It is my pleasure to give you a very warm and personal welcome to Red Eight Gallery.

Red Eight Gallery was founded with a vision to showcase some of the art world's most exciting emerging contemporary artists alongside more established creatives and blue chip artists. One of the most satisfying aspects of our work is the thrill of discovering new talent whose pieces can represent an excellent investment for collectors thanks to their potential to significantly increase in value. Alongside these new artists we acquire outstanding pieces from renowned artists with impeccable pedigree whose work will always be in high demand.

Our expert team at Red Eight Gallery is on hand to assist and equip our clients with the tools you need regardless of whether you are just entering the art world or if you're a seasoned art collector looking to enhance your existing portfolio with exciting pieces from emerging talent. We offer fully-managed investment services and specialist advice on the complex landscape of the contemporary art market.

Within these pages you will find a detailed guide to how we can help you achieve your art collecting and investment goals as well as an overview of the art market. If you have any questions or would like to know more about our services, please do not hesitate to get in touch with myself or any member of our dedicated team. As passionate art lovers we know that there is nothing better than viewing a piece of art in person, so we would be delighted to meet you in person to discuss your needs and to show you some of the sensational pieces currently on exhibit in the gallery.

I look forward to personally welcoming you to Red Eight Gallery in the near future.

Yours sincerely,

[Signature]
Introduction
The global art market is currently enjoying a golden age with a string of record-breaking sales. In 2017 the sale of Leonardo da Vinci’s ‘Salvator Mundi’ for $450.3m making the majestic artwork the highest-priced ever sold, while David Hockney became the most expensive living artist with the sale of “Portrait of an Artist (Pool with Two Figures)” at the end of 2018 for $80 million.

Collecting art is no longer a pursuit only enjoyed by an aristocratic elite, but a passion that is accessible to people from diverse backgrounds. Unlike other types of investment, art is capable of giving intense joy and an aesthetic enrichment as well as providing the potential for significant return if you do eventually decide to sell your collection.

According to economist Clare McAndrew’s report in UBS and Art Basel’s “The Art Market | 2018”, in 2017 total global art sales rose to $65.2 billion which marked a 12% rise on the previous year. The strength of the global art market has thus made it very attractive to investors looking to diversify their portfolio with high-performance assets that have the additional benefit of bringing great visual pleasure to their new owners.

Navigating the dynamic and exciting global art market of today is no easy task which is why Red Eight Gallery offers fully-managed investment services. Our guidance and assistance is tailored to meet your needs and to help you navigate the market as an experienced collector or to support your first steps as you enter the market.

At Red Eight Gallery our approach is grounded in the belief that both aesthetic enjoyment and investment potential should drive every recommendation we make to our clients. As well as acquiring exceptional works from emerging artists which could increase hugely in value in the future, we are also on hand to source work by established and blue chip artists according to our clients’ requirements.
Investing In Art

The most visible sales in the art world tend to be those at the upper end of the scale like the sale of Edward Hopper’s iconic Chop Suey in November 2018 for $91,875,000. These iconic sales might capture the imagination and the headlines, but beneath these lofty auction results there is ample opportunity to enjoy profitable disposals with a far more modest initial outlay.

Our expert team at Red Eight Gallery is passionate about sourcing work from emerging artists at remarkably affordable prices. Acquiring pieces from artists who are in the early stages of their career and beginning to make their mark on the art world offers an accessible way to enter the market. Thanks to our years of experience and expertise in the art world we are able to source work for our clients that is very likely to dramatically increase in value as the artist’s career progresses.

At a slightly higher price level we can also source work by more established artists. With this increased price tag comes the opportunity to acquire pieces by artists who are already well known in the art world and whose work enjoyed significant attention from the media and from collectors. For those investors and collectors who have an interest in particular artists, our team can often find out which works are currently available. Thanks to our strong international contacts we are often able to locate work directly from artists, collectors, studios, and other galleries to meet our clients’ requirements. Red Eight Gallery can serve as your buying agent for a modest commission.

If you have work you wish to sell, we can assist and support you throughout the process. As part of our comprehensive service we are happy to consider displaying your work in our gallery and manage and facilitate the sale in return for a small commission. In addition to assisting our clients with acquiring and selling work, we offer a wide range of related services including arranging storage, framing, hanging and delivery.

