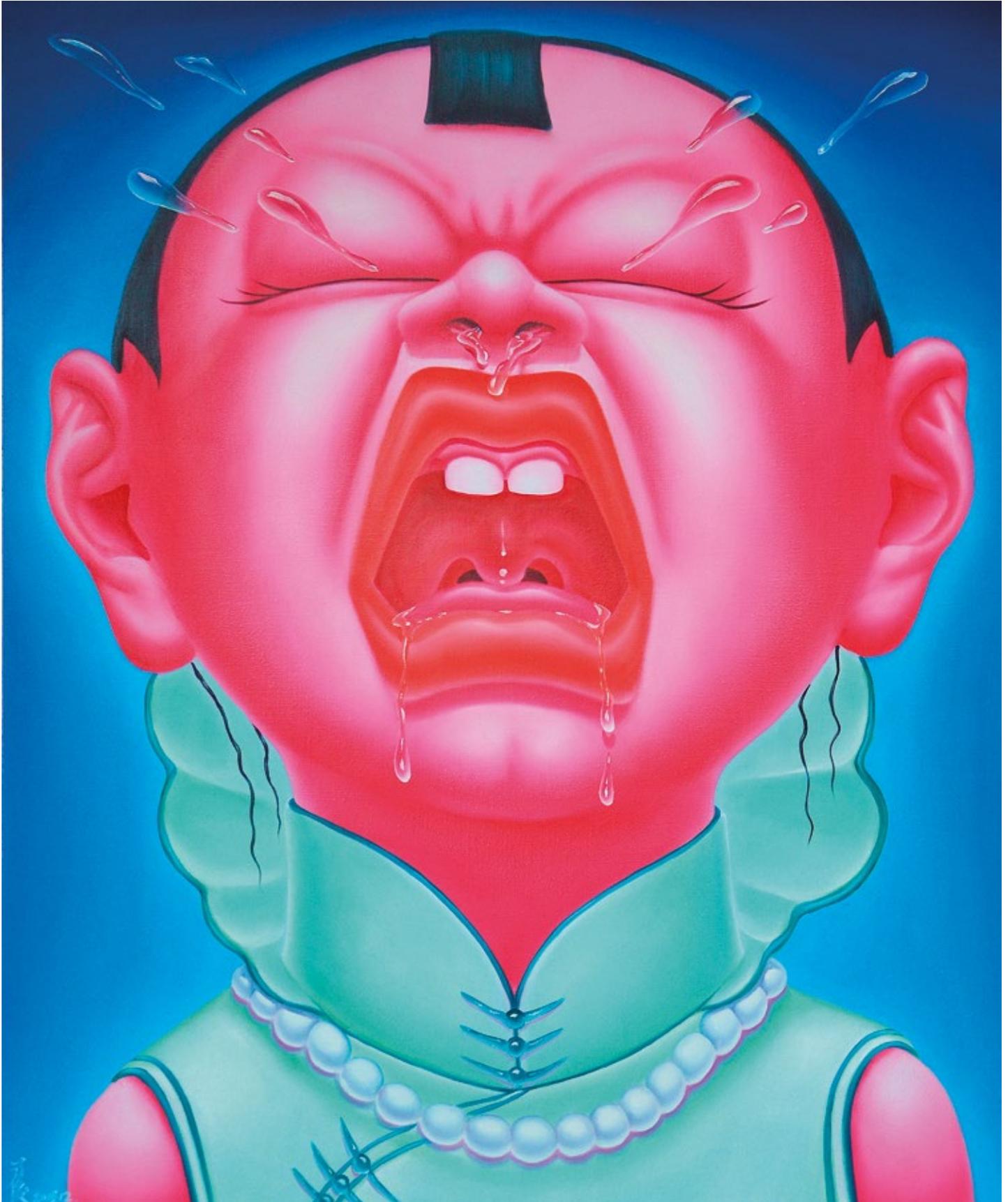


MAKING YOUR ART WORK

by Robbie Wilson





“YOU’LL NOT ONLY EARN 7% PER ANNUM FROM LEASING THE ART OUT WITH ART WORKS, BUT ALSO SEE CAPITAL APPRECIATION IN THE RANGE OF 10-20% PER ANNUM”.



Clockwise from top left: Dance with Wind by Hou Qing; The Age of Steam by Cao Xiaodong; Prosper All The Way by Liu Baomin; Galloping Horse by Ma Dongmin.



FOR THOSE OF YOU WHO HAVE A FEW EXTRA PENNIES around and are looking for an alternative investment asset class, art may be the answer. However, the thing with art is that when it’s on your wall or in storage, it’s only appreciating in value, but cash flow is non-existent.

Singapore’s Art Works has the solution.

Founded in 2011, the fine art investment gallery has a programme called ‘buy to lease’, similar to the concept of buying a home with the specific purpose of leasing it out. Investors purchase art with one of Art Works’ consultants and they rent it out to a corporate borrower. Your art will then see new homes in office board rooms and reception areas of law firms, banks and advertising agencies. While the art is with the lessee, the owner will stand to receive income of up to 7% per annum. Contracts range in length from two to four years and at the end, the owner can sign another contract to continue to lease the art out, or take possession of it.

Director of Art Works, Samuel

Hardwick says that “Fine art doesn’t get as affected as much as other investments by the global economy as it is tangible. In fact, much like gold, the demand for art can and often does increase during wider economic uncertainty”. A consultant from Art Works will also assist you in picking out the best art for your investment. They will only select from artists who are considered mid-career, and whose works have increased in value over the past five years. Most of the artists they work with are based in China so they frequent Songzhuang art district in Beijing to ensure the latest works are purchased at the best prices.

The art scene in Asia is the fastest appreciating market in the world. According to Hardwick, “the Chinese Contemporary art market has grown from a relatively low percentage to make up 38% of entire global sales in 2016”. It’s easy to see this if you live in the region. From Hong Kong to Singapore, there are a number of large international art fairs, such as the annual Art Stage.

Art investment prices can vary greatly, but Hardwick advises that to be in the rental model, clients usually invest anywhere from USD 20,000 USD 150,000. However, he says, “the sweet spot for this is around the USD 40,000 USD 80,000 mark and we may build a portfolio (for our clients) of 5-10 works across different areas of the market to diversify”.

Whether you are an art aficionado or are purely looking for a solid annual return on an investment, art is now a realistic option. You’ll not only earn 7% per annum from leasing the art out with Art Works, but also see capital appreciation in the range of 10-20% per annum based on the history of their artists, according to Hardwick.

Art Works is in the process of opening up a brand new gallery in Singapore. Set to open in May, they will use the space to hold exclusive exhibitions, events and seminars. They also have big plans in Hong Kong and Jakarta, with more galleries set to open in both cities in 2018. 
www.artworks.com.sg