

Passion Drives an Emerging Art and Antiques Market

By [Irina Filatova](#)

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People browsing at the Russian Antique Salon earlier this month. Antiques sales reached \$150 million last year. **Irina Filatova**

Lawyer Mikhail Barshchevsky stands in front of a painting depicting a wooden peasant house buried among high snowdrifts.

“It’s beautiful,” Barshchevsky said, pointing to the canvas in a golden frame, harmonizing with the wall covered in dark-green fabric on which it is displayed.

The painting, called “A Winter Day” by early 20th-century Russian artist Ivan Choultse, was one of the thousands of items on display at the Russian Antique Salon, which was held this month in Moscow.

Barshchevsky said he wasn’t going to buy anything at the salon, which is one of the world’s biggest antiques fairs based on the number of dealers, and had come just because he loved art.

But increasing numbers of enthusiasts are being drawn to investment, interior decorating and a passion to collect beautiful things — the universal factors driving the worldwide antiques market.

The domestic market will grow significantly because wealthy Russians see their incomes increasing because of the economic recovery and are likely to buy more antique items, said Anatoly Borovkov, an expert with the International Confederation of Antique and Art Dealers, or ICAAD.

Russia is now home to 101 billionaires, nearly twice as many as a year ago, with 79 of them residing in Moscow — more than in any other city of the world, according to Forbes magazine.

Another factor that will boost domestic antiques sales is the growth of the real estate market, which is now recovering after the economic crisis, said Oleg Tairov, director of Belvedere Art Center.

International antique dealers are beginning to take notice, as evidenced by a visit last month by 12 members of LAPADA, Britain's largest trade association for art and antiques dealers.

Amid the ornate stucco, gilding and wood paneling of the British ambassador's residence across the river from the Kremlin, the LAPADA members showed off a few choice items to a champagne-lubricated crowd gathered by the U.K. Trade and Investment Department in Russia.

Drawn by the lure of wealthy Russian buyers — as well as the British taxpayer-funded trip to Moscow — the dealers ranged from veterans of the Russian market to novices.

Edward Collins, managing director of Hallidays, first did business in Russia selling paneled rooms 12 years ago. He has an agent based in Moscow.

He wants to sell more to Russians locally. "Why can I sell [antiques] to them in London but not here?" he asked.

The most expensive item on display at the gathering was a 19th-century cabinet with European cathedral facades, valued at \$1.2 million. There were also representatives from a high-end billiard table-making firm and a luxury wallpaper manufacturer.

James Mills, a gallery manager at W.R. Harvey & Co. (Antiques) Ltd., which deals in English antique furniture, however, said his company had never had any links with Russia.

"This is very much a toe in the water for us," he said, but Russia is a "new potential market."

He added that, despite the boom in online antiques dealing, a presence on the ground in target countries was critical.

The Russian market for antiques, which is only 15 years old, is much smaller compared with the 250-year-old European market.

Russia has about 400 antiques galleries and salons compared with more than 2,000 of them in

London, said Natalya Legotina, head of a Moscow design outfit, which helped organize LAPADA's visit to the capital.

Antiques sales in Russia were estimated at \$150 million in 2010, which accounts for no more than two percent of the global total, but experts said there is enormous potential for future growth.

The presence of the world's biggest auction houses like Sotheby's and Christie's, which have local representative offices and are challenging homegrown giant Gelos, is a sign of the "high market potential," LAPADA said in a statement.

There are several reasons why Russians buy antiques, and only a minority of collectors are hard-core completists — someone who attempts, sometimes obsessively, to collect an example of every item of a particular artist, manufacturer or type — or are ready to give huge sums for a piece of art, said Tairov, who is also an ICAAD member.

"This is an endangered breed. There are fewer and fewer such people. Only very rich people collect pieces of art. First because they love it and second because they hope to create their own museums," he said in an interview.

Among the most famous Russian completists are head of Renova Group Viktor Vekselberg, who owns a collection of Faberge eggs that he bought in 2004 from the Forbes publishing family, and Alfa Bank president Pyotr Aven, who collects Russian art of the late 19th century.

According to Borovkov, dealers consider any item of cultural value created before the 1950s to be an antique.

Some buyers are driven by the desire to decorate a new house or apartment, Tairov said, adding that such clients buy about 20 to 30 items to fill a space.

There is also a growing number of buyers who consider art and antiques as a good investment, preferring them to traditional equity.

"Pieces of art have one advantage compared with other investment tools. Shares turn into a pile of paper when their price falls. But if prices for art fall, you still have the item itself, and its price will grow sometime in the future," Tairov said.

Antiques values were growing 20 percent annually before the economic crisis, but even today's average growth of 10 percent to 12 percent is considered good, Tairov said.

He added that among the most lucrative investment options are Old Master paintings — canvases by Western European artists of the 14th to 17th centuries — paintings by impressionists, Russian art of the late 19th century and pieces of contemporary art.

Valery Babkin, owner of Modus Vivendi art gallery in Moscow, which focuses on Old Master paintings, also said paintings are a good investment.

"These paintings have an absolute value," he told reporters at the Russian Antique Salon, adding that prices for such paintings are growing 50 percent annually.

Among other canvases that Babkin brought to the Russian Antique Salon was a painting by Dutch artist Ludolf Bakhuizen, which he said is worth \$100,000.

A couple of years ago another canvas by the artist was sold at Sotheby's for \$2 million, Babkin said.

Other art styles have also demonstrated stable appreciation in recent years. Borovkov, whose gallery sells Russian avant-garde art, including books and paintings, is asking \$10,000 for a painting by Soviet artist Dmitry Plavinsky, which was priced at 5 rubles in 1978.

Owners of local galleries expect a further surge of demand and prices for Russian antiques in the coming years, adding, however, that there are a number of problems hampering growth.

The legislation that regulates the transfer of items of cultural value across Russia's borders needs serious amendments, Borovkov said, adding that such a change would allow dealers to sell Russian antiques abroad, which would boost the domestic market.

According to the current law, it's forbidden to export items of cultural value that are more than 100 years old, items protected by the state and preserved in museums, and especially valuable items representing Russia's cultural heritage regardless of the time when they were created.

Exporting other items of cultural value requires getting a certificate from the Federal Service for the Protection of Cultural Heritage.

Export controls create a barrier for cultural exchange with other countries, said Viktor Petrakov, the service's acting head.

"We have archaic legislation, which creates big difficulties in transferring items of cultural value," he said at a news conference late last week.

Petrakov added, however, that the government is trying to improve the situation, having passed amendments recently that now allow for the re-export of items older than 100 years if they were brought into Russia after 2009.

The rules of the customs union between Russia, Belarus and Kazakhstan "are also aimed at liberalizing this legislation," Petrakov said.

Another problem, which might scare off potential buyers, is a lack of transparency, with fake items accounting for 10 percent to 15 percent of the market, said Tairov.

Borovkov said selling authentic items was a matter of honor for big galleries, which don't want to risk their reputation by selling forgeries.

But even though galleries are concerned about the authenticity of the items they sell, many prominent buyers — including famous politicians and pop singers — are unlikely to be able to distinguish a real masterpiece from a fake, since they tend to decorate their houses with tasteless things, Borovkov said.

For details on art and antiques import and export rules see www.rosohrancult.ru (in Russian only).

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