

# Investing in Art - With Brett Gorvy, Former Chairman of Christie's and Partner in LGDR

## Simon Brewer

When Picasso's Les Femmes d'Alger was bought for \$179 million, at that time, a world record for an artwork sold at auction, the spotlight shone on the changing world of art valuations and on the man orchestrating that sale, our guest today. Having enjoyed an extraordinary career at Christie's as Chairman and International Head of Post-War and Contemporary Art and leading the auction house to its first billion-dollar auction week in 2015, he is synonymous with auction expertise, depth of knowledge about the art market, and a passion for great works of art. So today, the discussion is the business and world of art investing. And our guest is now owner and partner of LGDR, Brett Gorvy.

## Brett Gorvy

Good morning.

## Simon Brewer

Good morning. Well, I think you are sitting in New York. I have to tell you, I'm sitting in London. It was minus 4 this morning. We have builders in our house who said their heating wasn't working. I had breakfast in my ski jacket and I found an office which is significantly warmer so we can have this conversation. But for those who are very well attuned, they will even have picked up the slightest South African tinge from your opening words. Tell me, I think you were born in South Africa or at least you're born to South African parents. I'd just love a little sense of what stays with you about your upbringing.

## Brett Gorvy

I was actually born in Johannesburg in the '60s and we left South Africa in the '70s, in 1974, to move to England. So I have very, very firm memories of growing up in South Africa, which was a very idyllic experience, but not necessarily an art experience. It was really coming to England where I had the exposure to international culture but also to the art world.

## Simon Brewer

Before we get into the art, what did you decide to study?

**Brett Gorvy**

I studied art history. One of the aspects of the English education is that you have to, at least in those days, you had to choose relatively early in your life as to your main focus. And I was lucky in that by the age of 16, I found art history as my main passion and ultimately it was all-consuming at that point.

**Simon Brewer**

And you start out as an art journalist, is that right?

**Brett Gorvy**

I started on the academic side and basically studied art history at university and then ultimately, my first way of actually leveraging that knowledge was ultimately as a mainstream journalist and then became much more focused as an art journalist, and then became a features editor of a magazine. So in a way, writing about art or at least observing about art was an early foundation in terms of at least understanding as well.

**Simon Brewer**

I know you are still a very keen writer I'm told although I am yet to follow you on Instagram, but I'm told you right vigorously and regularly there. So that'll be something that we'll be featuring in our show notes. But at what point did Christie's come into your life?

**Brett Gorvy**

Christie's came into my life, actually, it was a result of the journalism. My life has really been various chance encounters which have ultimately turned into new adventures. And in my case, in the early '90s, I was working as an art journalist and I was given the assignment of interviewing the auction houses as to how they were doing. This was '91, the market had crashed at that point, and ultimately, I was writing an article about the survival of the market at that point. And I interviewed major players at the auction houses at Christie's and Sotheby's and Phillips at the time. And I interviewed a man called Hugues Joffre at Sotheby's who was then the head of contemporary art at Sotheby's. And the next day, he offered me a job to be his number two, which I was very naive probably at the time or slightly innocent and turned him down on the basis that I actually preferred to be a writer and that was my passion at the time, against actually my family or at least my father's judgment. And as it happened, it turned out to be the right decision, because a year later, Hugues Joffre had left Sotheby's and was now at Christie's in charge of the 19th and 20th Century department. And he called me a year later and said, I'm

looking for a head of department. So it was a change of fortune, but also, it ultimately put me in the right place. That was in 1994 and I stayed with Christie's until 2016.

**Simon Brewer**

Well, we're going to put these pieces together. But for those of us of a certain age, we once in a while played this game Masterpiece, which was the art board game and you would see Renoirs and Rembrandts. But at some point, something happened that drove this explosion and interest in post-war and contemporary. Just tell me what happened and why it happened.

**Brett Gorvy**

When I joined Christie's in 1984, the contemporary department was the number six department in the field. Now it's number one by far. And at that time, impressionist and modern was really the strongest department. But silver, old masters, furniture, there were many other categories that were deemed more important or at least making more money commercially for the company. I think what took over ultimately was lifestyle, the fact that people understood contemporary art as being something that was vital to their day to day lives. Not that it's just about fashion and how people absorbed that but ultimately it opened a door in accessibility. And I think a large part of our market today is about how people are accessing works of art. So I think that change and that shift to a more contemporary perspective came about by a greater audience and a younger audience that ultimately understood that this was something which actually connected to their lives and wasn't just something that they were buying and selling, but ultimately that they could have a passion and a real interest in.

**Simon Brewer**

And is that access because it was happening in their time?