You can find more information about these services on page (?) of this guide.
The Global Art Market

In these times of economic uncertainty, finding a safe haven for your capital has become the holy grail for savvy investors. During the financial crisis of 2007-2008 the fine art market proved significantly more resilient than stocks and shares and recovered much more quickly in the years that have followed. By the end of 2008 the FTSE 100 had fallen 31.3% and it was only in 2013 that the index returned to and exceeded pre-recession highs. Although the art market also suffered, the slow down was much softer and by 2010 prices had bounced back to 2007 levels.

A Flourishing Marketplace

Despite turbulence on the stock market and global equities, the art market has flourished over the past few years. Thanks to strong demand for work by contemporary art superstars and a favourable economic context global auction turnover for contemporary art reached $1.9 billion across June 2017 to June 2018, representing an increase of 19% on the previous 12 months according to Artprice. The health of this market is reinforced by Artprice research demonstrating a 17% growth in volume of transactions. The future is looking bright indeed for the art market as a whole with total global sales reaching a high of $63.7 billion during 2017.

Led by the United States, China and the UK

The United States remains the market leader with a total fine art auction turnover of $3.3 billion recorded in the first half of 2018, representing a remarkable increase of 48% on the previous 6 months. China lies in close second place with $2 billion and the UK comes in third at $1.9 billion. Despite the uncertainties created by Brexit in 2016 the U.K. art market is looking remarkably healthy and London is still the leading global marketplace for works by Gerhard Richter and Pablo Picasso.

Modern & Contemporary Art

Another critical consideration for investors is the breakdown of the art market by creation period. According to Artprice, modern art accounted for 47% of total auction turnover during June 2017 to June 2018 with post-war art representing 21%, contemporary art 12%, Old Masters at 10%, and 19th century art also at 10%. The contemporary art segment is of particular interest since the category has hugely diversified in recent years. Over the 12 months running from June 2017 to June 2018 36,316 artists born after 1945 achieved at least one auction result, a 5fold increase since 2000 which demonstrates the ample opportunities for investors to enter this dynamic market.
INVESTING IN ART

ART AS AN ALTERNATIVE INVESTMENT

The art market is also showing considerable strength when compared with other alternative assets. By the first quarter of 2018 the art market had risen up the ranks to lead the Knight Frank Luxury Investment Index ahead of other alternative investment assets like fine wine and classic cars. Annual growth from Q2 2017 to Q2 2018 was an impressive 39% while fine wine grew by 7%, cars by 6%, and jewellery annual growth sat at 0%. In light of the current turbulent economic climate, investing in art can offer an excellent alternative to more traditional investment strategies. As these statistics demonstrate, the global art market is flourishing and there are ample opportunities for investors and collectors to enter the market with the view to turning a serious profit.

Primary and secondary Art Markets

Before you invest in the art it’s worth taking a little time to familiarise yourself with the nuances and character of this unique market. One key consideration is the distinction between the primary and secondary art market.

THE PRIMARY ART MARKET

The primary market refers to the first sale of a piece of art. This can be direct from the artist themselves, from a dealer, and also work that has been commissioned. The primary market is of particular importance because this initial pricing acts as a guide for the future value of the piece. It is at this moment that art experts begin to predict whether this piece or artist has a bright future ahead and whether they will go on to become well-established artists commanding ever higher prices for their work.

THE SECONDARY MARKET

Any sale which comes after the first direct sale is referred to as the secondary market. Typical sources for these sales include galleries, auction houses, and private sales. The secondary market is critical as it is here that pieces can soar in value. Over the past decade these drastic increases in value have become more and more relevant for contemporary art. According to Artprice, today the average price for auctioned contemporary work sits at $28,000 per piece, a remarkable rise from the $8,000 average in 2000. Over the same period of time contemporary art’s total auction turnover has leapt from $103 million to $1.9 billion, an increase of 1,744%.

The secondary art market is therefore the place where investors and collectors look to make a profitable disposal when they are ready to sell their chosen pieces, and it is here that our expert team at Red Eight Gallery is able to assist you with securing a successful sale.
Artist Classifications

At Red Eight Gallery we identify key works from exciting emerging artists with the potential to become world-renowned professionals as well as well-established artists who already enjoy wide recognition within the art world. This approach allows us to offer our clients a comprehensive service regardless of whether your interest lies in up-and-coming artists, established artists who are well on their way to fame, or blue-chip artists who are already household names. These are the three key categories of interest to investors, so it is worth reflecting on the benefits of each type of artist before deciding how you would like to invest.

