

# THE ART NEWSPAPER

Saturday, 10  
February 2007

In this month's issue:



HOME > ARTICLE

From **Art Market:**

## Costs of running commercial galleries soar

Dealers are digging deep into their bank accounts to tempt the best artists

By Georgina Adam and Brook Mason | Posted 08 February 2007

NEW YORK/LONDON. The must-have invitation in Manhattan this month is to the lavish, 150-person dinner Paris dealer Yvon Lambert is hosting to launch his new, 7,500 sq. ft gallery opening in Chelsea. Mr Lambert has spent over \$1m renovating the space and will be shouldering an impressive rent which, according to Chelsea property agent Stuart Siegel, managing director of Grubb & Ellis, will be close to \$500,000 a year.



Big bills: installations like Bose Krishnamachari's *Ghost: Transmemoir* cost fortunes to move

With the market for contemporary art booming, dealers are spending unprecedented amounts of money on new spaces, ritzy renovations, -entertaining, catalogues, insurance and shipping. While most dealers accept this as the natural side effect of a strong market, they are still astonished at how costs are escalating.

### Property boom

The skyrocketing property market is the number one factor in this. "Rents in New York have shot up six times in ten years and tripled in five," says Mr Siegel. "And they're still going up." He reports that a 6,000 sq. ft ground floor space can cost \$480,000 annually—if it can be found.

Property prices are just as high in London. Dealer Kenny Schachter, who is to open a gallery designed by Zaha Hadid in Hoxton Square in 2008, says: "The property boom has had a huge effect on costs. I was going to buy a space in Victoria, in the same building as Phillips de Pury, but the price kept going up. Property in Pimlico went from £600 (\$1,170) to £800 (\$1,560) a sq. ft last year."

Prajit Dutta, a partner in the New York ArtsIndia group, which is opening a new gallery, Aicon, in London next month, says: "A pound in London buys what a dollar buys in New York—meaning that everything is almost double."

Once you have secured a space, it doesn't get any cheaper. The British historical portrait specialist Philip Mould moved from a discreet first-floor gallery on Dover Street in Mayfair, London's prime art dealing district, to a 3,000 sq. ft ground floor space just a few doors down in

November.

"It felt like being on the receiving end of a cavalry charge," he says, citing huge bills for materials, wall coverings, security and insurance. The space had formerly been a car showroom and "we had to rebuild it from scratch", he says. "Lighting is crucial, so that was very costly, then we had to have bullet-proof glass, so that the windows could resist a ram raider: the insurers demanded that." His insurance costs £50,000 (\$96,000) per year, while security, which includes video cameras, video beams and direct links to the local police station, costs £25,000 (\$48,000) a year. The total cost of his renovation was close to £1m (\$1.9m).

### **"Starchitects" reign**

Adding to costs are the architects and designers chosen for gallery renovations. These are often professionals who have also worked with major museums. Mr Mould used Charles Marsden-Smedley, designer of the 2006 "Searching for Shakespeare" exhibition at the National Portrait Gallery in London.

In New York, "starchitects" are seen as essential to any gallery renovation. Richard Gluckman, who has just completed the La Jolla branch of the San Diego, California Museum of Contemporary Art, designed the Lambert space in collaboration with Thomas Zoll. Annabelle Selldorf, who designed Ronald Lauder's Neue Galerie on the Upper East Side, says she is seeing a trend towards larger galleries—"twice the size" of what they used to be. "Renovation can cost \$300 a sq. ft but if you add all the bells and whistles it can cost much more," she says.

In London, one of the highest-profile conversions was undertaken by the Gagosian Gallery, which created a vast 12,912 sq. ft space in a 1930s warehouse on Britannia Street in the King's Cross area using architects Caruso St John, who are best known for their New Art Gallery in Walsall. Sources in the trade believe the bill ran to £2m (\$3.8m), although the gallery declined to comment.

Last September, Jay Jopling of White Cube completely demolished a disused electrical sub-station in the heart of Mayfair, in Mason's Yard, a stone's throw from Christie's. Architects MRJ Rundell built a new gallery space of 12,500 sq. ft at a cost of £10.5m (\$20m), with four floors and a seven-metre-high ceiling in the basement.

### **Artists up the ante**

The most successful artists are also costing galleries more. "You have to court the artists assiduously," says Mr Dutta. "It's no longer the case that works are on consignment, now the presumption is that any unsold works will be bought by the gallery," he says. "Artists may expect to be paid up front, which can put pressure on cash flow. And the cut isn't the same as it used to be: forget 50/50, it can be 80/20 in the artist's favour for those most in demand."

Also gone are the days when all the gallery needed was a hammer and nails to hang a show. Now the gallery underwrites the often substantial costs of gigantic installations. "Just moving Bose Krishnamachari's Ghost: Transmemoir, 2006, which incorporates 200 DVD players, cost us around \$50,000," says Mr Dutta.

Galleries are also expected to underwrite museums shows. The London dealer Stuart Shave, owner of Modern Art, says: "One of the things that is much more expensive today is that museums expect galleries

to contribute to catalogues, transport and other costs when they show a gallery's artist. In the next few weeks we have eight museum shows and we are paying for some costs at each of them. Shipping and storage is £20,000 to £30,000 a year alone," he says.

### **The battle to be noticed**

Costs don't stop there. "Even if you're a fantastic gallery, it's difficult to get noticed, there's so much going on," says London PR guru Erica Bolton. So publicity is taking on greater prominence and fees are skyrocketing.

And then there are the parties: ever more lavish, ever more high profile. Glenn Scott Wright of London's Victoria Miro Gallery says, "Expectations are so high now. When we were still in a small space in Cork Street we could go around the corner to the local pizzeria but now everyone expects the big party." When Hauser & Wirth opened in London in 2003, the party at the Mayfair club Tramp cost £60,000.

Larry Gagosian's party held during Oscars week at the trendy Mr Chow's restaurant in Los Angeles may top them all: "The party had to cost \$150,000," said a Manhattan publicist. Even the invitations shout for attention: "I've seen invitations with flocking and even fur; others were towels," says John Melick, director of the New York public relations firm Blue Medium. "Some invitations cost several dollars each to mail."

### **But they can't afford not to**

Is it all worth it? Yes, says David Maupin of Lehmann Maupin Gallery in New York, whose space was designed by Rem Koolhaas. "We're trying to replicate a museum experience. The current renovation cost under \$2m in 2001 and has paid itself back already," he says.

"Context is a huge factor in the art world," says Chelsea dealer Marianne Boesky, who also has an expensive new space. "Artists now want the kind of visibility we can offer them. On a Saturday, we have an average of 2,000 people visiting the gallery."

In London, Mr Mould is "thrilled and delighted" with his move. "But it would have been very difficult to do the same thing in a recession," he admits.