**Brett Gorvy**

I think it was a combination of the fact that we're talking about a very contemporary moment. And it also helped at that time, if you think about the '90s, this was a time when you saw younger contemporary artists suddenly coming to the fore and being incredibly powerful in terms of their positioning within the market. Damien Hirst being the number one player within that in terms of both importance of his work but also then understanding how to play the market. The fact that he presented a whole sale at Sotheby's was effective. It actually demonstrates how much the market changed, that ultimately, you could have an artist presenting over £250 million of art in an auction in one day, especially just after the Lehman crisis, and having great success. That in a

way really was fed on by the fact that up to a good 10 years prior, there'd been a shift towards contemporary and a much greater dynamic in terms of both the number of people who are within the field and also frankly that the auction houses and the dealers had now focused on this as a very international but also very commercial field that ultimately they could develop. So I think a large part of this was frankly what I was doing at Christie's from the '90s onwards, which was building both a very strong market for contemporary art, but also ultimately giving access, which is obviously the most important aspect to a very international audience. We saw the growth, for instance, of Asia in particular, as being a major, major player within the contemporary world. And that's really happened maybe in the last 10 years. But again, the seed of that was back in the '90s and the early 2000s.

### **Simon Brewer**

We talk about in sort of the classic investment world those like the Warren Buffets who have recognised themes and stayed with them for a long time, but we're also very aware that there's this sometimes secular component, sometimes cyclical component, and in this case, obviously your speciality has turned out to be secular. But what was it when it wasn't so obvious that made you think I want to hitch my wagon to this train?

### **Brett Gorvy**

I don't think I was so calculating in that regard. I was following my passion, first and foremost. Again, my strongest advice to anyone who's coming into our field, any field frankly, is if you're lucky enough to have a passion and obsession and ability basically to live and breathe a subject, it takes on your life, and ultimately, it'll give you the direction. So I don't think that I was so jumping on a bandwagon or understanding that this was the future. The future was me, the future was part of what I was doing ultimately. It was my main love and basically the world that I was living in. So whether it was working with other artists or working with artists or working with other people in our field, ultimately, it was a community that I found myself part of and leading in some capacities from the auction side.

### **Simon Brewer**

So let's talk about the market, the art market. I want to discuss demand, supply and the exchange mechanisms themselves. So let's just start with the demand. We know wealth creation has been immense in multiple decades accelerated by a lot of money creation that's happened in the last decade and a half. But a lot of the demand that you've written about has emanated from Asia. I'll quote you. You say, 'One of the most exciting aspects about Asia is that the learning curve of Asian collectors is phenomenal.' So now just tell me a little bit about the demand side of the equation for these works.

## **Brett Gorvy**

If you think that basically, we're talking about relatively expensive art. So again, you cited at the beginning of Picasso that I sold in \$170 million mark. But even if you're talking about art in the millions, you're talking about a relatively well-heeled audience that's paying attention to this marketplace. But what you also see is ultimately that art has the connotations of it can bring status, it can bring obviously incredible knowledge and pleasure to your life. But ultimately, as these works of art increased in value to such a great extent, it also became another asset, a very important asset class, I should say, within people's portfolios. And I think that mentality of you are one of the small proportions of ultra-rich, you will look at ultimately your potential asset base. And art has now provided not only a very, very solid base, and yes, the art market, like all markets are secular, but we've seen incredible growth, incredible international growth. And what's interesting about this market is while it is a very broad and international market, it is generally in the hands of a small number of players, meaning that when markets change, when you see big price changes, it's normally because one individual has decided to make a big purchase. So we saw for instance at a time, often the big players are people who are in the other market. So we saw something like a Steve Cohen, for instance, coming into the market and becoming incredibly important in terms of his positioning because what he was concentrating on what he continues to concentrate is masterpieces. And if you have an individual who ultimately comes into the market and buys a painting at a record price as some of these players did in the early 2000s, that has not only the effect of what that purchase might do to one individual sector of the market, but when that knowledge goes out in the market, it literally rises all ships. So we saw for instance back in 2005, 2006, Ronald Lauder was the first to publicly do this. He bought the Klimt painting, which was in the Neue Galerie. And at the time, he paid and it's been reported in the press \$138 million for the painting. That created a new level that the ultra-buyer could now at least compare what they were doing to. And within that year, within six months, we saw multiple paintings, when I say multiple, at least 10 paintings, coming to market selling above \$100 million, all using this Klimt price as the comparable. So I think that notion of a market which is so international and yet is actually reliant on or can be changed or can be transformed by an individual person within that market makes the art market both incredibly vital, but at the same time, very subjective to these elements. I think that is one of the reasons why you have such vitality because literally, you can have an overall market which is very sustainable and then you'll have the entrance of one new whale who comes in and literally changes the way that the price points are being thought about. And that obviously has major impact across the board. It's then carried on not just by those artists that are achieving those highest prices, but anything which is considered to be of a quality that's comparable can then be presented in that way. And that in many ways is why the market suddenly took off into these multi-million levels

after actually the fall of the market 2008. The growth potential of the market after 2008 was enormous, both because of the recalibration of the market that had occurred, but ultimately also this new blood that had come in at each time.

### **Simon Brewer**

Now, are you surprised that- and this is of course an area if it isn't immediately apparent, it will be the area that I know very little about. When I went to do my research, I just googled the top 20 paintings of value in the world. It is preponderance of what are called modern art, modern and contemporary. Are you surprised that this is what appears to be this schism in that older works of painters that we would have known from that masterpiece board, that the gaps opened up and created such a large dichotomy?

