales revenues in 2022 came from the sales of top 3 artists and 35% from a single artist; 50% of sales come from just 10% of artists indicating a significant degree of concentration and risk for some businesses.

Share of Sales from Top Artists in 2022

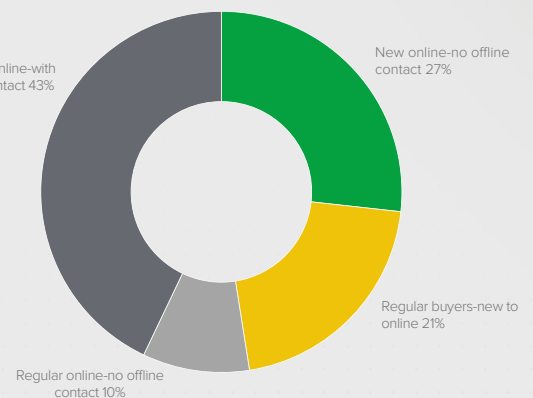


SALES CHANNELS:

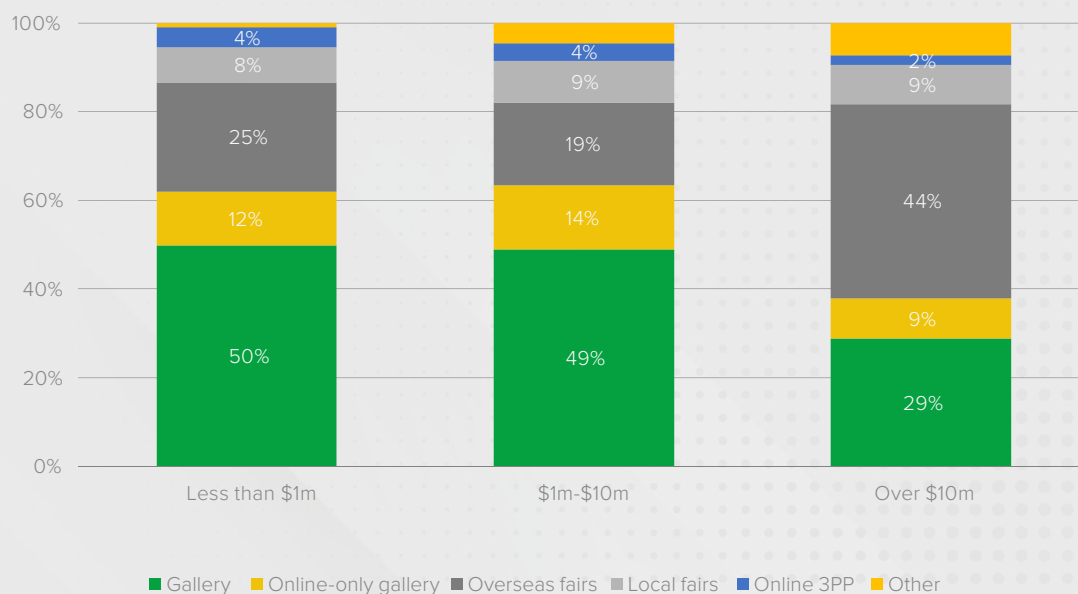
Remain one of the biggest challenges and opportunities for UK dealers.

- In 2022, in-person gallery sales made up 40% of total sales and a further 12% was through dealers' own online channels.
- Half of dealers' sales were at art fairs of which 40% were outside of the UK. Globally, dealers made 35% of their sales through art fairs in 2022.
- Big dealers did most of their business at international art fairs (44% with an additional 9% at local fairs)
- Medium sized dealers did 14% of their sales through their own on-line channels (versus 9% for the largest dealers & 12% for the smallest).
- SLAD respondents reported that only 27% of their online sales in 2022 were to completely new buyers versus an equivalent figure globally of 40%

Share of Online Sales by Buyer Tenure



Sales Channels for Dealers by Turnover in 2022



*In order to make valid global comparisons, reporting is in US dollars, with an average exchange rate reported by HMRC for 2022 being £1: \$0.80.

** Valid responses received from 58% of the membership of 185, with full sales information from 43%, which makes the survey statistically significant.



THE SOCIETY OF LONDON ART DEALERS

With thanks to

Dr Clare McAndrew

- ARTS ECONOMICS

