

## 15th Deloitte Private Art & Finance Conference

Portfolio of the future: From family offices to  
new digital frontiers – art as a social and  
alternative capital asset

21 November 2023 | Luxembourg



# INTRODUCTION

## Introduction



**Adriano  
Picinati di Torcello**

Global Art & Finance Coordinator  
Deloitte Luxembourg

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# Agenda

**15:00**

**Registration  
and welcome  
coffee**

**15:30**

**Introduction  
by Master of Ceremony**

- Adriano Picinati di Torcello

**15:35**

**Welcome words**

- John Psaila
- Nick Tabone

**15:45**

**Keynote  
opening speech**

**Presentation of  
the 8th edition of  
the Deloitte  
Private &  
ArtTactic Art &  
Finance report**

**Speakers:**

- Adriano Picinati di Torcello
- Anders Petterson

**16:30**

**Panel**

**Family offices best practices for  
collection management &  
opportunities offered by new  
technologies and fractional  
ownership**

**Moderator:**

- Andrea Circi

**Panelists**

- Monica Heslington
- Italo Carli
- Thomas Galbraith
- Sophie Perceval
- Masha Faurschou

# Agenda

**17:30**

**Dialogue**

**ESG & Social impact measurement in Art & Culture: new horizons for social impact investing**

- Italo Carli
- Roberta Ghilardi

**17:45**

**Closing remarks**

Message from

- Wolfe Tone
- Vincent Gouverneur

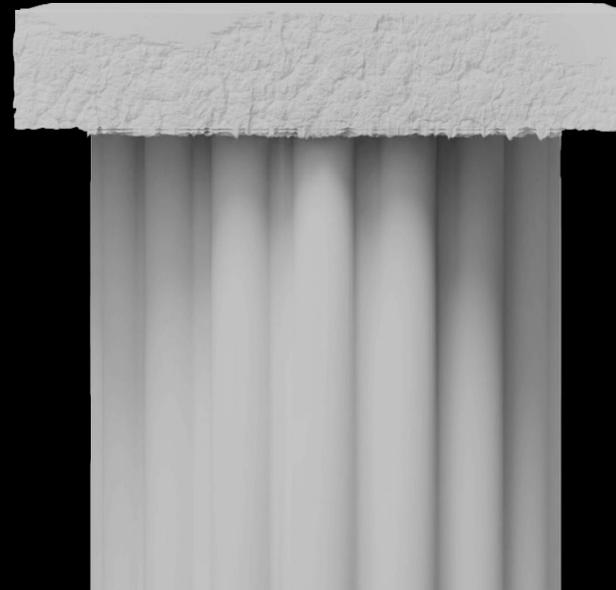
**18:00**

**Networking cocktail reception**

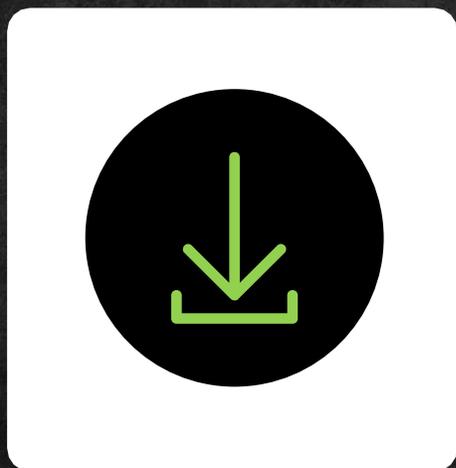


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# The big picture

## Growth of an innovative art and finance industry

### ART TRENDS

Globalization, NextGen, democratization and cultural diplomacy

Trust, transparency, regulation, professionalism

Art and technology, digitalization, virtualization and tokenization

New economic reality for public cultural institutions, soft power of culture, economic driver, world cultural heritage

Creative sectors, cultural citizenship, culture and smart cities

### ART & FINANCE

### FINANCE TRENDS

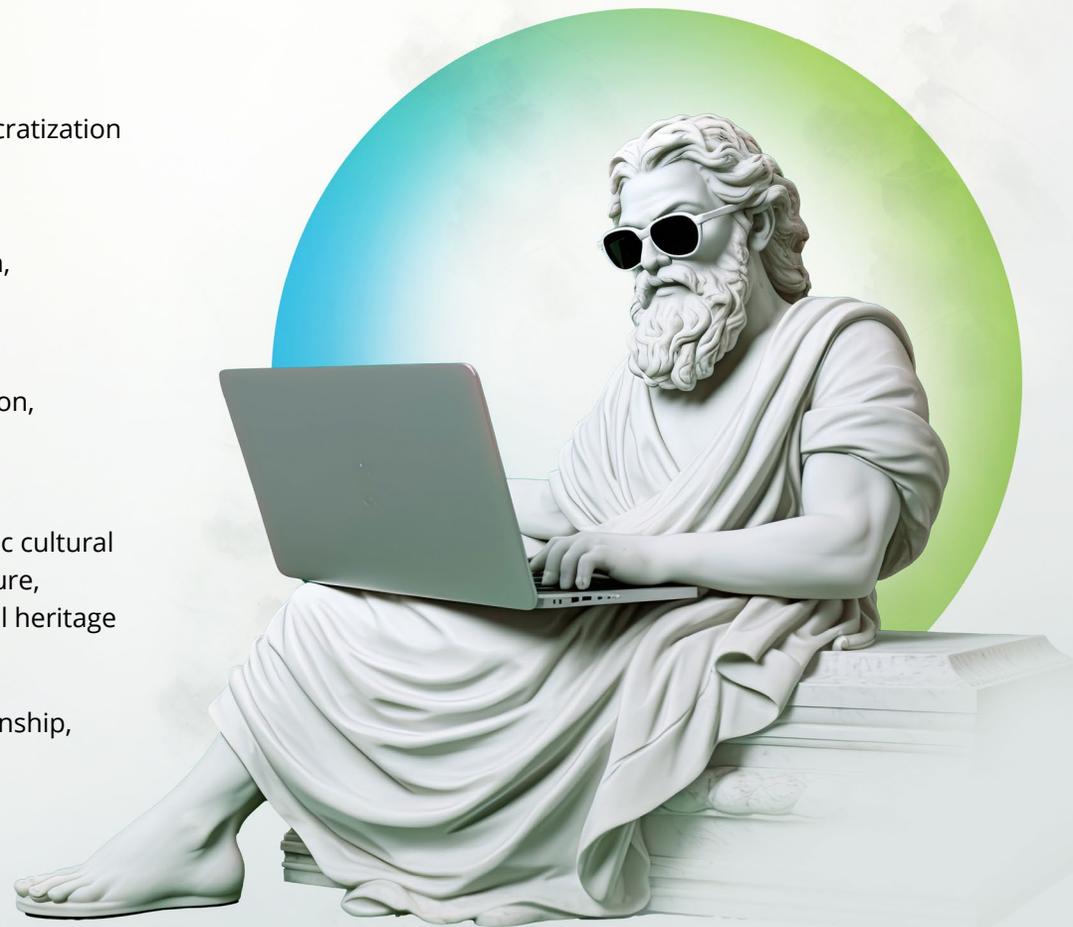
Expanding class of ultra-high-net-worth (UHNWI) buyers, new generation and holistic offering

Financialization: art as a capital asset

Risk management, collection management and asset

Tax and estate assistance, philanthropy and sustainability

Art-secured lending, social impact investment and fractional ownership models



# The art and finance industry is uniquely positioned at the intersection of **three interconnected sectors**.

## Finance

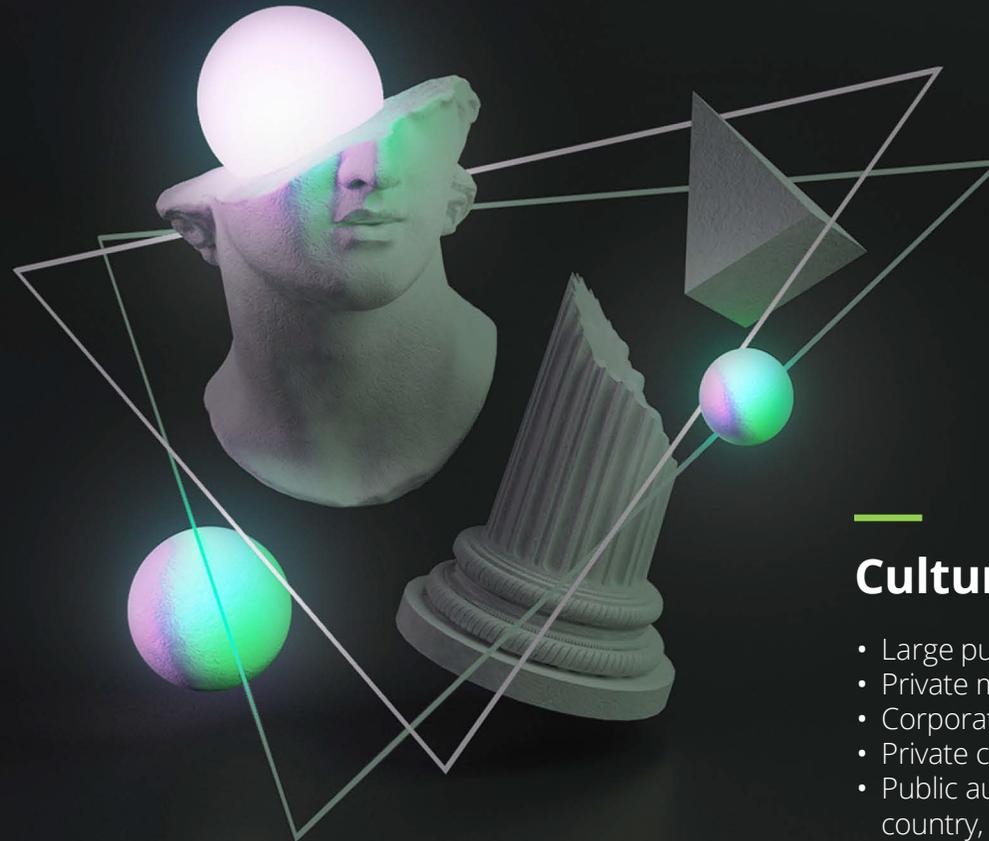
- Private bankers
- Wealth managers
- Family offices
- Private investors/collectors
- Art/collectible fund promoters
- Art insurance companies
- Art trading companies

**Deloitte Private Wealth – UHNWIs & Family Offices**

## Visual art sector

- Artists
- Companies selling art
- Digital art companies
- Art logistics companies
- Art fairs
- Art and media companies
- ArtTech companies
- Creative industries

**Deloitte Private - Private companies & PE**



**Deloitte already works with many Art & Finance stakeholders across the world and envisions opportunities for further collaboration.**

## Culture

- Large public museums
- Private museums
- Corporate collectors
- Private collectors
- Public authorities (country, region, city, etc.)