### **Brett Gorvy**

Partly to do with supply. At the end of the day, if you're dealing with old masters, you've got a very limited amount of supply that can come on the market, especially at the highest level, the top, top quality. If you go to the impressionist modern field, a lot of those great paintings are either in museums or collections where they're not going to move unless there's a death or something that obviously creates a change of status. But in the contemporary world, a lot of this material was, I wouldn't say there was a huge number of works, but ultimately, there was enough to provide market accessibility and then each price basically helped to build the market beyond that. So again, when you have supply and demand, you have the ability obviously to create something which has a momentum as well as something which is just one of these, what I was describing earlier where you have someone comes in and does something big in the market that has impact. What we're really looking at is something which obviously has continual ability to rise. And I think as you get a much bigger marketplace, as we've now seen, both in terms of what the auction houses have done actually since COVID which is a very important factor in terms of reaching a new audience. But even just the way that we look at our world, the art market for us, on an international basis, we see it in the art fairs as much as we see it when we're dealing privately. When you have a major object that comes for sale, I remember an experience that I had with a Picasso at Christie's. There was a major Picasso, a 1932 painting that was coming for sale, and this was around 2010, 2011. And the market was trying to catch up because obviously there'd been this fall in 2008. And a painting that had not seen light of day since the '40s was available at auction. It was fascinating to watch this. Everyone was being a little timid in how they were approaching it because it was the first big item come for sale since the fall. And it was fascinating to see that everyone had the same price. Imagine the auction room you had basically, the auction begins. What often happens is at these high levels, most of the activity is on the telephones meaning

that the specialists at the auction house have a telephone to a major collector or major individual who ultimately is bidding. So you had five or six people or entities who were bidding on this Picasso. And at that moment, if you literally did a cross-section of that marketplace, the names of those individuals were all the big names that you would see in other industries. They were the titans of their own domains, all coming to the auction market, all coming to the art market to compete against one amazing trophy. In a way, what that demonstrated to me was how small the market was to ultimately have these big changes. But also, when you look at each of those individuals, they were titans in their own industry. When they came into this sphere, this was their hobby. This was basically their passion and pleasure. So they had a different kind of place within it. At the same time, that power, and it was literally you could watch Asia against Russia against the Middle East against America, in terms of the power of each of these forces. But in a way, that is exactly what we're seeing in the international art market on a broader scale. If you look at those five or six individuals fighting for that one Picasso and then you ultimately translate that to a whole market, at all levels, you can see basically how the power of one particular economy can take over. And that's what we saw in Asia in the last few years. And we saw the same thing happening in Middle East at the end of the 2010 period. So again, the changes that happen in this marketplace are part of the momentum and the growth of the market. But it does come down to these very specific moments when you have, as I said, the cross-section of all activity, you realize it's in the hands of a power base like a new buying market that's coming out of Asia, which basically overtakes everything else. So again, you see these flows which are very important. And a large part of it is both the extent of the market, the amount of trades that are happening, but also ultimately, the power of the individuals who are holding these collections, because in many cases, they are, as I say, these titans of their own industries or their own sectors of the market and this is a place where they come together in a certain way and compete.

**Simon Brewer**

So that explains the demand side very well. Thank you. The supply side seems more opaque. I'd love to hear how new supply is validated. We had Kate Bingham on a few months ago talking about the world of biotech investing. And we know that if you're investing in portfolios of drugs, there are some absolute losers, and there will be some real winners, but they're very, very small as a percentage of the overall thesis and potential drugs. How does the identification of a potentially powerful new artist occur? What's the journey and is there some predictability to it?

**Brett Gorvy**

It's a very interesting question because I think it's changed so much in the last few years because of technology. Basically, again, I use the word access as both a word that ultimately allows for a greater understanding or greater ability to see works of art. But in a way, what we've seen in the last few years is this incredible expanse of a marketplace, which because of that, allows for the kind of dynamism that you see towards one individual artist, for instance, or one particular market become incredibly dynamic at a certain moment. And that comes with both huge gain but also risk. Because if we look at ultimately the overall history of markets, you can see basically that there's always a moment of fashion. Attention basically is directed towards one artist or one particular movement or one particular style of expression and that ultimately becomes the fashion of the time. Fashion changes. Fashion by its very notion ultimately is short-term. So there will be a moment when ultimately the pendulum will swing. And the question then is, is there a marketplace? Is there still a marketplace as broad and as strong for that individual artist who might have been taken up to a very high level because of this fashion base but ultimately need something more substantial to actually have a longer career position? And we've seen that most readily, as I say, in the last few years, in particular, the way that Asia has absorbed some of the younger artists, whether they're female artists, whether they're artists of color. You're seeing a lot of these areas where there was either marginalisation or at least a minority focus suddenly become the main focus of the market. So all those categories that I was just describing. I mean black artists, for instance, were a very, very small part of the market 10 years ago. Now it's an incredibly important part of the market as ultimately culture has changed and ultimately Black Lives Matter becomes an important part in all fields. So those kinds of changes that we see that are happening to our social lives or our social world have great impact in the way that artists are appreciated at any particular moment. Obviously, any kind of big jump into a marketplace by a broad group of buyers means that you have amazing activity. But the question then is, is that sustainable? And that sustainability really comes down to does the artists have what it takes. It's not just about creating one body of work. It's something about creating a whole trajectory of importance over decades. So that's something again which when we look at ultimately one of the fashions that have happened in the last five years, it has been this very strong focus on the young artists literally out of college suddenly going into the million, two million mark. Very difficult to see how that is sustainable over a long period of time. It doesn't mean that all those artists will disappear. But if you go back and you look through the history of museums and you see what's hanging in most of museums, it's a relatively small number of artists at any one time who are given that kind of focus. Many, many artists who are sitting in the warehouses of museums or in the store rooms because their fashion or their time in the light is no longer as bright. So I think that notion of how markets become very, very, very red hot at a certain time and then can become dangerous, it's really like any oversubscribed stock. Basically, you have that potential of great gain, but you have to even watchful about what actually created that rise in price. Was it just



