

## ‘What Does a Gallery Become?’: Small Galleries Seek Solutions as They Face a Perilous Spring Without Fairs or Exhibitions

Small and mid-range galleries are the most vulnerable to economic shifts, but they are also more spry.

**Kate Brown & Eileen Kinsella**, March 19, 2020



Vernissage in Cologne. Image courtesy of Art Fair Cologne, 2015.

For decades, the contemporary art market has essentially functioned as a bountiful flow of physical meetings: crowded openings, boozy dinners, and chatty fair floors, not to mention handshake deals. So what happens when all that evaporates? We're about to find out.

As galleries close their doors to do their part to prevent the spread of COVID-19, and collectors (not to mention employees, artists, and every other cog in the art-world machine) are advised to stay home for an indeterminate amount of time, the market is

preparing for a prolonged period of pain. One pressing question is exactly how smaller galleries—who lack the cash reserves of larger art businesses and who rely heavily on income generated at now-cancelled or postponed art fairs—will fare in this new world.

“Within the art ecosystem, it seems like everyone will suffer in varying capacities,” said Taymour Grahne, an art advisor who ran a New York City gallery from 2013 to 2017. “Galleries still have running costs, including rent, and will need ways to sell in order to cover their basic costs, even if their spaces are closed.”

While more collectors are comfortable buying online or via PDF than ever, Grahne cautions that it will still be difficult “to make up for the sales they would have made had the galleries been open or at a fair.” And indeed, initial sales reports from Art Basel Hong Kong’s online viewing room, which opened Wednesday, favored the mega-galleries over the smaller dealers, with reported sales in the six- and seven-figure range from David Zwirner and Gagosian.

Already, one collector notes, buyers are asking for discounts and prices are being adjusted downward across the board. “Whatever happens to the virus, the activity in the art market will not return before years to the level of six months ago,” said the Belgian collector Alain Servais, “and the prices of a month ago are not the prices of today. It will take time as usual for the art market to adjust to this gap between hoped-for selling prices and what people are ready to pay.”

## **The Question of Cash Flow**

There are early signs that governments might step in to help ease the burden. Last week, Germany’s culture minister vowed to help the arts and cultural sectors with grants and liquidity assistance. The scope of the package, and just how much will be made available to galleries in particular, remains to be seen. Berlin’s senate is launching an application today for “bridging loans,” for which small businesses, including cultural businesses, can apply.

And New York City has launched the Employee Retention Grant Program to help retain employees as businesses face decreased revenue—and galleries are hoping to qualify. The program is available to city businesses with one to four employees that can demonstrate at least a 25 percent drop in revenue as a result of COVID-19. Eligible businesses can receive a grant covering up to 40 percent of their payroll for two months, up to \$27,000. The department did not immediately respond to Artnet News’s questions about whether art galleries are eligible.

“If people decide that they’re willing to take on more financial burden, and that debt, those are going to provide legitimate solutions for the short term,” New York dealer Robert Dimin said of grants and no-interest loans.

Elsewhere, members of trade organizations like the New Art Dealers Alliance have been having conversations via web chat to brainstorm solutions. “Yesterday, about 25 of us were talking about ways to collectively approach people—maybe in the chamber of commerce—to ask for help,” Dimin said.

But measuring and providing exact figures about revenue declines—an important factor in qualifying for certain support programs—may prove challenging for galleries. “Because our industry functions differently than, let’s say, a restaurant, it’s a matter of, how do we show our losses?” Dimin noted. “That is probably not going to be something that we’re going to be able to show until the middle of April or the end of April. We’re not necessarily going to be able to ask for financial support today. It may be something we have to have to ask for in a month.”

## **The Costs of a Calendar Shake-Up**

Though the warning signs had been on the horizon for a while, by mid-March, a wave of fairs around the world were officially called off. Events including Miart, Art Cologne, SP-Arte, Art Dubai, and, most recently, Frieze New York were postponed or cancelled, and TEFAF Maastricht closed early after it came to light that an exhibitor had contracted coronavirus.

But smaller galleries seem to be, at least for the moment, less concerned about the cancellation of fairs than getting stuck attending those that perform badly. “I prefer the cancellation of a fair instead of making all the efforts and investments and in the end experience a really bad fair,” said Nir Altman, the dealer behind a young eponymous gallery in Munich. He was set to attend his second edition of Art Cologne, a major financial hub for galleries in Germany, but, like many others Artnet News spoke to, he supports the decision to cancel or postpone fairs for health concerns.