# Illustration of art and wealth management services

## Accumulating wealth

- growing assets

- Museums endowments
- Art investment
- Art funds
- Stock of art business
- Private Equity in start-ups
- Financing of art business
- Social impact investments
- Fractional investments/STOs

## Transferring wealth

- creating legacy

- Philanthropy advice
- Art related & estate planning
- Securization



## Protecting wealth

- managing risks

- Art advisory
- Valuation
- Assets consolidation
- Reporting
- Art insurance
- Passive portfolio management
- Art collection management
- Tokenisation
- Family governance

**Converting wealth** to income –  
creating an income stream

- Art-secured lending

WELCOME  
WELCOME

## Welcome Words



**John Psaila**

Managing Partner – CEO  
Deloitte Luxembourg



**Nick Tabone**

Clients & Industries Leader  
Deloitte Luxembourg



# Presentation of the 8th edition of the Deloitte Private & ArtTactic **Art & Finance report**



**Adriano  
Picinati di Torcello**

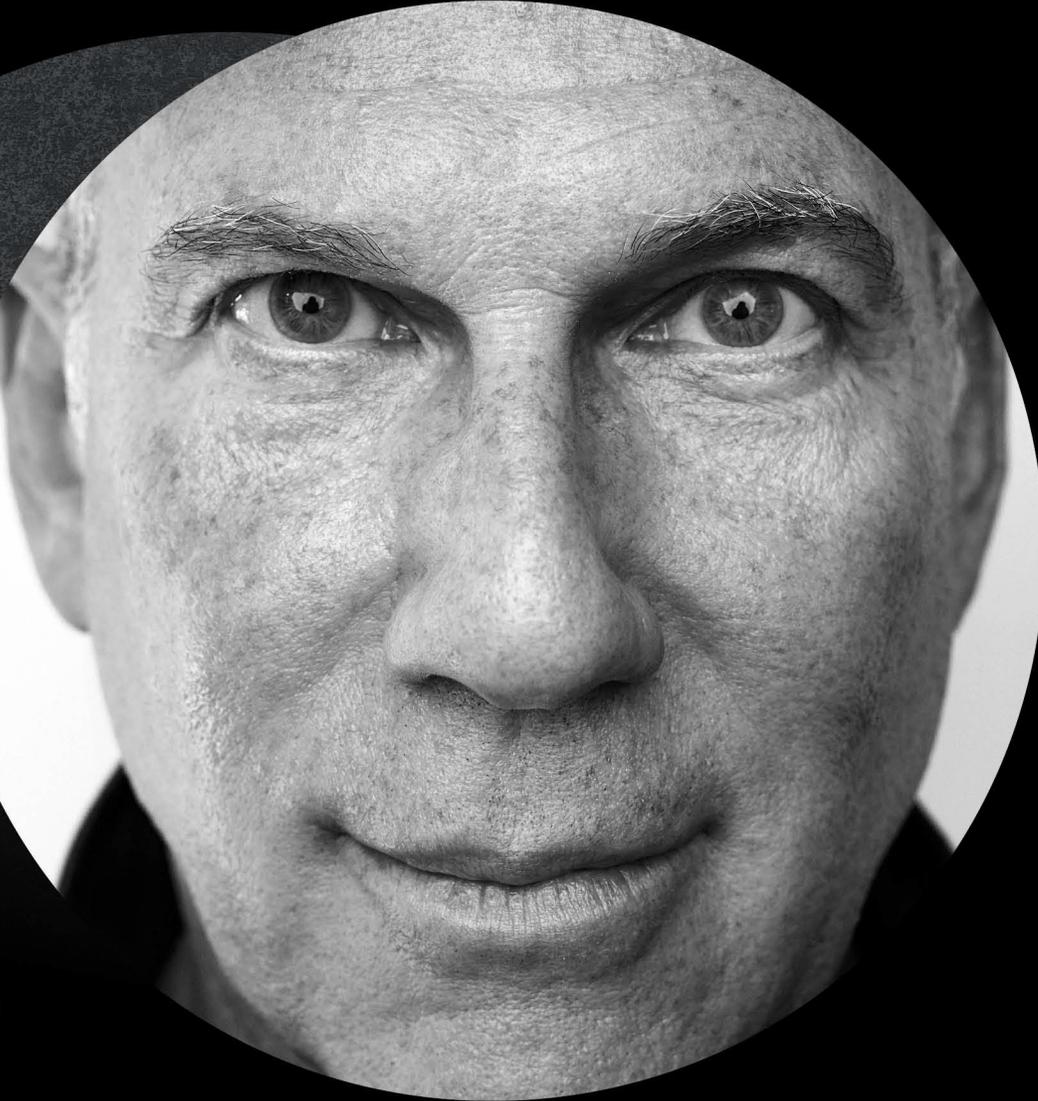
Global Art & Finance Coordinator  
Deloitte Luxembourg



**Anders  
Petterson**

CEO and Founder  
ArtTactic, London

ARTIST  
ACKNOWLEDGEMENT



# Jonathan Prince

Thanks to Jonathan Prince for elevating  
our report with his artworks

# Introduction

## Table of content



### Methodology

- Section 01** Wealth and the global art market
- Section 02** Art and wealth management survey
- Section 03** Art and wealth protection, estate planning and philanthropy (NEW)
- Section 04** Culture and social impact investment and sustainability (NEW)
- Section 05** Art-secured lending
- Section 06** Art and investment
- Section 07** Art and technology
- Section 08** Risk management and regulation

### Priorities

# Introduction

## Methodology

### Art & Finance report Survey participants by category

Table 1: Art & Finance report Survey participants by category

Sample	2011	2012	2014	2016	2017	2019	2021	2023
Private banks	19	30	35	53	69	54	59	63
Family offices	0	0	14	14	27	25	21	32
Art collectors	48	81	90	94	107	105	115	123
Art professionals	140	112	122	126	155	138	182	197
Art-secured lenders	-	-	-	-	-	-	11	20
<b>Sample total</b>	<b>207</b>	<b>223</b>	<b>261</b>	<b>287</b>	<b>358</b>	<b>322</b>	<b>388</b>	<b>435</b>

**Section 1** of the report also includes a 12-month outlook across various geographical art markets. These findings were based on a qualitative ArtTactic Art Market Confidence Survey conducted among 117 art experts in July 2023.

Section 1 also features auction data analysis of various modern and contemporary art markets. This data is predominantly from Sotheby's, Christie's and Phillips.

This year, we have also included data and market analysis of the nascent non-fungible token (NFT) market; this is based on data and analysis provided by Meta4 Capital.

In the art investment section of the report (Section 6), we examine the performance, risk and correlation between art and other asset classes, drawing on data analysis from Artnet.

31 articles from 54 experts: these provide our readers with new insights on a wide range of initiatives and models that tackle the opportunities and challenges facing the art market and the wealth management industry over the next decade.

This year we expanded further our analysis by focusing on family offices and NextGen collectors (35 years and younger). In section 1, we have a focus on Japan and in section 2, we have a focus on UAE.

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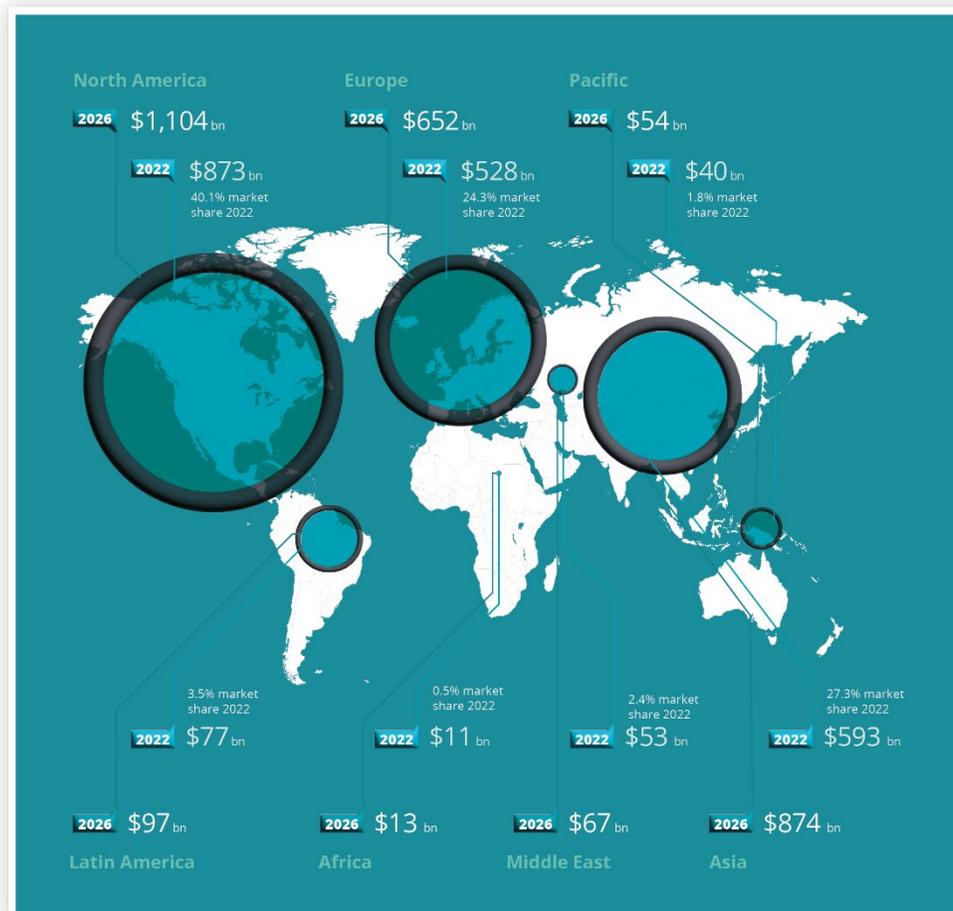
# Section 01\_

## Section 01\_ Wealth and the global art market

Global UHNWIs art and collectible wealth estimated at over \$2 trillion

**Global UHNWIs art and collectible wealth estimated at over \$2 trillion:** We estimate that UHNWIs' wealth associated with art and collectibles was US\$2.174 trillion in 2022 and predict this figure could grow to an estimated US\$2.861 trillion in 2026.

**Art and portfolio allocation:** According to this year's Art & Finance survey of wealth managers and family offices, an estimated average of 10.9% of their clients' wealth is associated with art and collectibles (8.6% for private banks and 13.4% for family offices).



### Total art and collectible wealth

- US\$2.174 trillion allocated to art and collectibles (based on a 5.2% allocation) in 2022

## Section 01\_ Wealth and the global art market

### Global art market resilience in times of uncertainty

**Global art market shows resilience, despite heightened uncertainty:** The art market slowed down in the first half of 2023, as high-end supply dried up. However, H2 2023 shows sign of a bounce-back.

**Art market sales fail to outpace inflation:** The anemic 14-year annual growth rate of 0.6% in the art market has failed to outpace inflation, with global art market sales shrinking in real terms since 2008.

**Top-heavy market:** In the past eight and a half years, 1% of artists have controlled more than three-quarters of total auction sales.

**The rise of the ultra-high price segment:** Evidence of how UHNWIs and billionaires influence the global art market can be seen clearly by the number of works sold in the US\$10 million-plus segment over the last eight years, with a particular surge in interest following the 2020 COVID-19 pandemic. The US\$10 million-plus price segment accounted for 50% of the share of impressionist, modern and contemporary auction sales in 2022, up from 32% in 2020.