fashion? Was it just a moment in time where that artist was the right face for the moment or is there something much greater? If you're really going to spend time in this marketplace, just looking at the data. The great thing about the access to an amateur in a way to this field is that anyone can basically go on to the art net or the different databases that exist and follow artists. So if you want to see how Picasso has performed or how Warhol has performed, that information is very, very easily accessible. You don't need to go to an auction house for a dealer to find that out. You can basically track that yourself. And when you track it, you can see obviously both the highs and the lows and the inconsistencies. And I think anyone playing this field, you're looking for the opportunity in those inconsistencies.

### **Simon Brewer**

There are some echoes to the explosion in the hedge fund world back in the '90s and the 2000s and the change in that landscape. So you've talked about supply, talked about demand, I want to talk about the marketplace in which these transactions take place. Now, it does appear to an outsider that effectively there's a duopoly or maybe if one's being kind, a small oligopoly at work, and everywhere that I can think of, old incumbents are being either challenged, sometimes removed or forced to innovate because technology and new ways of doing things grow up to put their position at risk. What is happening because it does appear as if these art houses are not losing, these auction houses are not losing their preeminence?

### **Brett Gorvy**

The auction houses is one part of this market. Ultimately, the auction world in a way sits parallel to the private market that ultimately is where we spend most of our time working. The private market has a public focus when the works are brought to an art fair for instance, but most of the activity that the dealers are performing on a day to day is actually behind closed doors. So what you see in the auction world is obviously a much more open and transparent, or at least apparently transparent world, because you have the access to the material, you have the ability to look at things in a catalogue, you have the ability to go online, and ultimately follow things in that capacity. So the access point is very much an open market because of that. The way that the auction houses have grown considerably over this period of time, and I was certainly part of that up to the 2016 period when I left Christie's to set up my own business. But with the way the auction houses really transformed themselves, we saw that most certainly during the COVID period, the most interesting thing that happened to the auction world was we saw March 2020. Everything goes to sleep, literally the market goes to sleep. The reason was that there was just no activity because the buyers basically at that point felt that the market had dropped by 40%. It hadn't. But ultimately, they'd seen the stock market dropped by 40% so suddenly, the perception was the art market

must be in the same place. But the sellers didn't feel that. So the sellers just sat on their hands, and ultimately, the auction houses didn't have material because they didn't have a platform at that point to even put things out. The art fairs had closed down. So everyone was pretty much sitting on their hands and the market literally went quiet from that March period until June when the auction houses transformed themselves into an online what they called a live auction, but in reality, it was a TV auction or it was a televised auction that you could follow online. But ultimately, the access suddenly changed. So what you saw was prior to that moment, a major auction in New York which would occur in May and November at Christie's, Sotheby's and Philips, the total amount of people that could fit into an auction room was probably maximum 500, 600 people. And so an auction would ultimately be a captive audience of those people in the room and then you'd have the different salespeople, the specialists on the telephones with clients around the world ultimately bidding for them in that way. But still, you're talking about a relatively small number of players who are activated at any one time around an auction. What happened during this COVID period was ultimately, new technology was brought in and suddenly the accessibility of this was not because you couldn't travel to New York or London to see these auctions in person. So you were made in a way to now trade in a way that was workable. And what was workable was this new kind of format. And suddenly, they were reaching about 150,000 viewers for each auction and the auctions would take hours. A normal auction would be around two and a half hours. On these online live auctions, they would be five or six hours because people just didn't have needs to go home. They were sitting at their desks at home having their meals and enjoying participating in this way. So that factor of suddenly increasing your visibility to over 150,000 people in real time has to have major impact in terms of both the competition or the depth of bidding that is possible for each lot when it comes up for sale. And I think that's been the greatest game changer in a way for the auction houses has been this ability to literally become universal, to have that access point at all times of the day. The whole notion of an evening auction disappears when ultimately which evening are you in? When the auction houses started doing Shanghai, London, Paris and New York as a continuum as an auction session, you'd have people basically tuning in for an evening auction but it was 9 in the morning in New York. That again just changes the whole hierarchy of the art world and has made it both dynamic, but also, change brings pain but also brings positivity.

### **Simon Brewer**

Yet despite that, what came strongly through as I did this research was that the art fair remains central and possibly more important than it's been. So if you're exhibiting in Basel, you gather a cohort of important people. So I would love to understand how important the art fair is. But also, what is in your experience the trigger to make people hit the buy button?