EMERGING ARTISTS

Emerging artists are at the beginning of their careers and have not yet made a name for themselves in the art world. The work of emerging artists is usually sold directly on the primary market from the artist themselves or via a dealer. This is one of the most exciting categories to invest in as it offers the opportunity to get in early before the artist has become established and can produce very large returns on your initial investment. Emerging artists which are deemed worthy of investment are usually those who are generating interest in the art world and have won prizes, attracted some press coverage, and their work is now being collected. One thing to consider with emerging artists is that you may need to wait a while for their works to grow in value as they become more and more established, but this is balanced out by the high potential rewards of collecting hot emerging artists.

ESTABLISHED ARTISTS

These artists already have a reputation in the art world and their works are already being sold at auction. They may be on their way to becoming household names, they will have ample press coverage and their works can be found hanging in both public galleries and private collections. Usually the key works of an established artist offer exceptional investment opportunities and they are likely to appreciate in value more quickly than works by emerging artists.

BLUE-CHIP ARTISTS

Blue Chip artists have a reputation which extends beyond the art world into the public realm and they are regarded as household names. International collections and national galleries display their works and their key pieces regularly fetch six or seven figure amounts at auction. The advantage of this category is that works by these artists tend to be easy to sell, but they may not offer the exceptional returns which are possible with work by emerging or established artists.
An Established Artist

Bansky

When discussing established artists Bansky is one of the first to spring to mind thanks to his landmark contribution to the contemporary art scene. From humble beginnings on the back streets of Bristol in the 1990s, this secretive artist is credited with making graffiti and street art mainstream while preserving his alluring anonymity.

Banksy is loved in the art world and beyond for his freehand output created with stencils and spray cans which are instantly recognisable for their alternative and renegade subject matter combined with a wry British sense of humour.

Banksy's origins as a much-admired but mysterious street artist quickly caught the eye of galleries with the first exhibition of his work held in 2002 at the 33 1/3 Gallery in Los Angeles. Following this his work started selling at auction, often without his permission or approval, and soon commanded significant prices and attracted interest from celebrities like Brad Pitt and Angelina Jolie, fellow artist Damien Hirst, and Kate Moss.

The artist has enjoyed incredible international success over the years and enjoys a strong reputation in the art world and far beyond which has translated into sustained strong growth for the value of his work. Banksy’s “Girl With Balloon” which initially sold for £250 when the artist first started to attract the attention of the art world was re-sold in 2018 at Sotheby’s for £1 million. The art work has risen in value by an average of 18% over the past ten years, while signed prints of the same piece have risen by 25% on average since 2013.

This remarkable track record makes Banksy a very attractive prospect for investors and has also had the side effect of boosting the profile of street art on the investment market.

An Emerging Artist

Mark Sloper

Mark Sloper is the genius behind Illuminati Neon which draws on the artist's punk roots as a friend of the Sex Pistols and producer of the recent Sky TV documentary, Punk 67; Sloper went to art college in Sheffield before falling in love with punk. Each piece is bespoke and hand-blown in the Illuminati Neon studio in Shepherds Bush, featuring Sloper’s characteristic witty punk messages which bring a touch of irony or humour to the image. Illuminati Neon is rapidly developing a dedicated following on the international art circuit, and in September Mark Sloper’s work featured in the world’s best emerging artists exhibition at the prestigious Saatchi Gallery in London.

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A Blue Chip Artist

Warhol

The final category is reserved for artists who have made a transformative impact on the art market, whose works are hugely collectible and who are well-known by the public at large. An outstanding example is Andy Warhol who has dominated the art world for over fifty years and left an indelible mark on how the market is perceived.

The artist was born in Pittsburgh in 1928 and during his years of practice became America’s best-known 20th century artist, a legacy which has gathered pace and intensified since his death in 1987. Synonymous with the Pop Art movement, today Warhol has the honour of being world’s top-selling artist with total sales of $4.16 billion across 18,564 lots. Recent highlights include the sale of ‘Sixty Last Suppers’, the largest of his works ever auctioned, for $60.8 million in 2017, while ‘Silver Car Crash (Double Disaster)’ sold for a record $105.4 million at Sotheby’s in 2013.

Warhol’s enticing combination of iconic images with a fresh contemporary aesthetic and prolific output has made an indelible mark on the art world. Some of his most famous works have subjects as varied as Marilyn Monroe, Campbell’s soup, and Elvis Presley styled as a cowboy and continue to enjoy huge popular appeal.