**Figure 2: HNW wealth growth (US\$) vs. global art market sales (US\$) growth vs. luxury goods sales growth (US\$) (Index base year: 2008)**

Source: Capgemini's World Wealth Report, Statista, The Art Basel and UBS Global Art Market Report 2023



## Section 01\_ Wealth and the global art market

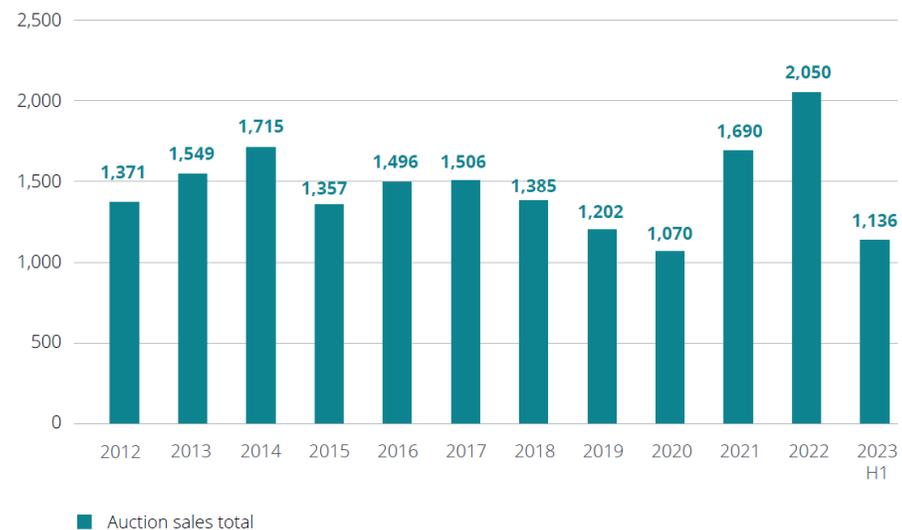
Luxury collectibles a new opportunity for the Art & Finance industry

**Luxury collectible sales reach new heights in 2022 and could signal new opportunities for the art and finance industry:**

We expect to see a growing interest in the financialization of luxury collectibles and the potential to tap into the much broader and larger US\$1.5 trillion luxury goods industry.

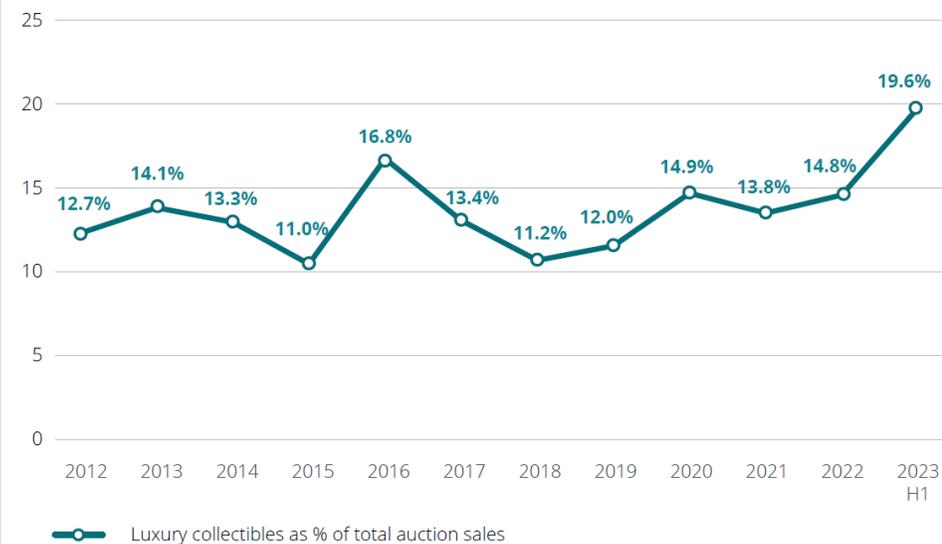
**Figure 3: Luxury collectibles: auction sales (US\$) 2012–H1 2023**  
(in US\$ millions)

Source: ArtTactic. Analysis is based on public auction data from Christie's, Sotheby's and Phillips



**Figure 5: Luxury collectibles: auction sales (US\$) 2012–H1 2023**

Source: ArtTactic. Analysis is based on public auction data from Christie's, Sotheby's and Phillips



# Thank you

to all contributors of Section 01\_

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## ***Where art, science, space and tech meet***

Mariam Brian, CEO and Founder of Holo Art

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## ***Japanese art scene trends 2023***

Kiyohiko Nagai, Managing Director,  
New Business Development,  
FSI Competency, Risk Advisory, Deloitte Japan  
Ayari Mima, Senior Staff, Deloitte Japan

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## ***Demystifying the Japanese art market***

Josephine Ayako Yamada, Head of Innovation &  
Governance, CEO Office, Corporate Planning, Startbahn  
Katsunori Takahashi, Head of Private Banking,  
Sumitomo Mitsui Banking Corporation

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## ***Impact of import VAT on art circulation within Europe and implementation of new Directive (EU) No. 2022/542***

Andrea Sirio Ortolani, Member of the Board of Apollo Group  
Matteo Rumor, Custom duty expert, Deloitte Italy  
Davide Bleve, Tax Partner, Deloitte Italy



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# Section 02\_

## Section 02\_ Art and wealth management survey

Over the last 12 years, art and wealth management has gained broader acceptance and found its natural place in a holistic, goal-oriented wealth management offering

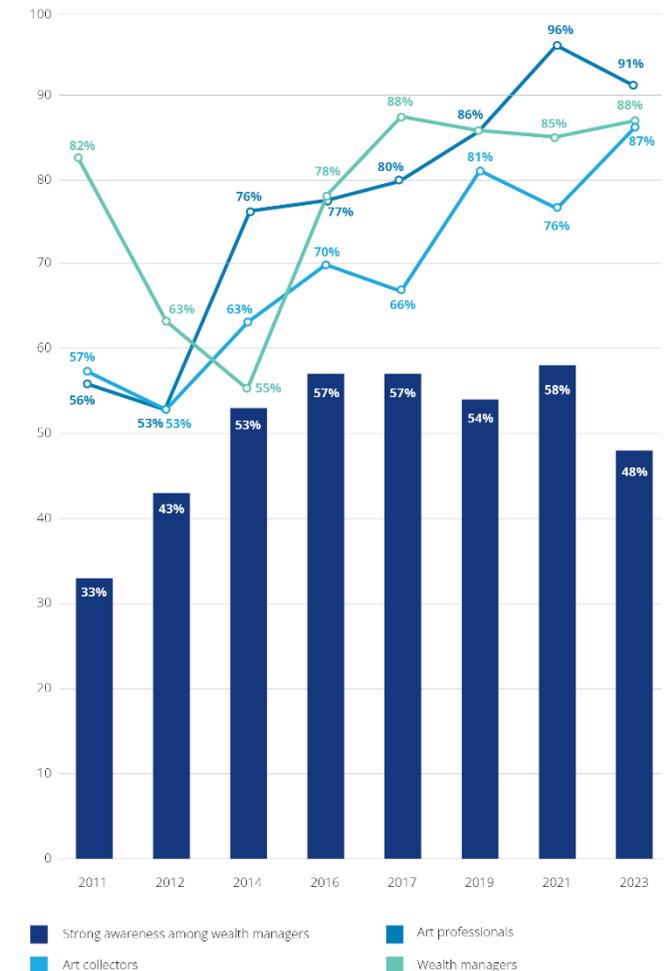
**Convergence between stakeholders reaches new high:** an average of 89% believe art and collectible wealth should be part of a wealth management offering vs. 65% who said the same in our first survey in 2011. **This is the highest percentage since we launched the Art & Finance report twelve years ago.**

**The evolving role of “advice” in wealth management and the push towards holistic wealth management offering is likely to benefit the art and finance industry :** 90% of wealth managers (94% private banks and 81% family offices) said that the need to develop a holistic advisory relationship with their clients was one of the primary reasons for including art and collectibles in a wealth management service offering.

Of the wealth managers surveyed in 2023, **63% have integrated art and collectibles in their wealth management offering—a stable figure since 2016 and 74% intend to offer art specific wealth management services** in the next 12 months (vs 26% in 2011).

Figure 42: Do you think that art and collectibles should be part of a wealth management offering? (% saying 'yes')

Source: Deloitte Private & Artlactic Art & Finance Report 2023



## Section 02\_ Art and wealth management survey

A shift towards the underlying economics of art ownership

**For the first time in 12 years that financial value**, with 41% of collectors said this is the primary motivation **is replacing social value (36%) as the second most important motivation.**

Emotional value remains the key driver for buying art (60% of collectors said so).

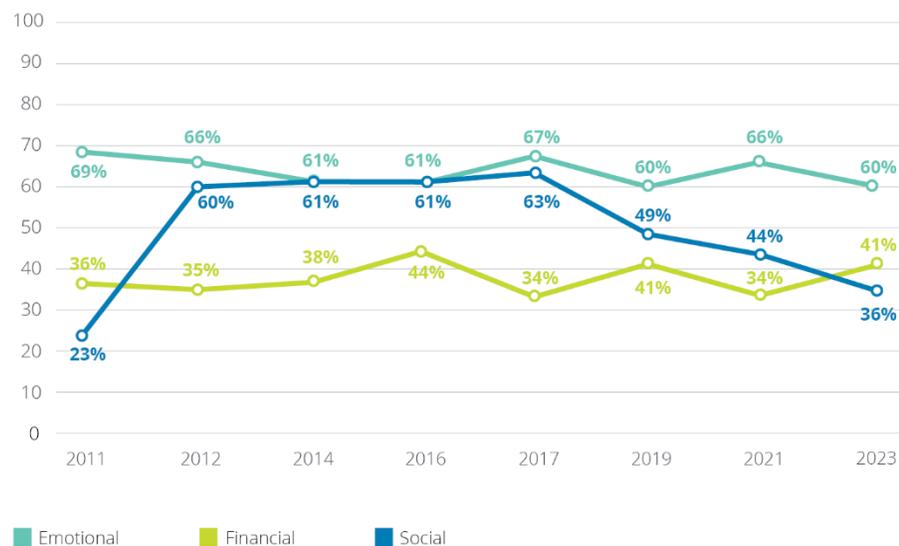
**12-year perspective : Art as an asset class factors** is the second strongest argument for including art and collectibles in wealth management 60% (vs 50% in 2021) for WMs and 62% (vs 39% in 2021) for Family Offices. **Highest percentage since we launched the Art & Finance report.**

**Financial gain and social impact are priorities to younger generation of collectors:** 83% of younger collectors said that investment returns were a key motivation (up from 50% in 2021). Stronger motivation (41%) for social impact investment (up from 31% in 2021).