## **Brett Gorvy**

That's a very, very well-expressed sentiment because I think everyone in this world, everyone in my community is trying to come up with what is that trigger. What ultimately creates the desire really to buy? And we see that at different times. The auction world has an advantage in that because ultimately, it creates competition. You have two individuals who obviously are blind to each other, they're on different telephones, and they're bidding against each other. That often gives each other confidence because someone else wants the painting or wants the work of art as much as you. And ultimately, they used to say the dream situation for someone selling a work of art was to get two Russian oligarchs going against each other or two Asian billionaires against each other who are new to the field and are looking for validation by the fact that they're actually bidding against someone else. So you're creating obviously very dynamic markets by ultimately that type of perception of a competitive marketplace. But I think the notion of what we've seen ultimately is that expanse to be able to incorporate so many different types of buyers within the field. And I think that's actually what has created such a dynamic market today is ultimately that spread of buyers. So if you go to the Art Fair mentality, the art fair, again, it's a public way of selling. You have incredibly dynamic or incredibly powerful platforms such as Art Basel, which has its venues in Basel, Switzerland, in Hong Kong, in Miami, and in Paris. Now, those are all very important because of they are ways of bringing the community together. So if you think about the art world, this is obviously happening again now, but in the last three years has been disrupted, there is a continually migrating community that moves as the calendar moves from location to location. So whether it is London for the auctions in February, March, or whether it's New York for May, or whether it's the art fair in Basel in May, June, these are all moments in the calendar that if you are part of this world, you will want to participate in all these different elements. Ideally, you'd want to be there live in person. So the art fair provides both this notion of a very, very big shop window to the art world. But again, it's about access. You have 150, 180 galleries all participating in one time, in one location around the world. And it might be in Hong Kong or might be in Taipei, it could be any of these locations. And ultimately, what you're doing is you're bringing together in a public forum, individuals who are now going to be given a period of time to look at the art and to make decisions. And obviously, when you have that situation of a crowded booth where you've got your one painting on the wall and ultimately you've got buyers who are having to obviously come to that painting so you as a gallery are making outreach beforehand, sending PDFs, sending out Instagram, any kind of social media access to be able to give the platform a greater access. But ultimately, what's happening in real-time is you've got a crowded booth, you've got two individuals who look at an object, will see an object to you, you've got one person making a very quick decision. And ultimately, that trigger is created by the fact that you've got a necessity to make a decision in a short time because of

implied competition. If you turn that into what normally happens in the dealer world, you don't have necessarily that timing to the trigger. And people then either have to make decisions because ultimately the seller basically has a short time that he is willing to sell the work and then ultimately, that provides the stand as to which a decision can be made. But in many cases, it's about how you get someone to stand in front of a work of art. This was the biggest question that I brought to mind during 2020 is how do you actually make someone fall in love with a work of art when they're not standing in front of it or standing in front of other individuals who are expressing their own passion for the work of art? Because if you think about it, how do you make someone reach for the sky? It's one thing if you're going into a business deal where you're trying to negotiate and you ultimately you're trying to get the work for the lowest price. That obviously is what most people are trying to do in any kind of trade in the art world. The reality is, it's just not that. Reality is you've got market prices basically being held to a higher level by competition and by actually the auction in real time creating that dynamism, or in the case of an art fair, as I just described, people basically centering on the same object in a crowded booth. But it is that notion of how you create both the excitement and the dynamism that the individuals do actually want that object more than anything else at that time and therefore they will bid higher or pay higher against any other competition. And that ultimately is what the auction is trying to create and what we tried to create in an art fair is ultimately that notion of desire and urgency to make a decision which ultimately prompts both a sale but also the strongest price possible.

### **Simon Brewer**

It's struck me talking to some people who know this business well that another potentially distorting factor is the use of guarantees. And I wonder whether you could just explain both how they've come about. My understanding is that guarantees are essentially a type of underwriting of a painting that's coming to auction where the guarantor gets a percentage of the upside and a percentage of the buyer's premium. Is that right and what is their role?

### **Brett Gorvy**

You described it exactly right. What's happened in the auction world again, because you're thinking about an individual who's trying to make a decision of how they want to sell their work of art. And the reason why most people go to auction is really for the upside, meaning that they go to auction with a relatively low estimate because the estimate there is meant to be an encouragement to people to bid. You see an estimate of \$4 to \$6 million on a painting that's actually worth probably around \$7 to \$8 million. Obviously, it's a way of getting people excited to participate. But if you're a seller, your biggest concern obviously is you're putting this work of

