

German Fine Art Galleries 2020

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The Institute for Strategy Development (IFSE) in cooperation with the Federal Association of German Galleries and Fine Art Dealers (BVDG) herewith presents the results of a nationwide survey on the current situation of commercial galleries in Germany.

237 out of approximately 700 galleries participated in the survey

We assume that there are some 700 professional galleries in Germany. The survey was conducted online. The questionnaire comprised 62 quantitative and qualitative questions and took on average about 26 minutes to be completed. The BVDG invited over 450 galleries via e-mail to participate. The survey was further forwarded to regional networks, among these, to the Interessengemeinschaft Stuttgarter Galerien and in Berlin to the members of the Landesverband Berliner Galerien (lvbg) as well as to Gallery Weekend participants. The timespan of the survey was August 21 to August 31 2020. 85% of the questionnaires were filled out personally by the gallery owners. The gender ratio was almost equal: 120 men, 115 women (not specified: 2). The participants' average professional experience is of almost 20 years (19.6 years). In relation to all relevant criteria, the answers in the survey are representative of the approximately 700 galleries in Germany.

German commercial galleries are on average 23 years old

The last survey by IFSE's pilot study of 2013 referenced 2012. A number of galleries have since closed, but after 2013 also more than 100 galleries have opened, as shows up in the answers to the question "In which year was your gallery founded?" The distribution of galleries has not changed much: Approximately one third of all galleries are located in Berlin. Almost a quarter of the galleries are in North Rhine-Westphalia, principally in Cologne and Düsseldorf. Further important locations are Munich, Hamburg, Frankfurt am Main, and Stuttgart.

Primary market focus

Commercial galleries are active in many different fields. For 73% of the respondents the primary market is the major focus of attention, 17% concentrate on the secondary market. About 5% mention art consulting or the sale of editions as their most important field of activity (only one entry was possible). Correspondingly, 75% of sales take place in the primary market and 25% in the secondary market. When questioned about their

areas of activity, the galleries' response resulted in the following distribution (multiple answers were possible):

- Sales on the primary market: 92%
- Sales on the secondary market: 48%
- Art consulting: 67%
- Art publishing (e.g. catalogues, monographs): 47%
- Sale of editions: 42%
- Events (e.g. talks, readings, concerts): 50%
- Curatorship of exhibitions in other institutions: 38%
- Mediation of loans: 36%

Over 3,000 jobs

Since 2012, the larger galleries have grown disproportionately – leading to a job increase in that sector. Berlin's galleries now provide more than half of all gallery jobs in Germany. In addition to the approximately 1,000 gallery owners, just under 1,300 employees as well as nearly 400 marginally employed, and close to 800 freelancers worked in German galleries. Due to COVID-19 about 10% of the jobs have been lost.

More than 4,000 exhibitions on over 100,000 square meters

In 2019, commercial galleries held more than 4,000 exhibitions in spaces ranging from 20 sqm to 1,000 sqm. Over 400,000 visitors came to the vernissages. In addition, almost 1.2 million visitors came during the opening hours that averaged 30 hours per week. Each gallery organizes roughly 6 exhibitions per year. The average size of each exhibition space is 154 sqm. The total exhibition space amounts to 107,000 sqm.

14,000 artists

Taken all together, German galleries represent approximately 14,000 artists, of which 35% are women. Seven years ago, the ratio was still 25%.

Painting remains by far the most important art form

If there is only one possible answer, painting is for 67% of the galleries the most important economic factor. It is followed by sculpture with about 9%. In the case of possible multiple answers ("Which art genres do you offer in your gallery?"), the following picture comes together:

- Painting: 97%
- Sculpture: 88%
- Drawing: 85%
- Photography: 61%
- Printmaking: 55%
- Installation: 49%

- Media art: 30%
- Performance: 13%

Important features that contribute to the success of the gallery business?

When asked about the most important business features, the first priority is the gallery's own website. Further important components are named as follows:

- Recommendations from existing customers
- Exhibition openings
- Public relations and
- Presence at art fairs

Art market platforms and "online viewing rooms" are classified as being of little importance. Here, a change seems possible. After all, in 2019 already around 15% of sales were performed online. That is approximately 140 million euro nationwide. For the moment, however, analog trade fairs and exhibitions remain indispensable.