***This unique social and alternative capital asset provides great opportunities for wealth managers to engage with their clients, fostering a distinctive relationship built on emotion, purpose, and financial considerations***

**Figure 66: Collectors: which of the following motivations are the most important when buying art?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023

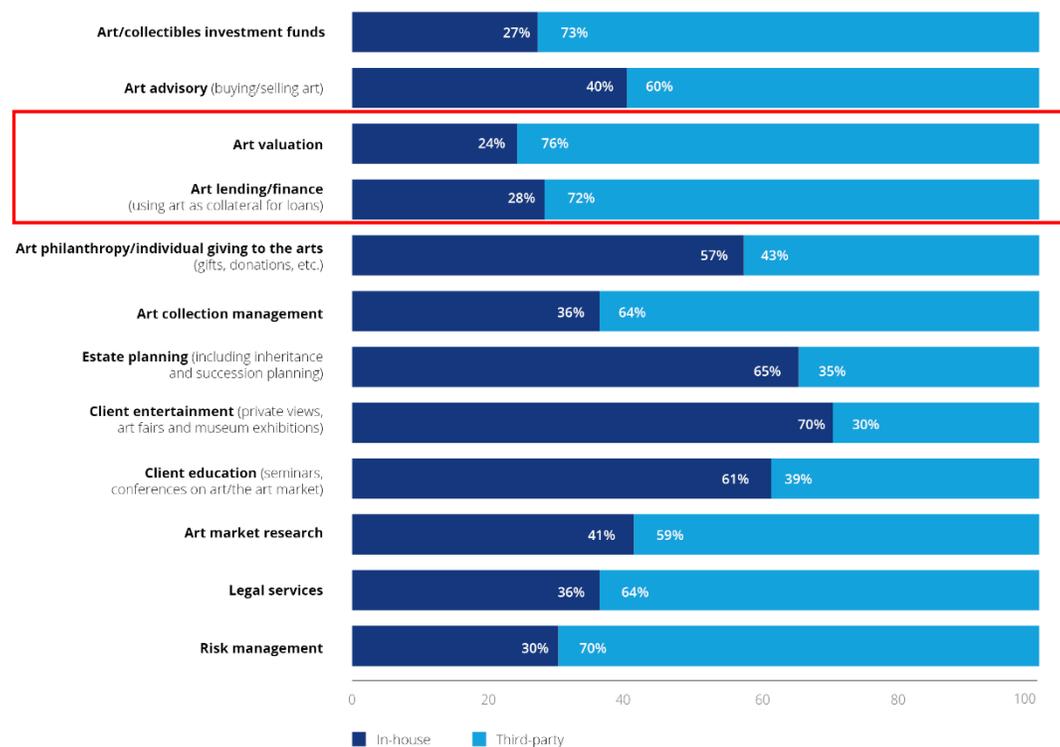


## Section 02\_ Art and wealth management survey

Increasing balance between wealth management offerings and the demand for art-related services valued as meaningful services by collectors

Figure 47: Wealth managers: Which of these art-related services do you offer in-house vs. offered by a third party? (in percent)

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



**Outsourcing of services suggests closer connection with art professionals:** Wealth managers tend to focus on their core activities (e.g., client engagement and education, estate planning, and philanthropy) and for (67%) outsource specific art wealth management services including valuation (76%), art investment services (73%) and art-secured lending (72%) to third-party providers.

**Confirmation of the long-term trend that collectors expect more from their trusted advisors:** 72% find valuation and 90% find market research services relevant, indicating an increasing interest in the financial attributes of art assets.

**NextGen collectors—a different perspective:** NextGen collectors do not have the same expectations. Art advisory is clearly more of a priority for them. Depending on the age group, it is important to adapt the wealth management offering

# Thank you

to all contributors of Section 02\_

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## ***Wealth management trends***

Jean-Francois Lagasse Partner, Financial Services Industry Switzerland and Global Wealth Management Leader, Deloitte Switzerland

Dr. Christoph Künzle, CFA Director, Monitor Deloitte, Wealth and Asset Management Industry Switzerland, Deloitte Switzerland

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## ***The advancements of art investment in the Middle East***

Arif Amiri, Chief Executive Officer, DIFC Authority

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## ***Five takeaways from five years of reflection on art & collectibles***

Monica Heslington, Head of Goldman Sachs Family Office Art & Collectibles Strategy

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## ***Why art collections need the same strategic risk management as other family assets***

Maria de Peverelli Partner, Executive Chairman -Art Management, Stonehage Fleming Financial Services limited  
Anna Smith Senior Collection Manager, Art Management, Stonehage Fleming Financial Services limited

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## ***What family offices and principals need to know about the art market***

Hannes Hofmann CFA, Managing Director Global Head, Global Family Office, Citi Private Bank



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# Section 03\_

**Section 03\_**

# Art wealth protection, estate planning and philanthropy

Generational wealth transfer already feeding into the art market

## The Great Wealth Transfer

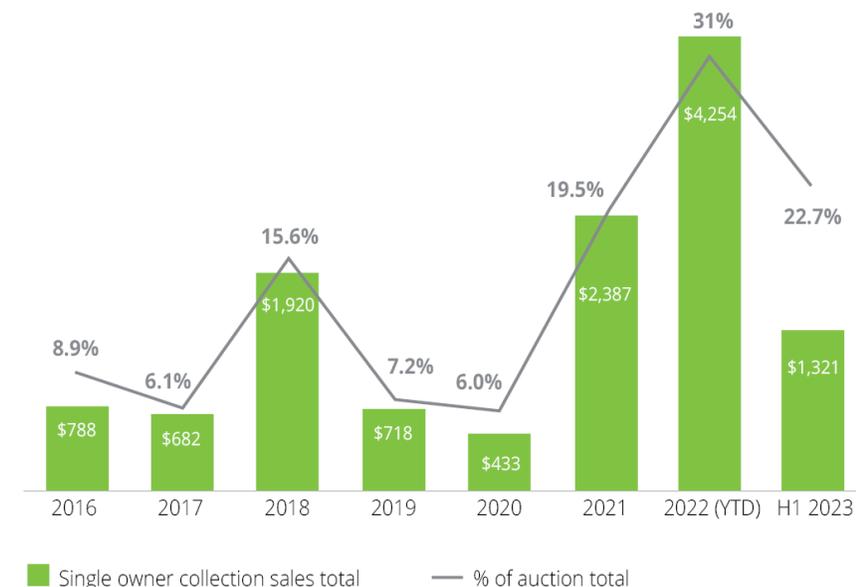
### Generational wealth transfer already feeding into the art market:

With a conservative average of 10.9% of wealth allocated to art and collectible assets, wealth transfer increasingly involves art and collectible wealth.

**Art wealth transfer gathering pace:** Evidence of this art wealth transfer has become apparent in recent years, with 2022 emerging as the record year for single-owner collections entering the auction market, with sales in 2022 up 64% from 2021.

**Figure 74: Single owner collections auction sales (US\$ millions) 2016-H1 2023**

Source: Christie's Sotheby's and Philipps



## Section 03\_

# Art wealth protection, estate planning and philanthropy

## The need for inter-generational dialogue

**Succession planning:** Services and advice relating to how to best manage the transition of art-related wealth between generations is likely to become one of the main drivers of art wealth management services over the next decade.

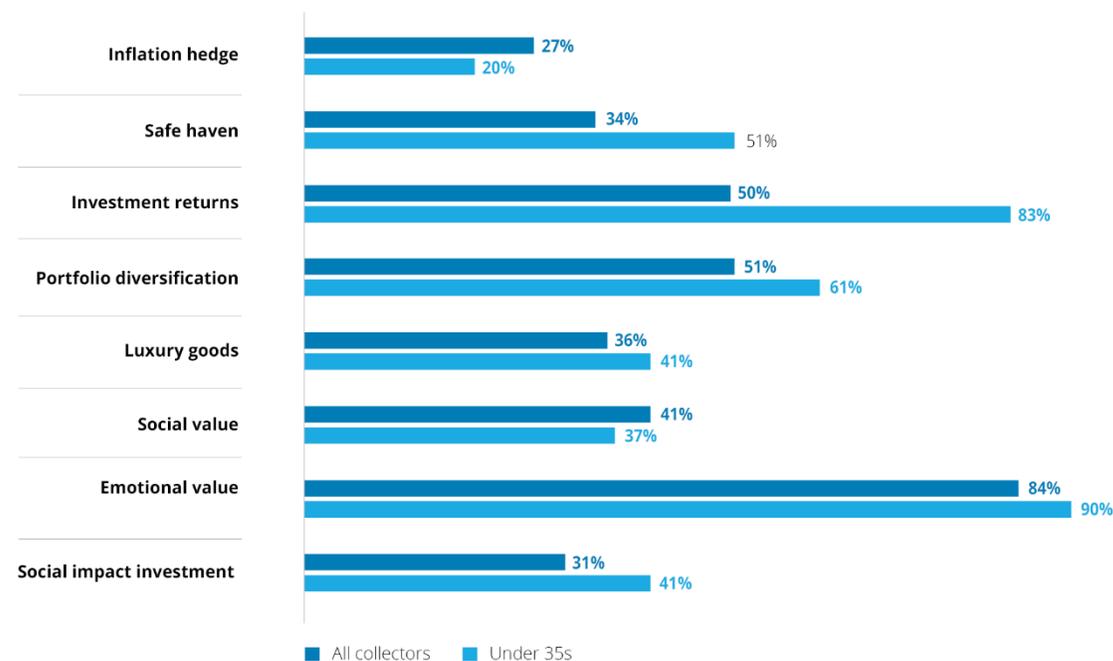
**Connecting with the next generation:** This year's survey shows that younger collectors differ from the previous generations when it comes to motivations and needs when buying and investing in art. This is an opportunity for wealth managers to engage with the next generation on their plans and preferences regarding art and collectible wealth.

**Philanthropy has become more strategic:** As donor sophistication increases, it is paramount that wealth managers understand the tools, language and vehicles that might be most effective in meeting the donors' goals.

**Art philanthropy will need to align with broader societal issues to stay relevant:** We see an increasing shift towards a more selfless and holistic form of philanthropy generated by art-related wealth, enabling donors to use the value of a collection to generate broader societal impact.

**Figure 70: NextGen collectors: what are the most important motivations when buying art?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



## Section 03\_

# Art wealth protection, estate planning and philanthropy

## Urgent need to focus on art and estate planning

### There is an urgent need to focus on art and estate planning:

Only 24% of the collectors surveyed have a long-term plan for their collections, indicating an urgent need for wealth managers to start having conversations with their clients about art and estate planning.