art out into a public arena and you're going into that with an estimate by its very notion, like I described, it's lower than the market price. So how do you protect yourself? And in a very dynamic market or a very strong market, there are auction houses and there are third-party individuals who are willing basically to provide a guarantee, a guaranteed minimum, that allows that work of art, whatever happens on the day of the auction, the night of the auction, that that seller will receive a guaranteed minimum. Now, in some cases, as prices have increased, those works are selling to their backer, whether it's selling to the auction house or the work doesn't sell publicly but basically is bought in and then is basically on the books of the auction house because they're paying the seller, or in many cases, they found a third party who ultimately takes on that risk. That third party has been seen most recently in the auction world as being most likely the buyer at the very high level. Above \$10 million, we've seen a lot of the guarantors basically being the willing buyer. And the reason why I define it as willing buyers because frankly, anyone who's guaranteeing a painting has to understand that there is a very strong chance or there is an equal chance that you might be walking home with a painting. So you have to go into it. Most backers are not just viewing it from a pure investment point of view. If they're viewing it from an investment point of view, it's part of a portfolio, and therefore, it's not as relevant how that performs compared to everything else within a group of works that they might be backing that season. If it's just that one individual work, most likely that person really wants, it's likely a private collector who wants that work and understands that if they're doing this kind of guaranteed minimum, they actually have the ability of buying it for less because they get a financing fee and then they participate in the upside. Specifically, if they're not the buyer and they're the under bidder, they basically benefit from that. So it's a very attractive aspect if you're both interested in the work and want to own it, but also ultimately want to play a little bit of the field. But that has become a very important part in terms of how auction houses win property. Because if you imagine, you're the owner of a \$20 million painting, you have different choices of how you want to sell that work. you can come to me as a private dealer and I will sell your painting and I'll do it very confidentially depending on what your needs are or I'll take that painting to an art fair and I'll basically present it. Now, the notion in an art fair or for the dealer world is that you start with a price and asking price and then there's a negotiation downwards. In an auction, it's the other way around, you ultimately start with an estimate which hopefully is perceived as conservative, and ultimately, you're creating competition that going to drive a price well beyond that. And the guarantee basically provides the minimum that allows the work to sell. Now, if you're a \$20 million owner of a painting and you want to sell it with surety, you're either going to take that private offer because you know that private offer is ultimately the deal is done directly or you will go to auction with at least a conversation about a guarantee that will provide you that protection. And many things are going to auction because of that protection. Without that protection, the works would not necessarily be given to the auction houses, they would go private. It's definitely been a major

incentive to win property, especially with some of the big collections. If you look at last season, the Paul Allen collection which was the highest collection ever to come for sale, selling over a billion dollars, that was a guaranteed sale. Christie's provided, they'd won the collection, provided a guaranteed minimum to the Paul Allen estate. That was a confidential number. But clearly, if we're talking about a billion-dollar collection for sale, you can come up with a rough number as to where the guarantee was. And the numbers that were put out in the press were in the 700 million level. So the auction houses were taking potentially a huge risk on the property but understanding that the property was incredibly desirable and was exactly the type of material that would trigger these billionaire buyers. And what they saw was a lot of individual buyers then came forward after they won the collection. So what often happens in terms of process is the auction house in this case provided their own guarantee, a house guarantee to the estate, and then once they once it, they then went and sold off the collection to different potential buyers. And that provided that they basically offset the risk. They brought in private individuals who then actually participated the highest level and either won or lost depending on how they performed.

### **Simon Brewer**

You know this market inside out. You were the champion of this asset class at Christie's. And in December 2016, you leave to set up your own business. Just explain what was going on in your thinking.

### **Brett Gorvy**

Actually, one of the things that prompted this, many things obviously happen in time in one's own personal life. And the fact that I was approaching my, I think it was 52 or 53, at the time. And age does have an effect on one's decision process. I'd been with Christie's at that point I think around 23 years. So the notion of one more chapter was an important part of my decision-making if I was going to make a decision and really commit myself to what I was going to build. And I had this idea that I was going to go into partnership. I didn't want to be a gallery by myself. I wanted to work as I'd had the same experience in the auction house, a very collaborative experience and working as part of a major team. I wanted that same type of dynamic with my own business. And I joined forces initially with a gallerist called Dominique Lévy who I had originally met at Christie's actually. She had been in charge of Christie's private sales in the end of the '90s and then had gone out on her own or had actually joined another gallery and had become L&M gallery with Bob Mnuchin, an incredibly important gallery at the time. I realised when I was leaving Christie's that if I was going to create my next chapter, it would be in partnership, it would be in collaboration with other like-minded individuals, each of us having our own strength, our own positions within the market, but working together to create something very strong as a team. So

beginning of 2017, I joined forces with Dominique Lévy and created a gallery that was called Lévy Gorvy. We had a very strong base in New York, London, Paris, and Hong Kong. That evolved at the beginning of this year when we joined forces with two new partners, Jeanne Greenberg and Amalia Dayan, and we created this new group, which is called LTDR, which is basically our initials. But it's a group of four strong partners and in a way, it's the evolution of what I was first looking for with Dominique back in 2016. One of the most interesting things that actually prompted this was I had to give a presentation actually at Christie's about the art market. And I saw a pie chart that demonstrated basically where Christie's, Sotheby's, Phillips were in the market. And what you saw was these slow little slivers of the overall pie where given into Christie's. And Sotheby's and Phillips even smaller, then there was a large section that was given, actually, to the Asian auction houses because there's quite a number of them but they have a very different sector of the market. But that was an important part of that pie. But the biggest part of the pie was the private world, it was the dealer world. And when I saw this pie, I suddenly realized that actually, I'd spent 23 years in a very small sector of the market and I had this opportunity now of really opening myself up to the full extent of the market because one of the things that has continued with me is because we're working so closely with private collectors, when they're making choices about when they want to sell and as much as when they want to buy, in this particular case, I'm focusing on the selling side, they come to me basically or they come to my team with these questions as to, how do I maximise my financial return? How do I basically get the safest way to provide revenue or to ultimately sell the collection? And we will make a decision at that point as to we will look at the different platforms that are available for either a work of art or a collection. And those decisions or those conversations will include auction. So we're still working very, very closely with the auction houses as part of our armor or part of our potential offerings to our clients. But we're balancing any of those decisions with, would we make more money for you by selling this in an art fair? Would it make more money by selling at auction or selling it privately in a very confidential manner? So those kinds of conversations are happening every day when we're looking at a work of art. And the fact that we have still the ability to access or to utilise the auction platform is a very important part of what we offer to our clients. Because one of the things about working with the auction houses, it's one thing if you have a long-term relationship with the auction houses, but in many cases, people come to auction for the first time when they're thinking of selling. It's like all territories. It's complex. So having someone like myself or my team members who've been in the auction world and know frankly how all the buttons work is a big advantage to our clients when they're making those decisions, as do you sell at auction, do you sell privately or do go to an art fair. And frankly, there's one other aspect which we haven't put into on the table, which is something which is very important in today's market, there are other ways of selling, other marketplaces. And one of the things that we've seen and I'm part of this is the sort of unitizing or at least creating shares in works of art that allow a much