Participation in trade fairs

Two thirds of all commercial galleries take part in art fairs. On average, these galleries do three fairs per year. In 2019, art fairs accounted for an average of one-third of all sales, with some galleries generating the majority of their sales through several fairs. Near 30% of the galleries in the survey were at Art Karlsruhe and Art Cologne in 2019. About 17% exhibited at Art Basel.

890 million euro turnover in 2019

After a volume of sales of 450 million euro in 2012, galleries achieved 890 million euro turnover last year. 40% of gallery sales are with customers from the region, and 40% with customers from other regions of Germany. 20% of sales are to international customers. However, the higher revenue of larger galleries is generated from international sales: 40% and more of their total revenue come from abroad, only about 20% from the region, and about one third from other regions of Germany. This correlation is particularly visible in Berlin, where a 350 million euro turnover represents about 40% of all sales generated in Germany: More than half of these (52%) are to international customers. Around 12% are to customers based in Berlin.

Different worlds – significant differences in sales

Gallery sales are extremely unevenly distributed. The average worth (median) is 250,000 euro. 50% of galleries are above this figure – in some cases even significantly, 50% are below. More than 100 galleries, therefore about 17% of all galleries in Germany, have a turnover of more than 1.5

million euro per year. Together they achieve 80% of the total annual turnover of all commercial galleries in Germany. 25% of galleries range between 400,000 euro and 1,5 million in sales. These galleries, which can be described as middle-size within the German context, generate together 13% of the total annual turnover. 60% of the galleries are below the turnover of 400,000 euro and together generate nearly 7% of the total annual turnover. With all sales, it must be considered that VAT, 50% paid to the artist, artists' health and social security contributions (Künstlersozialkasse), and other charges and costs must be deducted before a profit is made. These significant differences in the three segments of trade correspond to different gallery worlds and their challenges. For example, the high-turnover galleries with a yearly average of around 6 million euro compete with much larger galleries and auction houses on the international art market. They bear high costs due to the higher number of employees, trade fair participation, and added logistics. The small galleries with an average turnover of about 150,000 euro often run most ambitious programs under conditions of self-exploitation. As a rule, after deduction of all expenses, they can hardly make a living from the money left from sales. Between these poles, the medium-size galleries with an average turnover of about 650,000 euro are positioned between nationwide consolidation and international expansion.

Forecast for 2020: 600 million euro in sales

In the first half of 2020, sales of 336 million euro were generated. Galleries expect to lose on average more than 40% of their 2020 annual revenue. Some galleries even fear a complete collapse of their business. Due to COVID-19, the exhibition industry was interrupted and substantially restricted. On average, commercial galleries were closed for eight to nine weeks. After the lockdown, opening hours were reduced by approximately 20%. Art fairs were cancelled. International visitors and buyers stayed away. A detailed analysis of estimated sales for this year has calculated a turnover forecast of 600 million sales, 290 million less than in 2019 – a minus of 32.6%. The current crisis is impacting each individual gallery differently.

New positioning after the pandemic?

Many gallerists used the situation caused by COVID-19 leading to the cancellation of art fairs, of exhibitions, events and projects to show and mediate art online. They spoke more often to collectors on the phone; they had intensive conversations with their small number of visitors; and devoted more time to art mediation. In addition, they found that there was time to reflect their own position and focus, to think about new accents, new co-operations, and further digitalization.

Appeal to politicians

What politicians will do to improve the situation is not in the hands of the commercial art galleries, but there are some target-aimed wishes: establishing acquisition budgets in museums, rewarding commercial galleries for outstanding art mediation or supporting digitalization and presence at trade fairs. But above all: to be taken seriously as cultural workers in the private sector and find recognition with politicians.

As diverse as galleries may be, they all formulate the same urgent appeal: a return to the reduced VAT rate that was abolished for art dealers in 2014 but still applies to artists and other cultural sectors such as the book market. For some galleries, the due amount of VAT determines whether, after all expenses have been covered, the gallery owners will ultimately have enough income to provide for their own livelihood, thus ensuring the continuation of their gallery business.

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