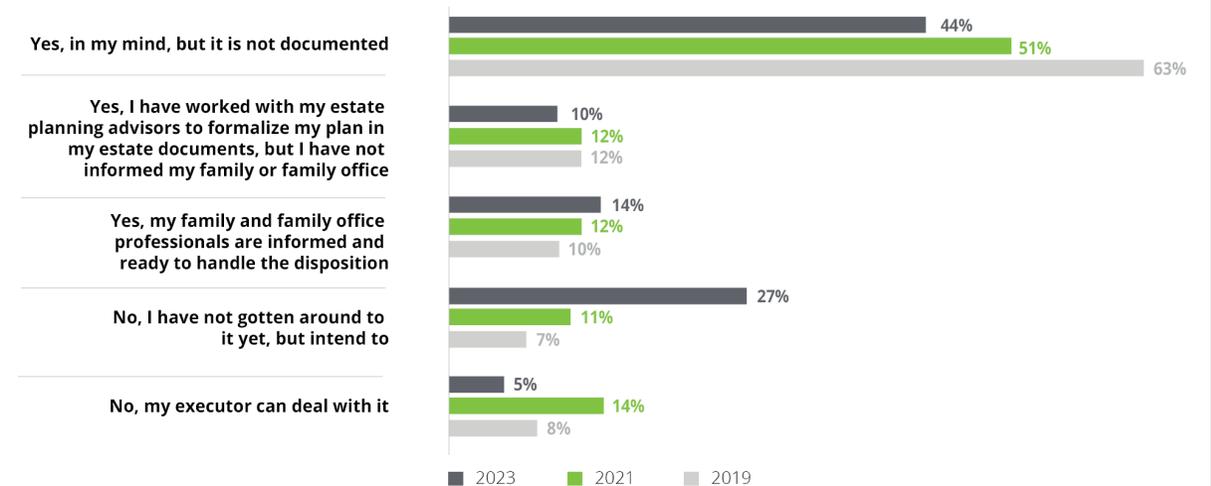
**Collectors would like art and collectibles included in overall wealth reporting:** Most collectors (73%) view their art and collectible wealth as part of their overall asset portfolio, and would like to have a holistic view of their overall wealth.

**Collection management is the basis for protecting art-related wealth:** A fundamental part of art and wealth protection rests with how clients manage their collections. Keeping an inventory of their clients' collections would also allow wealth to take a more proactive approach when it comes to protecting its historical, cultural and financial value.

**Family offices facing stronger demand for holistic wealth reporting: 53% of private banks vs 61% of family offices said their clients expected them to consolidate art and collectible wealth into their overall reporting**

Figure 85: Collectors: do you have a long-term plan for your collection?

Source: Deloitte Private and ArtTactic Art & Finance report 2023<sup>1</sup>



# Thank you

to all contributors of Section 03\_

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## *The "Great Art Mismatch"*

by Morgan Stanley

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## *Addressing pitfalls in art collectors' estate planning: a family office approach*

Dr. Sara Adami-Johnson, VP, HNW Planning Services specializing in international estate, art and digital legacy planning for RBC Family Office Services

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## *A glimpse into the world of art foundations today*

Helena Stork, Co-Founder, World Art Foundations



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# Section 04\_

## Section 04\_ Culture and social impact investment

Sustainable impact investment in art and culture could become an attractive investment model, especially for the younger generation

**G20 reaffirmed that the cultural and creative sectors (CCS) are a major engine for sustainable socio-economic recovery but social impact investments for art and culture still lag behind.**

**There is a more prominent role for private investors:** In parallel with a downward trend in government arts and culture spending, there is greater appreciation for the positive impact culture and creativity can have on economic development. As a result, new financial ecosystems are emerging around investment into culture, including public, private and philanthropy funding and investment.

**Wealth managers recognize the mounting importance of social impact investing to their clients:** Culture, social impact investment and sustainability is a relatively new domain for the art wealth management industry. However, the intersection between philanthropy and investment can provide wealth managers with a new client service focusing on social impact and purpose-led investment in the arts and cultural sector.

*It is essential to have a better understanding of the relationship between responsible finance and Art & Culture*

**Figure 88: The rise of social impact investing**

Source: ThoughtLab, [Wealth and Asset Management 4.0](#), 2021.



## Section 04\_ Culture and social impact investment

Sustainable impact investment in art and culture could become an attractive investment model, especially for the younger generation

### Sustainable impact investment in art and culture could become an attractive investment model, especially for the younger generation:

slight increase in interest in arts and culture-related sustainable impact investment Wealth managers who expand their sustainable investment offerings are well-positioned to attract and engage the younger client segment.

### Close to a third of family offices maintain an interest in social impact investments in art and culture:

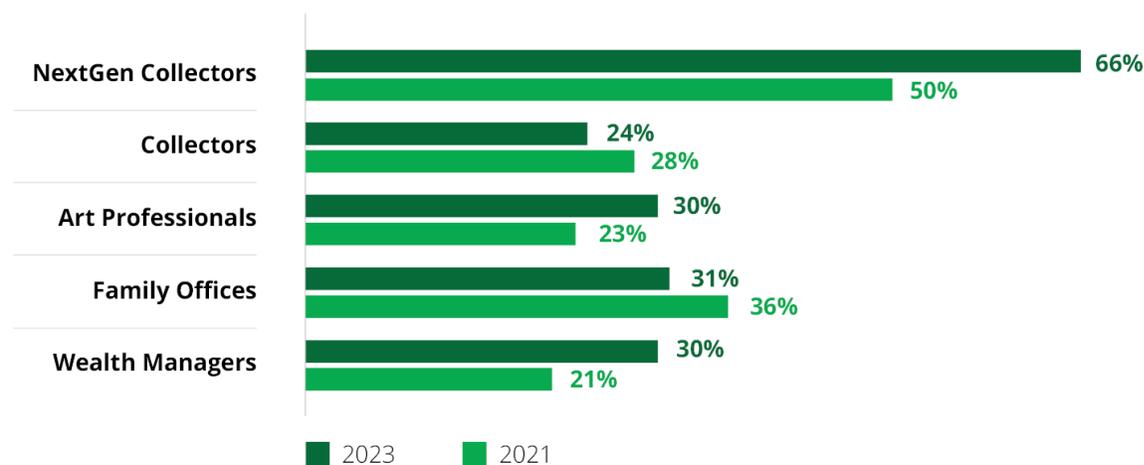
31% of the family offices surveyed expressed a strong interest in investment products focusing on social impact investments in culture.

### Monitoring and reporting are, in fact, fundamental tools for boosting the potential of arts and culture in promoting sustainable development:

there are not enough cultural and art operators promoting sustainable measures. 40% were familiar with the UNESCO Culture 2030 Indicators, with 8% using them. 78% of all respondents are interested in measuring the social impact and 57% the economic impact. Greater understanding and awareness on this topic is becoming increasingly urgent.

**Figure 89: Demand for social impact investment products in culture (% interested/ very interested)**

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2023



## Section 04\_ Culture and social impact investment

Sustainable impact investment in art and culture could become an attractive investment model, especially for the younger generation

**New technologies can also support impact investment in creative and cultural organizations:** By combining digital ownership, access rights and utility, new financial models could emerge for the not-for-profit sector in the near future

**Sustainability reporting:** New EU Corporate Sustainability Reporting Directive (CSRD). Companies will be required to gather and disclose information related to their approach to social topics which could result in increased support to art and cultural activities. Cultural and creative industries will need to be able to report and demonstrate that the resources received as a part of companies' CSR commitments have been invested in a proper and impactful way.

**Social impact bond:** If the CCS are to fulfill their role in sustainable development and in society, the time is now to find better ways and models for connecting impact investors with the sectors' financing needs. Could we eventually see a CCS impact bond market develop in the same way we have witnessed the green bond market develop?

**Smart cities and culture: from livable to lovable:** To ensure that cities are stimulating and exciting places to be, local governments need to make more effort to promote creativity. With the growing recognition that CCS can contribute to quality of life and economic prosperity in smart cities, more sustainable investment products (e.g., Culture Creatives Cities impact bonds) could emerge to help policymakers, planners and developers to better implement CCS initiatives in the future.

# Thank you

to all contributors of Section 04\_

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## ***Mapping cultural and creative impact funds around the globe***

Florenzia Giulio, Co-founder of Pulso

Luis Berruete, Partner & Co-founder of Creas

Patricia Gabeiras, Partner & Co-founder of Gabeiras & Asociados

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## ***The art of investing: how social impact investment drives cultural change***

Chase Mayo, Senior Consultant, Finance & Enterprise Performance, Deloitte Consulting LLP

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## ***Measuring and reporting the impacts of culture***

### ***Proposal for a new methodological approach***

Roberta Ghilardi, Sustainability Manager, Deloitte Italy

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## ***Art assets and cultural initiatives as a driver for social sustainability - Preliminary results***

Roberta Ghilardi, Sustainability Manager, Deloitte Italy

Italo Carli, Head of ARTE Generali Italy



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# Section 05\_

## Section 05\_ Art-secured lending

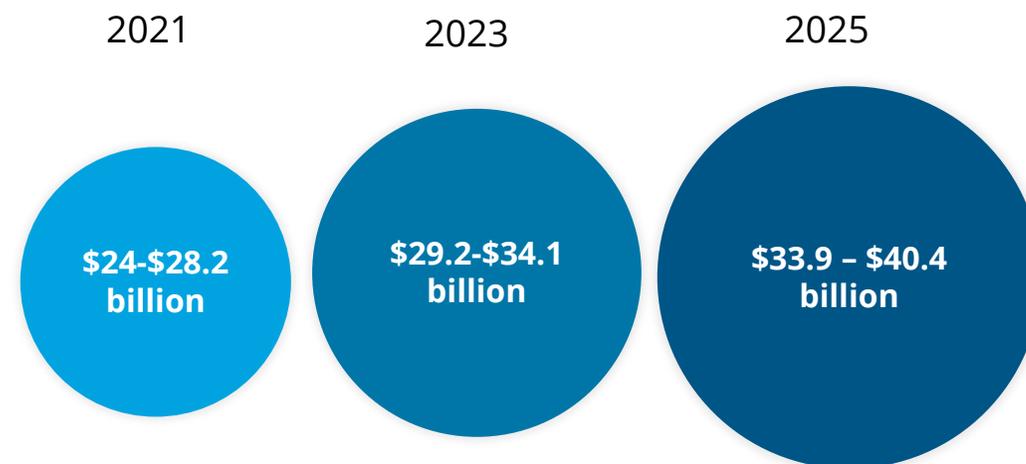
### Globalization of the art-secured lending market

**The art-secured lending market could reach US\$29 billion by the end of 2023:** Despite higher interest rates, we estimate conservatively that the overall size of outstanding loans against art could reach a market size between US\$29.2 billion and US\$34.1 billion in 2023, up 11% from 2022.

**Private collectors vs. art trade:** We also estimate art-secured loans to private collectors between US\$26.3 and US\$30.7 billion in 2023, with the art trade (galleries and dealers) accounting for an estimated US\$2.9 billion to US\$3.4 billion.

**Economic uncertainty fuels growth:** Strong growth in the art-secured lending market in 2022 suggests that collectors were taking advantage of higher valuations and the opportunity to lock in lower rates ahead of anticipated interest rate hikes. However, survey results show that asset-based lenders expect the strong growth experienced in 2022 to continue over the next two years, despite the increased cost of funding.