broader access to a potential audience, because I'm working with a company called Mintus, and Mintus is creating this ability for both investors as well as private individuals, but at the moment, it's focused very much on an investor class, is the notion that you as an investor could basically buy a share into a major painting and ultimately have ownership of a work of art that you would not normally have the ability to own fully. And that has provided both a different access point but also a different distribution point for works of art as works of art are going into these different companies where they're being sold off in shares, and then ultimately, those shares being traded. So you're creating a very different kind of marketplace that is as connected in a way to what's going on, both with technology, because a lot of this is driven by the fact that you can literally swipe left, right, and basically trade in that way. But it's also the appetite, the international appetite for art. We talked earlier on about fashion. Ultimately, if you go into any lifestyle magazine or you go to any newspaper, it's basically full of art, art collectors, art homes. That's just become so visible in the way that people are seeing art these days. I keep referring to access, but that allows basically for the growth of a very, very broad and dynamic market.

### **Simon Brewer**

So you mentioned Mintus, they are actually one of our sponsors. They are FCA-approved in terms of the fractionalisation of art, which is maybe the only one in the UK, but it's very interesting. But they also are behind this royalty program introducing primary artists but I didn't quite think that I understood what that is all about.

### **Brett Gorvy**

This is something which I find the most actually very, very interesting part of what Mintus can provide. If you think that basically, as an artist, you're making your work, you paint your paintings or your sculpting, and you have a dealer or you have a gallery that you're working with, and you sell that work of art at that particular point. Now, you could be a young artist who you're going to be older artists, but there's a price obviously that you're selling the work, and in most cases, you're receiving 50% as an artist with the gallery. In some cases, if you've got a very strong market for an artist, that artist might have a slightly different percentage. It might be 60% for the artist and 40% for the gallery. But ultimately, there is a sharing aspect of any sale. But that's as far as it goes because after that work is sold, then it passes through many different hands and the artist in most cases is not receiving anything from future trades. There are systems in place for instance in Europe where you have a suite where an artist basically will receive a very small percentage, 3% or whatever it is, of a continuous sale that would happen. So if Picasso comes for sale on an auction, that artist's estate will receive a portion of the proceeds. Even if it's rather small, it adds up obviously if you've got a big artist that ultimately has multiple things selling. If you go back to that notion of your artist who's basically given up in a way any kind of possibility of



ownership, not even ownership, of getting some kind of reward from the growth of a work of art over a period of time, Mintus basically has the apparatus within it, to have an artist, if they can sign works directly to their platform. They can hold back a certain percentage. If you think basically, we're talking here about a fractionalisation of a work of art, there's 100% of shares that are available. Within that one painting, the artist retains let's say 20% of the share of that work of art as the work is sold and traded on. So the artist has that ability to maintain not only a share of that, but then also obviously to profit as the work of art increases in price. It's a very new aspect of this marketplace but it does give a huge advantage in a way to both and Mintus as a platform, but also to the artists themselves who are now really given a much greater control of their own fortunes or their own markets.

### **Simon Brewer**

Right. I'm going to move to a few closing questions. NFTs, just a passing fad and buyers beware?

### **Brett Gorvy**

I think buyers beware is a definite warning and I think we've seen incredible gains but huge losses that have occurred in this field. I think you have to look at what NFTs are because NFTs obviously is actually similar to what we've just talked about in terms of Mintus. It is a way of retaining value. Artists can actually maintain some kind of controlling aspect of that work of art. But a large part of it is what happened with the NFT world was that there was this underbelly of a world that existed which was tied to cryptocurrencies and it wasn't in any way connected to the art world. In fact, it wasn't even known. These were people who are creating these artworks and selling them with different platforms. They weren't being sold at auction. And then again, this goes back to COVID times, but we're in early 2020 and a young man at Christie's in a detail in London decides to put in a Beeple NFT work into his auction. It was estimated, I don't think they even gave an estimate, but it was basically estimated probably a couple of hundred thousand and it made \$69 million, but using cryptocurrency. So the buyer and the under bidders were basically within that world. But what it did is it suddenly opened the gates really to a world that existed already, that was completely unseen by most art collectors in the world. Then there was obviously the fashion and the huge excitement about that. Even the fact that you get a \$69 million price on a young artist who was completely unknown within the normal traditional territory of the art world is a major factor of this kind of introduction of cryptocurrency within our field, within a more traditional field. At the end of the day, it's about the quality of the art. People are going to have to look are these good artists. Just because they have the technology to make an NFT doesn't mean that they have the sustainability of being able to exist alongside a Picasso or any other artists who is painting in a more traditional way. And it's not necessarily with the