Despite the high prices achieved by Warhol’s more famous works, there is still ample investment potential to be found in more affordable pieces. For example, a Marilyn Monroe silk screen print fetched £21,800 at Sotheby’s New York in 2002 and was resold in 2014 for an impressive £180,000 at Christie’s London.
Key Art Market Drivers

Whether you’re entering the art market for the first time or you’re a seasoned collector, it is crucial to have a good grasp of which factors can affect the value of an artwork.

GALLERY REPRESENTATION

For emerging artists, gallery representation can be a key indicator of the development of an artist’s career and will most likely impact positively on the value of their work. A long-term relationship with a respected gallery is a definitive indication of an artist’s potential, as are any solo exhibitions which can strongly help to drive value. Here at Red Eight Gallery, we hold solo exhibitions for emerging artists we believe have strong potential, and we provide our clients with access to these rising stars.

HIGH DEMAND

The principle of supply and demand applies as much in the art market as in any other market, but art has some unique features which investors should understand. Positive indicators that an emerging artist is in high demand include interest from several galleries, a commissions waiting list, and a high proportion of work sold at solo exhibitions and group shows.

An excellent example of this is the Connor Brothers, who, much to their own surprise, sold everything at their first ever show in 2013 and have gone on to enjoy numerous sell-out shows in London, Los Angeles and Sydney.

AUCTION SALES

Record sale prices are important for established and blue-chip artists who already have a strong presence on the secondary market and help to generate significant press coverage and visibility. For emerging artists without track records, auction sales are more a way to test the waters and get an idea of the artist’s potential. Auction results can give an indication of an emerging artist’s current reputation in the wider art world, but it is hard to predict the future growth in value of their work from these early auction results.

PRESS COVERAGE

Media coverage is a critical driver of the art market. Today this might include anything from TV arts programmes and dedicated art magazines to blogs, social media, and respected mainstream newspapers and publications. The influence of press coverage has been key to the career development of numerous popular contemporary artists like Tracey Emin and Banksy. Investors who purchased work during the early years of these artists’ careers have benefited hugely from this sustained press interest which has helped their work to appreciate in value. We highly recommend that our clients consider purchasing work from emerging artists who are currently enjoying good press coverage.

PUBLIC DISPLAY

Another sign of high investment potential is work which is in high demand from top public galleries and museums. In order to maintain visitor interest and numbers, public galleries and museums focus on showcasing work that is of considerable significance to the art world. This is also reflected in the acquisition habits of private collections.

CORPORATE CONNECTIONS

From time to time corporations may choose to step into the art world with their powerful marketing budgets. Perhaps unsurprisingly, today the largest corporate art collection belongs to a bank, Deutsche Bank, which has some 70,000 artworks acquired over the years. Being associated with cool emerging and established artists has clear benefits for big corporations and can help drive prices on the wider art market.

ART FAIRS

Art fairs are crucial events since they give buyers the chance to view a huge range of work in one place. They are especially important for emerging and established artists as it opens them up to a huge audience and helps to boost their reputation.

BOOKS AND MAGAZINES

A final pointer that an artist is now well-established is inclusion in important art reference books. Specialist art magazines might also decide to feature a particular artist in an edition which further serves to boost awareness of their work. Being featured either in an important art book or having a magazine edition dedicated to an artist’s work is a key signal of their reputation and can help to increase the value of their work.
Why You Should Invest In Art

If you are considering taking the plunge into the art market, there are plenty of reasons why art can be a very sound investment.

SIGNIFICANT POTENTIAL RETURNS

The art market is currently enjoying bullish conditions and there is significant potential for capital growth. According to the French online price database Artprice, global auction turnover for contemporary art reached $1.9 billion across June 2017 to June 2018, representing an increase of 19% on the previous 12 months. Taking a longer term view, the performance of the Sotheby’s Mei Moses indices which track repeat auction sales for a particular artwork over time are instructive. Between 1966 and 2016 the indices have delivered an average return of 10.85% per year.

ASSET-BACKED INVESTMENT

A clear advantage of art as an investment is that you will always have a physical asset with a defined value. Unlike other investments like stocks and shares, this tangible asset can be reassuring in times of turbulence on the global markets.

DIVERSIFICATION

Since the art market is not correlated to the performance of major stock markets it can be a useful way to diversify your investment portfolio. The art market has been known to grow even during times of economic uncertainty, making it an ideal choice for investment in the good times and the bad.