### Estimated total art loan portfolio against art



## Section 05\_ Art-secured lending

### Softer art market fuels the need for acquisition finance

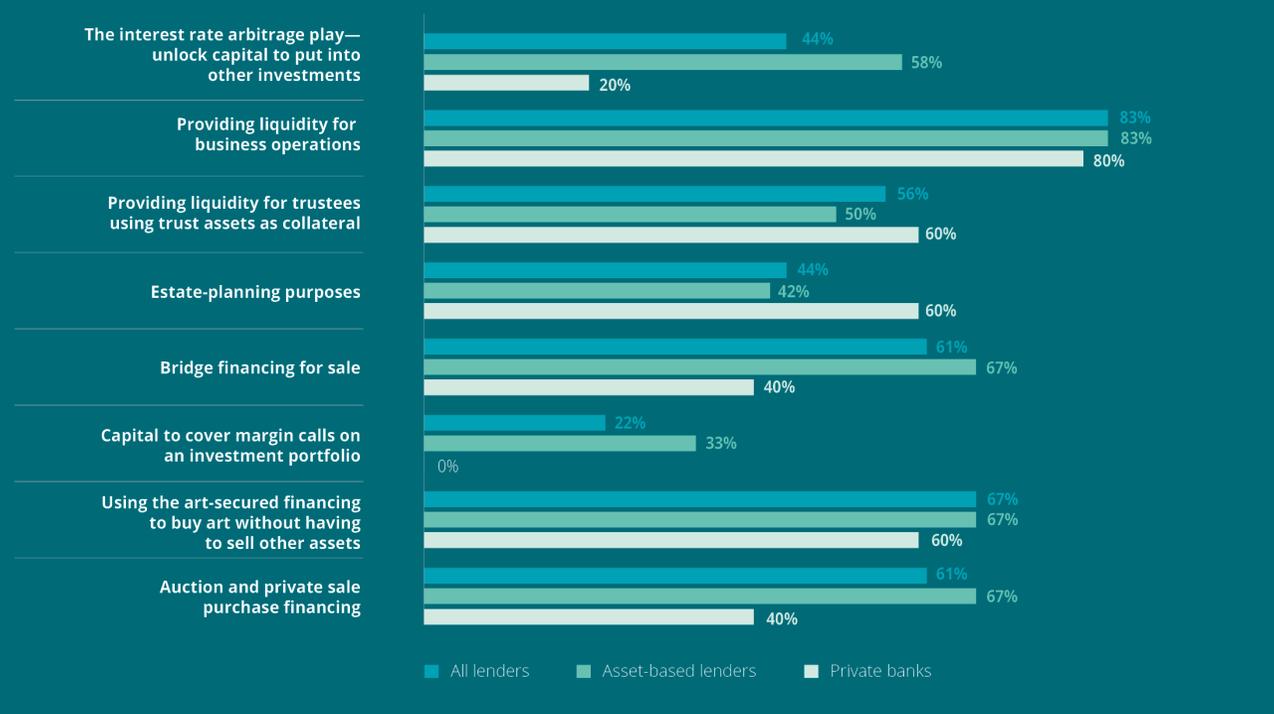
**Tougher economic conditions could lead to higher demand for art financing:** As economic conditions become more challenging in many parts of the world, 63% of wealth managers believe we will see an increase in the number of cases where art owners use their art collections as collateral for loans.

**Providing liquidity for business operations has been the primary driver of growth:** 80% of the private banks surveyed said that the need for liquidity for business operations was a key driver for art-secured loans, and 83% of asset-based lenders said the same. For family offices, buying more artworks is the strongest motivation for using art leverage: (41% up from 8% in 2021).

**Acquisition finance grows in a softer art market:** 60% of the private banks surveyed and 67% of the asset-based lenders say that using art-secured financing to buy art without having to sell other assets was a key driver for their art-lending businesses.

Figure 107: In 2023 - what are the most important "demand drivers" for art-secured lending services over the last 2 years?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023<sup>1</sup>



## Section 05\_ Art-secured lending

### Globalization of the art-secured lending market

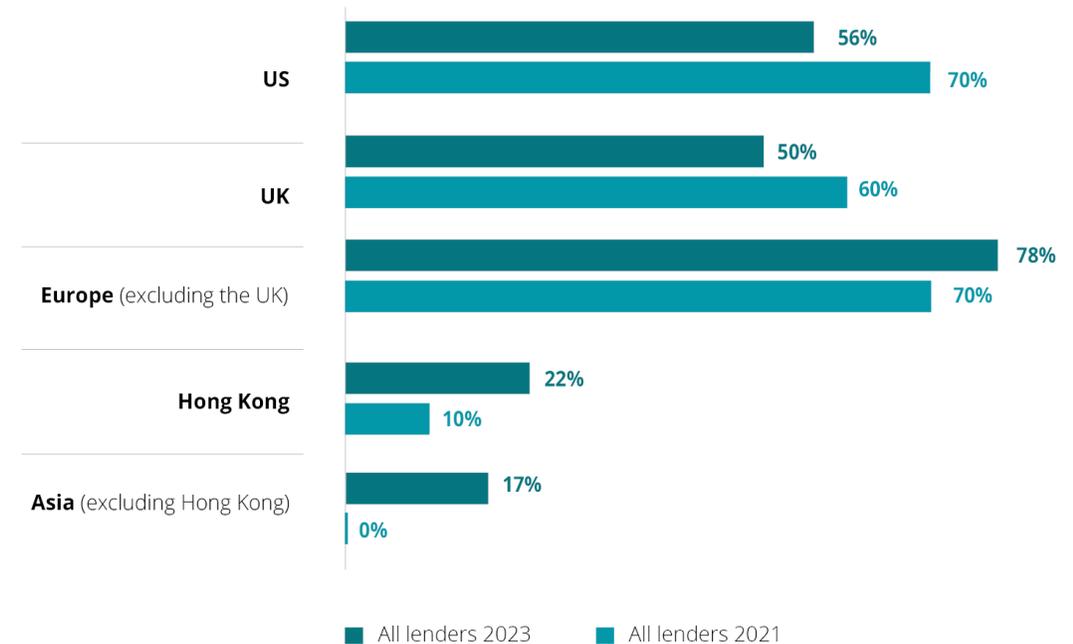
**Globalization of the art-secured lending market:** Asia and Europe are becoming strategic markets for art-secured lending, as the US market reaches maturity.

**Asia emerges as a strategic market:** 39% of art-secured lenders said that Asia (and Hong Kong, in particular) will be a strategic market for growth over the next two years, compared to 10% in 2021.

**Europe is also seen as an untapped market,** with 78% of art-secured lenders viewing it as an opportunity, compared to 70% in 2021.

**Figure 108: Which of the following regions are the most important for your business at the moment?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023<sup>1</sup>



# Thank you

to all contributors of Section 05\_

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## ***Exploring the full power of your art as a financial asset***

Sam Cook, EMEA Head of Specialty Lending Solutions, J.P. Morgan Private Bank  
Levi De Feyter, Wealth Advisor Benelux, J.P. Morgan Private Bank (Brussels)

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## ***Painting a picture of the art-lending landscape:***

*A leading non-bank lender's perspective*

Rebecca Fine, Managing Director, Art Finance, Athena-Art Corp

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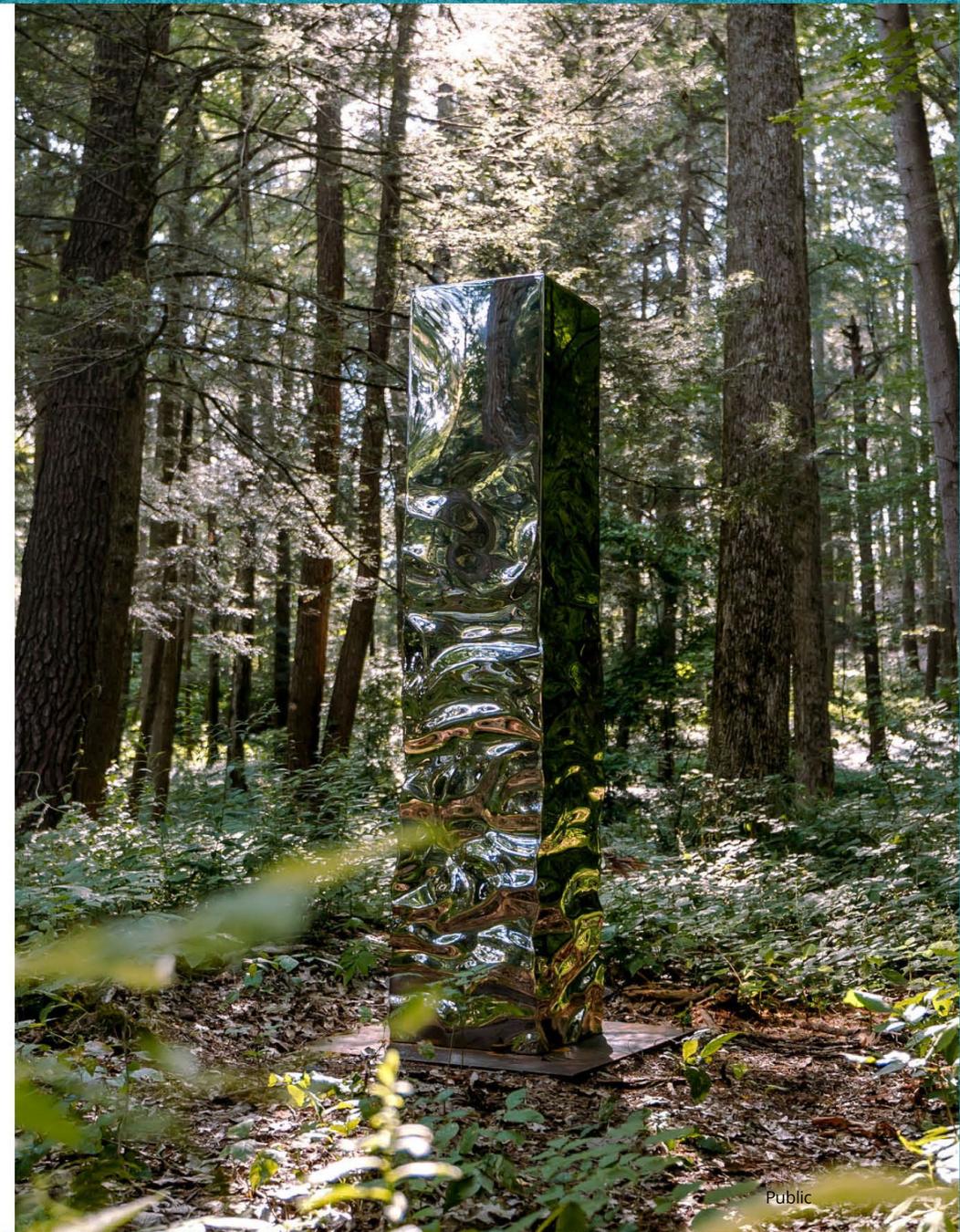
## ***Bridging Industries and the road to optimizing art as a financial asset***

Harco van den Oever, CEO, Overstone  
Mia Bouriss, CEO, Overstone Finance  
Chen Chowers, Head of Operations, Overstone

---

## ***Artworks on tour: is security interest also along for the journey?***

Marcell Baumann, LL.M., Rechtsanwalt, Deloitte Legal Rechtsanwaltsgesellschaft mbH



KEYNOTE  
KEYNOTE

Presentation of the 8th edition of the  
Deloitte Private & ArtTactic **Art & Finance report**

# Section 06\_

## Section 06\_ Art and Investment

### The multifaceted appeal of fine art investments

**Art serves as a partial hedge during times of uncertainty, displaying mixed long-term performance. Blue-chip art market remains positive , despite uncertainty**

Four out of the six art movements have gained momentum in the 12 months to July 2023.