medium itself. Working with video is something which is new to the art market. It's more the way that obviously these works are being traded and ultimately profiled. So I think buyer beware is very important, because like everything, you enter the market but you have no knowledge and even the market itself, the auction houses didn't really know where this was going as a phenomenon. So I think those people who got hurt were hurt for the reasons that most people get hurt, i.e. they went into something without much knowledge, it was very opportunistic, and people who got out quickly were able to access a lot of money. It was very interesting for instance to see that Beeple himself, the man who had sold the \$69 million piece at Christie's, exchanged his money very quickly to dollars versus to having cryptocurrency. So I think even that was a demonstration of how this was not necessarily a market that ultimately was truly sustainable until it can show itself to be maturing.

### **Simon Brewer**

And as you look forward three to five years moving away from NFTs, the art market generally, what would be your strongest prediction of where change is coming?

### **Brett Gorvy**

In a way, we already saw that happening three years ago, and if anything, COVID has both delayed it to a degree that also made it more layered because it introduced all these different new ways of trading. Whether it's the way the auction houses have changed the way that they're selling during their auction period or ultimately how people are buying online or online buying generally. All of this changed because of the new technology, but also the way that people were trained to do it. I find it fascinating. For instance, we're doing this podcast, we're talking about technology in itself. But if I look at how many people were introduced to Zoom in 2020, if I look at my father for instance, or some of our older clients, they never use this kind of technology until they were basically locked down and forced to communicate with their families through new technology. The fact that they are now using this and everyone is using this almost as fluently as Zoom has become synonymous in the same way that Hoover became synonymous with cleaning the floor. It's basically a language that ultimately has become universal. And I think that use of technology in such a ready and easy manner is something which is changing all aspects of our lives. But the art market is very much adapting these technologies to its best purpose. And specifically, that idea of how do you get a work of art in front of someone so they fall in love, we're able to do that more and more accurately virtually because the technology is allowing people to see how works of art will look in their homes. They can ultimately literally create the work of art in their own contexts. And I think that again just allows greater access and greater availability or greater understanding of how you actually participate in this world.

**Simon Brewer**

So two closing questions. Which artist, no longer alive today, would you most want to sit with over lunch?

**Brett Gorvy**

It's very difficult. Unfortunately, it's interesting you ask that because sometimes your most favorite artists is not necessarily the artists you'd want to spend lunch with. They're not necessarily the most articulate or the most generous of people, because by their very notion, they are artists who are very singular in their focus. I mean, the artists that I had the opportunity of meeting them both but not with any great depth of relationship was Francis Bacon and Lucien Freud. Maybe not lunch but having a drink with Francis Bacon I think would probably be high on my wish list.

**Simon Brewer**

And finally, in my research, I discovered you have a quality that I admire in people, which is that you adore poetry. So I have to ask you this is which is the one poem you wish you'd written?

**Brett Gorvy**

Poetry is an interesting part of my life now because I have become very involved in Instagram and I have an Instagram account that has become popular without me in a certain way. And the format of my feed is ultimately I show works of art and I basically pair them with poems. In a way, what I'm trying to do is actually popularise these works of art or at least explain them in a very, very easy way to someone who's looking at a work of art for the first time. So if you have a voice or if you have someone writing words, which ultimately give you some kind of understanding or open up a work of art for you, it can actually provide a different kind of access point. So what I found in a way is that I've become much more involved with poetry or I've become much more interested in poetry because of this way of connecting it to works of art or paintings. To answer your question, I think the one poet who I not only love to have met or had some kind of relationship with but also I read the most is Pablo Neruda. I think he is one of the greatest poets of his time, but also, is beautifully translated in English. There are many poets that I read but he's someone who I continually go back to.

**Simon Brewer**

So that was a masterpiece of a conversation. We have moved across multiple geographies, types of market exchanges, buyers, sellers, etc. So this is a detour for the Money Maze podcast in that it is, of course, a very

investable asset class and lots of our audience will be very interested. There's a personal dimension about art in the way that clearly buying into an investment fund can't possibly offer. So I really appreciate you spending the time. We always take away a couple of things and I'm struck that technology has already had this very big impact on the art market which is only going to continue. I also was struck by there's nothing like getting the buyer in front of that work to feel emotional, to help pull the trigger because it's easy to procrastinate as we all know about major purchases. And finally, on our show notes, we will be showing your Instagram account and I love the idea of putting art and poetry together. I have to confess that Pablo Neruda has escaped me up until this point, either in English or in his original language, but that will be rectified. So thank you so much for being with us today.

**Brett Gorvy**

Thank you. Thank you very much for your time.

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