THE JOY OF OWNERSHIP

Another clear benefit of investing in art is the enjoyment you will get out of seeing your acquisition hanging in your home or office. Although your piece won’t yield an annual income, a well-chosen investment piece can change the feel of your space and spark joy on a daily basis. This enjoyment also extends into the future as you play your part in owning a work that may well become a piece of history in years to come.
Exit Strategies

Any successful investor knows that it pays to have explored and scoped out potential exit strategies ahead of making an investment. Here at Red Eight Gallery we normally recommend one or more of the following options to our clients depending on their exact needs.

AUCTION HOUSES

Primarily used for established or blue-chip artists who already have a significant body of work on the secondary market, auction houses can be an excellent way of cashing in on your investment when the time is right. It is important to keep in mind auction house fees, though, which can amount to up to 25% of the final hammer price.

GALLERY SALES

An excellent alternative to auction house sales is marketing artwork in our gallery space itself. This direct method of selling allows us to achieve excellent returns for our clients.

PRIVATE SALES

Another option that we can facilitate is to market works on our clients’ behalf when they are ready to sell. We can identify investors or collectors who are looking for particular works and make the necessary arrangements between both parties. The benefit of this strategy is that owners of artwork which is in very high demand can receive exceptional returns.

EXHIBITIONS

Red Eight Gallery can also arrange for clients’ artworks to be included in either group shows or solo exhibitions held at the gallery where appropriate with the aim of achieving a sale.

ONLINE PLATFORMS

The online art market is currently booming and we can assist our clients in taking advantage of this by listing their artworks online.
Investing With Red Eight Gallery

Our role is to help those entering the art market for the first time and seasoned collectors to make investments with minimal risk thanks to our extensive knowledge and contacts in the art world. As a general rule art investment experts have always advised clients to buy artworks that you love. At Red Eight Gallery we go one step further and recommend that our clients seek out work that both pleases them aesthetically and also has excellent investment potential. First time investors in art may not realise that the market does not have the same strict regulations imposed on other forms of investment. This is why many investors turn to galleries like Red Eight who can help steer them safely through the tales of forgeries, uncertain provenance, and ownership disputes.

TRUST AND EXPERTISE

The core values of our business are our expertise in the art market and our relationships with our clients. We strive to build trust and operate completely transparently with our clients as well as the artists and agents we come into contact with. We take time to understand our clients’ investment aims and to deliver above and beyond their expectations whenever possible.

GALLERY

The first point of call for our clients is our gallery where you are welcome to drop in at any time. This is the space where we display exceptional artworks we believe have significant investment potential and offer potential owners the opportunity to view these pieces up close and learn more about the artist and their work. We also regularly hold solo and group exhibitions which offer a chance to discover exciting emerging artists in the intimate surroundings of the gallery.
Purchasing Art Safely

Having all the correct paperwork is essential if you want to invest in art successfully. Here at Red Eight Gallery every purchase you make is accompanied by a Certificate of Authenticity and an insurance valuation.

CERTIFICATE OF AUTHORITY

For any artwork supplied by us we will provide you with a Certificate of Authority which is a guarantee of the authenticity of that piece. This critical document is known as a COA and it is advisable to only ever purchase artworks with a valid COA to minimise risk.

VALUATION

We also always supply our clients with a valuation for any purchase made through us. This document is necessary when it comes to insuring your artworks so you should always make sure you have one for each and every purchase of artwork.

STORAGE AND TAKING DELIVERY

Where possible we recommend our clients to take delivery of artwork purchased through the gallery since art is an asset that can bring considerable enjoyment when displayed in your home. We can arrange for your art to be delivered direct to you at competitive rates through one of our trade partners. If you are unable to display your artworks at home or in your office, we can also arrange for them to be delivered to high-security storage units where they will be kept in optimum climate-controlled conditions to minimise risk. Once stored here these artworks can be delivered to you at any time should you wish to display them in the future.
"As a fine artist, there are certain negative behaviours that you become accustomed to when working with galleries. Like many other investment commodities, there tends to be very disheartening business aspects of the art world: a lack of fairness, knowledge, and trust. Having experienced this from both sides – as an artist and investor – it is something you unfortunately grow to expect. I’m elated to say that Red Eight Gallery is a rare group that breaks this mould; while working with their staff, I am always met by the utmost professionalism and kindness. They are passionately insightful about fine art and the artists themselves – it’s truly an honour to work with Red Eight! So grateful to collaborate with a gallery that emulates proficient industry standards."

ARTIST CAYLA BIRK