These results highlights, the need for potential investors to be particularly careful and diligent when analyzing the performance of art as an investment

**Increasing interest for pure art investment among family offices**, but it remains a niche service: Over the next 12 months, 22% of family offices show a stronger appetite for art investment services than private banks (14%).

**Table 6: Compound annual growth return up to H1 2023**

Source: Artnet Worldwide Corporation

Artnet indices and financial indices	Up to H1 2023				
	12-month return	5-year CAGR	10-year CAGR	15-year CAGR	20-year CAGR
<b>Fine Art (Top 100)</b>	3.8%	-0.4%	-0.1%	2.5%	5.8%
<b>European Old Masters</b>	8.9%	1.6%	0.1%	-0.8%	1.4%
<b>Impressionist Art - Global</b>	4.3%	-0.8%	-0.8%	-1.5%	1.9%
<b>Modern Art - Global</b>	5.8%	-0.4%	-1.3%	-1.3%	1.9%
<b>Post-War Art - Global</b>	-9.8%	1.4%	2.2%	1.1%	5.4%
<b>Contemporary Art - Global</b>	-10.6%	-0.3%	-0.1%	1.4%	5.4%
<b>S&amp;P 500</b>	17.6%	10.4%	10.7%	8.7%	7.9%
<b>MSCI World</b>	11.7%	10.9%	10.4%	7.8%	8.8%
<b>Case-Shiller US National Home Price Index</b>	-4.7%	7.4%	6.4%	3.8%	4.0%
<b>Gold Fixing Price</b>	4.2%	8.8%	4.7%	4.9%	8.9%
<b>CPI-U</b>	5%	4%	3%	2%	2.5%

## Section 06\_ Art and Investment

Store of value is a stronger motivation than return on investment in the current economic environment

**The majority of collectors (76%) and art professionals (73%) see higher inflation as a trigger for increased interest in art as an asset class.**

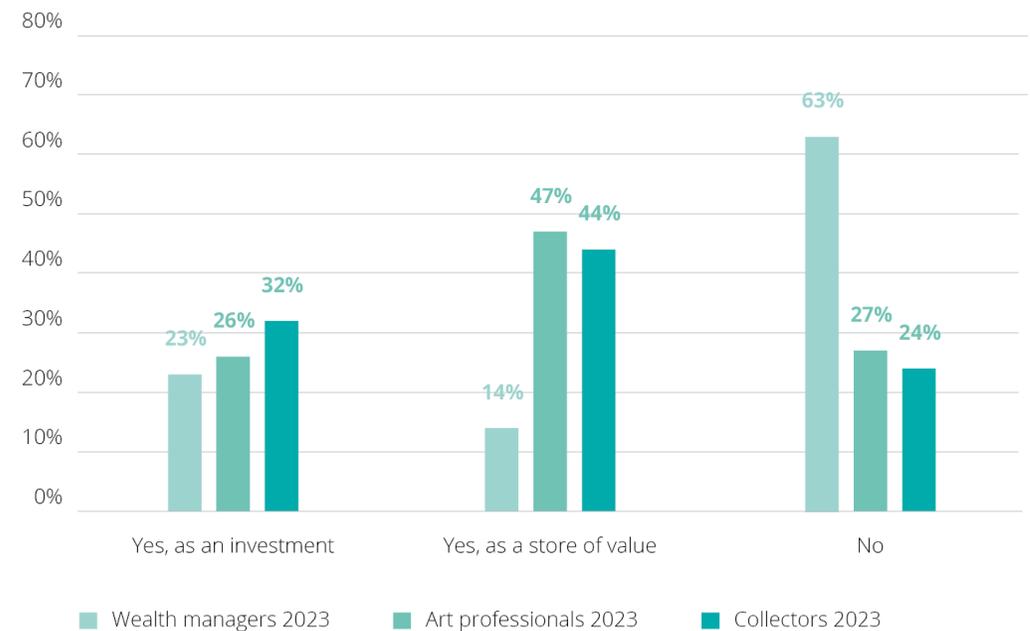
**Collectors and art professionals are seeing increasing interest in art and collectible assets as a store of value** rather than investment 44% of collectors (up from 30% in 2021) and 47% of art professionals (up from 37% in 2021).

**71% of family offices said that asset diversification** was one of the strongest arguments for incorporating art and collectibles in traditional wealth management, up from 55% in 2021.

**There is a clear generational difference**, with younger collectors expressing a much stronger appetite for new art investment models. This could act as catalysts for introducing the next generation to new forms of art ownership and investment models

**Figure 131: Due to the higher inflation environment, have you seen an increasing interest in art and collectible assets as an investment or store of value?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



## Section 06\_ Art and Investment

The time for fractional ownership in art may have arrived as more regulated fractional art ownership initiatives emerge

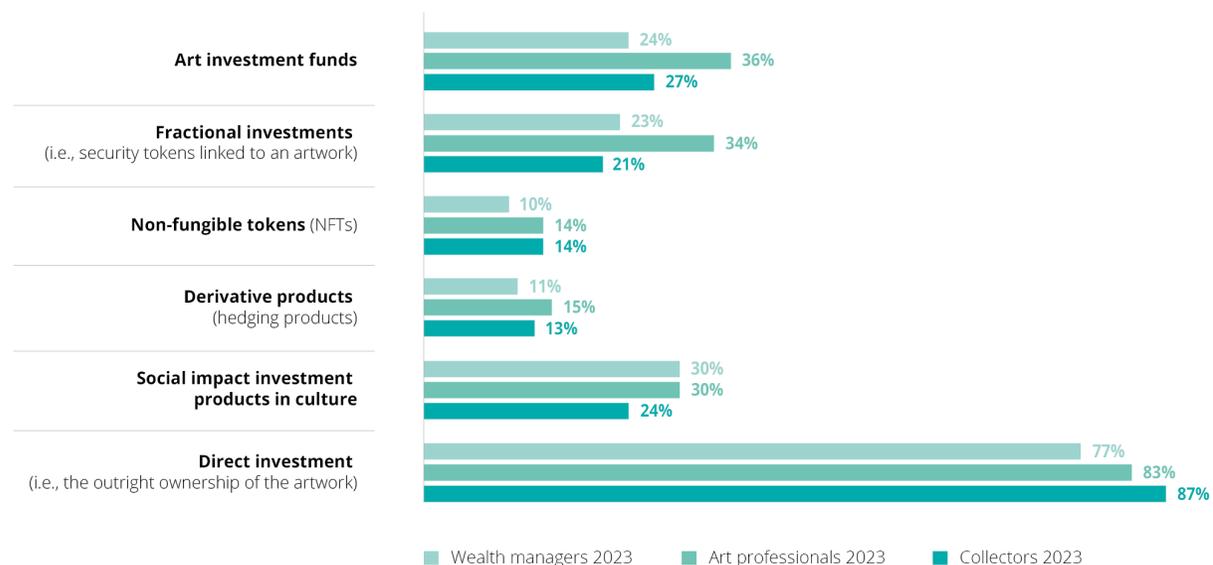
**Multiple initiatives being regulated by financial regulators for the first time.**

**Conservative approach to fractional ownership and tokenization** possibly due to a lack of track record and the emerging nature of the fractional ownership industry,

- only 23% of wealth managers (FO 30%) believed fractional ownership and tokenization of art and collectibles would be investment products of interest to their clients (down from 29% in 2021),
- 34% of art professionals stating the same (up from 26% in 2021)
- Collectors remain slightly more cautious, with 21% saying this would be an investment product of interest (the same percentage in 2021). 50% for the NextGen collectors.

**Figure 134: In terms of investing in art, which of the following art investment products would be of most interest to you?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



# Thank you

to all contributors of Section 06\_

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## *A look at the performance of art as an asset class*

Robert Cacharani Director, Business Intelligence, Artnet

Mia Fernandez Data Analyst, Business Intelligence, Artnet

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## *Case study: ARTEX MTF AG*

*Understanding art IPOs: risks and rewards of investing in iconic art stocks*

Yassir Benjelloun-Touimi, Co-Founder & Chief Executive Officer, ARTEX



KEYNOTE  
KEYNOTE

Presentation of the 8th edition of the  
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# Section 07\_

## Section 07\_ Art and technology

Technological innovation is driving the art and finance sectors closer together

**Strong optimism for change arises from technological innovation:** 64% of wealth managers surveyed this year said that technology could be a catalyst for incorporating art and collectible assets into their existing wealth management services.

**Technological innovation will drive more transparency in the art market:** This year, 81% of wealth managers, 79% of collectors and 83% of art professionals said that technology could be a catalyst for creating more transparency in the art market.

**Figure 148: Wealth managers: key areas where online art businesses and new technology can make an impact**

Source: Deloitte Private & ArtTactic Art & Finance report 2023<sup>104</sup>



Section 07\_

# Art and technology

New technologies could take art and finance to the next level

### Blockchain technology gains traction among art stakeholders:

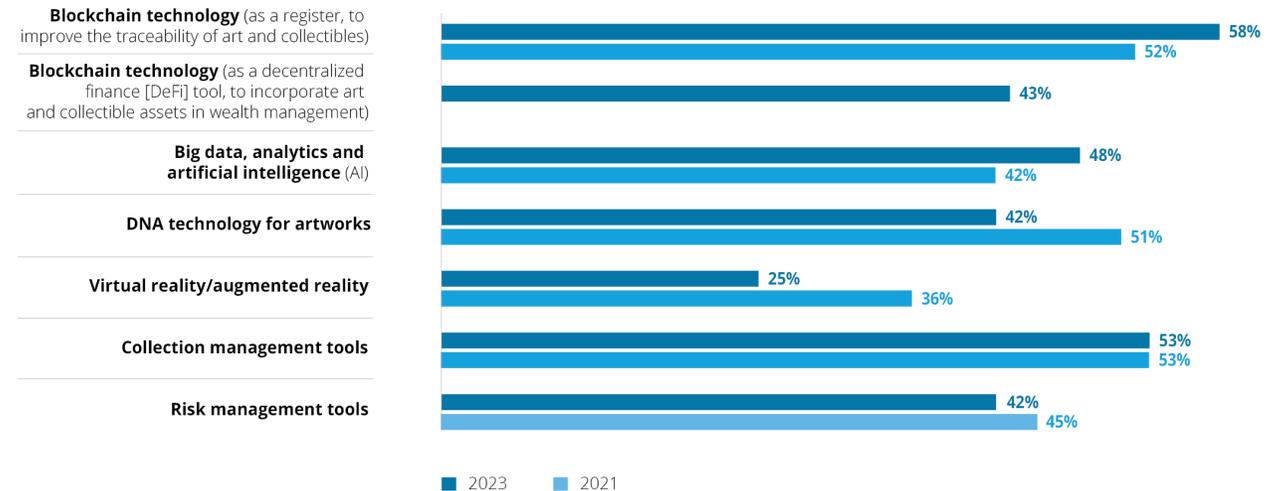
Following the rise and fall of the NFT market, we have seen increasing adoption of blockchain technology as an infrastructure tool for payment, royalties, KYC and AML verification, as well as for storing information concerning provenance and ownership of physical artworks.