The stakes have always been higher for small- to mid-sized galleries, who tend to represent emerging artists with lower price points, and therefore need to sell a lot more work at fairs to break even. And according to the Art Basel and UBS market report, dealers made 45 percent of their annual sales at art fairs last year.

“It is not so much an art fair that did not happen than an art fair that did happen and was not a success, like the Armory Show,” says André Schlechtriem of Berlin-based

Dittrich & Schlechtriem Gallery, who attended the fair less than a week before New York began to limit large public gatherings. “It was hard to have the few collectors that came to the fair to focus on the works, and almost no curators came; journalists also only wanted to talk about coronavirus.”

Grahne told Artnet News that he placed four works for three different clients last week and has encouraged them to keep acquiring work if they are able to do so. But with the situation escalating and shifting so rapidly—even from one hour to the next—that focus may be hard to maintain.

“I’m not pushing sales this week. I’m not sending out PDFs,” Dimin told Artnet News. “I need to be sensitive to everybody’s fears and concerns. Although I want to be concerned about the bottom line of my business, we need to give it a moment of time and let people breathe.”

## **A Loss of Context**

New York-based dealer Cristin Tierney says that the impact of the activity freeze is as much, if not more, about lost encounters as lost sales. “Conversations about museum shows do not happen, new curators and collectors are not introduced to your program, and articles and essays that might have been written about your artist never are,” she said. “An art fair or thoughtful exhibition provides a context where many can be lit at once. Losing that is a big deal.”

Nevertheless, a few dealers Artnet News spoke to this week said that smaller galleries may be, in some ways, in a more nimble position to weather the shutdown, due to lower overheads and smaller staff numbers.

“We’ve got a low enough overhead, being based in Japan, that we should be able to run fairly smoothly,” said Jeffrey Rosen from Tokyo-based Misako & Rosen. An inaugural gallery-share and conference they co-founded was set to take place this week, but it’s been indefinitely called off. “We’ve lived through the financial crisis and, at home, the effects of the earthquake, tsunami, and nuclear power plant meltdown... We are able to deal in times of crisis.”

Above all, dealers seemed most concerned about the drop in visibility to their programs, which were already imperiled due to decreasing footfall in galleries. Due to travel restrictions and bans on gatherings, many exhibitions—some of which have been in the works for years—have been postponed indefinitely.

Kristen Dodge, who formerly operated Dodge Gallery and now runs September Gallery, says the current feeling is reminiscent of the aftermath of Hurricane Sandy, when galleries across New York City reeled from property damage and loss of artwork. But, of course, the pandemic is operating on a global scale.

“For us, the gallery isn’t sustained by walk-in buyers, though that is a portion of our already limited income, we survive because of our built relationships,” she said. “So when the space goes dark, and the public goes private, what does a gallery become?”

## **The Art World Online**

Depending on how long the shutdowns last, and how severe the economic downturn becomes, the art industry will inevitably get creative about selling online. “I think the biggest challenge and opportunity is to think about how to bend some of these conventions we have all grown used to,” says young dealer Max Mayer, who was set to attend Art Cologne and Art Basel Statements, which is, as of now, still set to go ahead though there is speculation it could get pushed to autumn.

Already, dealers of all stripes are rapidly trying to accelerate their efforts in the digital sphere. But that is easier for some than others—and those who had been spending most of their time focused on selling art IRL to make ends meet rather than developing a digital infrastructure are going to find themselves further behind.

Berlin-based Tanja Wagner, meanwhile, was quick out of the gate with an email about “Art in Quarantine,” promoting artist takeovers on social media and a new video platform where artists from her roster are sharing a selection of weekly video works, as well as offering Instagram interviews. “We all need art and culture and everyone is asked to chip in to keep this important eco system,” she said.

For now, galleries are shifting around money saved from fair booth fees to weather what is certain to be several unstable months, while they also try to find a new voice beyond their gallery walls. “The corona media-fest has left no oxygen for anything else,” Cristin Tierney said. “No one is visiting, viewing, or reading about our current exhibition. We are optimistic that as the new normal settles in for everyone our audience will return. But how long will that take?”