**Track and trace:** 82% of wealth managers, 88% of art professionals and 82% of art collectors believe that technology (e.g. blockchain) will improve the provenance tracking and traceability of art and collectibles. 80% of young collectors believe in blockchain as an asset register for art and collectibles.

**Authenticity concerns can be addressed through improved technology:** 70% of wealth managers, 81% of art professionals and 80% of art collectors believe that technology (e.g., AI and DNA technology) will help address authenticity issues related to art and collectibles.

**Figure 142: Wealth managers: Which of the following technologies could have the most impact on the development of art and wealth management services?**

Source: Deloitte Private & ArtTactic Art & Finance report 2023<sup>1</sup>



# Thank you

to all contributors of Section 07\_

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## ***The art of creating a legacy***

*How technology takes family art collections to the next level*

Cindy van de Luitgaarden-Braat, Partner & Lead  
Private Client Services, Deloitte Netherlands  
Frank de Vries, Director Private Client Services,  
Deloitte Netherlands

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## ***Arts & Culture on and off the blockchain***

*History and use cases for collectors & family offices*

Valérie C. Whitacre, Trilitech, a London adoption hub  
of the Tezos blockchain ecosystem

---

## ***From storerooms to blockchains:***

*How Web3 and NFTs can unleash your art collection's  
untapped potential*

Paul De Blasi, Partner, Head of Deloitte Legal & Private Romandie  
Fabien Lopez, Innovation Director, Deloitte Switzerland  
Alberto Lenzi, Innovation and Web3, Deloitte Switzerland

---

## ***Visual art in the age of AI***

Igor Rodin, AI Expert, Art collector,  
Ex-partner, Deloitte

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## ***Navigating art investment: enhancing family offices' decision- making through risk analytics***

Chloris Yu, Manager, Risk Advisory,  
Deloitte LLP



KEYNOTE  
KEYNOTE

Presentation of the 8th edition of the  
Deloitte Private & ArtTactic **Art & Finance report**

# Section 08

## Section 08\_ Risk management and regulation

### Urgent need for modernization

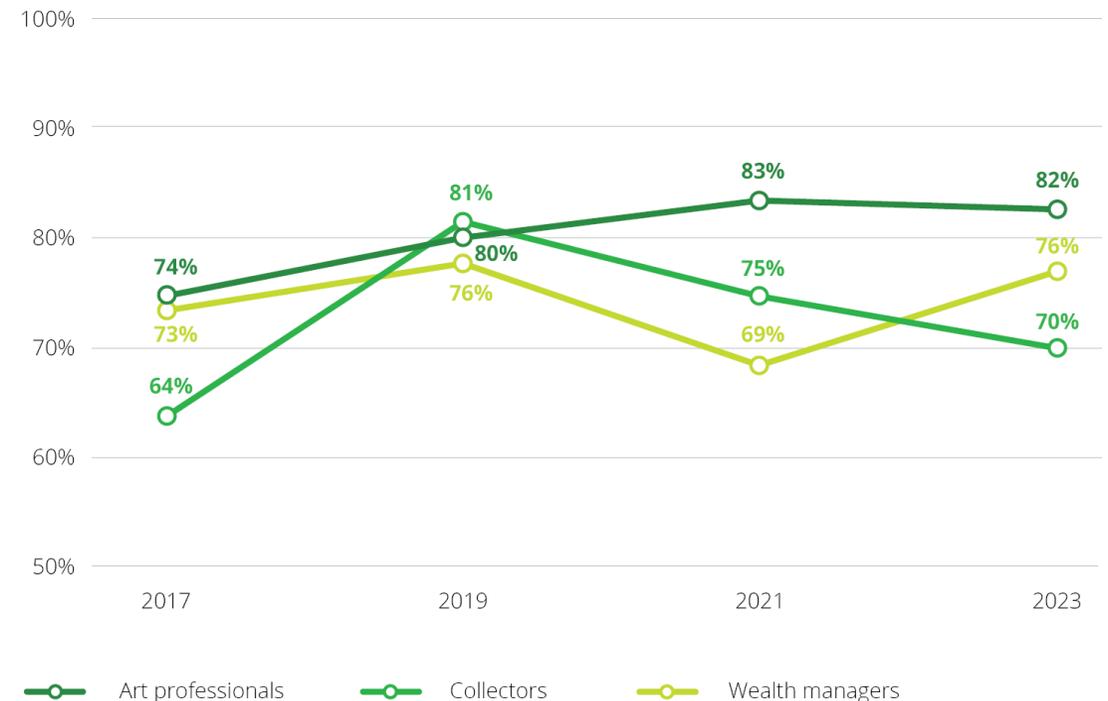
After 12 years of monitoring stakeholders in the art and finance industry, a large majority of wealth managers, collectors and art professionals still believe the art market's existing business practices are not fit for purpose

- **Lack of international standards for professional qualifications in the art market**
- **Conflicts of interest and blurring of roles within the art market are still a problem**
- **Low transparency is still a major issue, but there are signs of improvement**
- **Price manipulation dents trust in the art market**

More than a third of stakeholders find the existing practice of using auction guarantees to facilitate auction sales undermines transparency and trust in the art market.

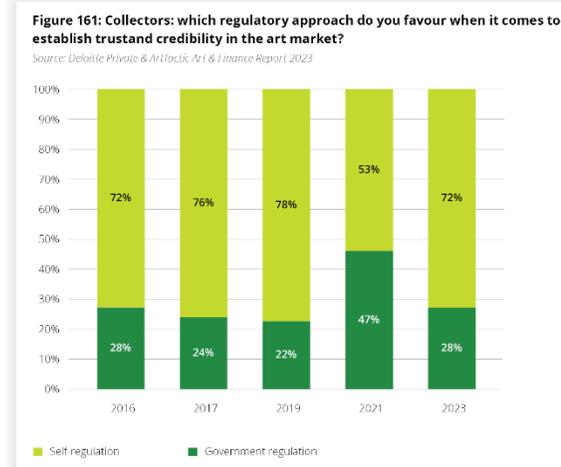
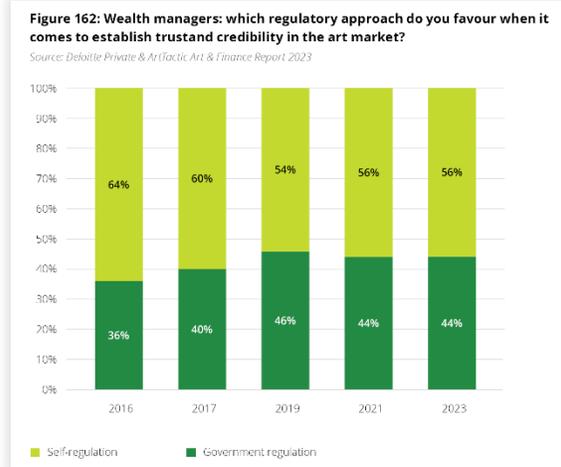
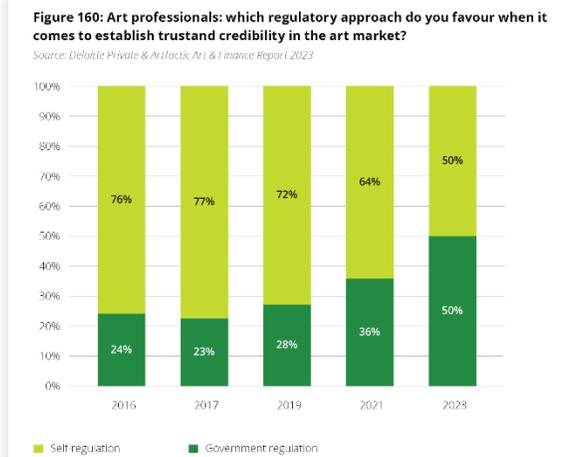
**Figure 155: Does the art market/art industry need to modernize its business practice? (% saying yes)**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023

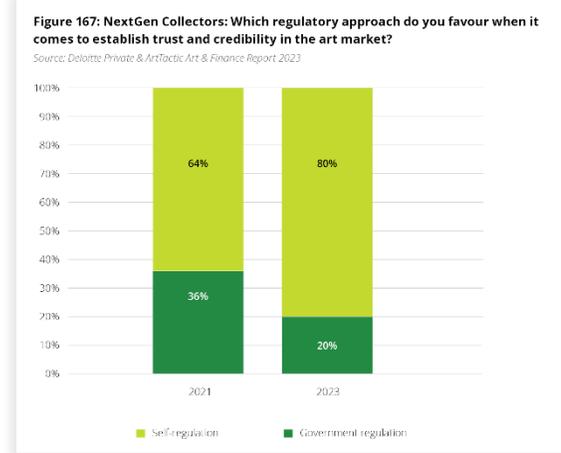
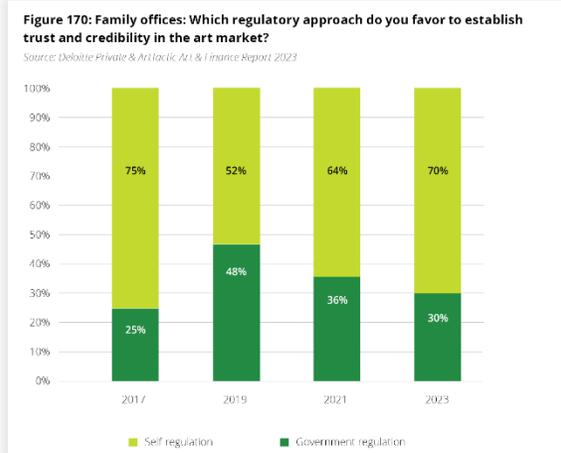


## Section 08\_ Risk management and regulation

Self-governance vs. more regulation—opinions are divided – A call for a hybrid approach



This is the highest percentage ever recorded, which could suggest that stakeholders within the art industry are increasingly leaning towards more government intervention as a remedy for restoring trust and credibility



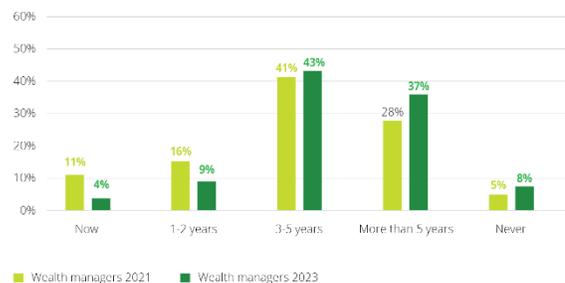
## Section 08\_ Risk management and regulation

### Adoption of more transparency and regulation not happening fast enough

The general view across stakeholder groups is that the adoption of more transparency and regulation will take longer than what they envisaged in 2021

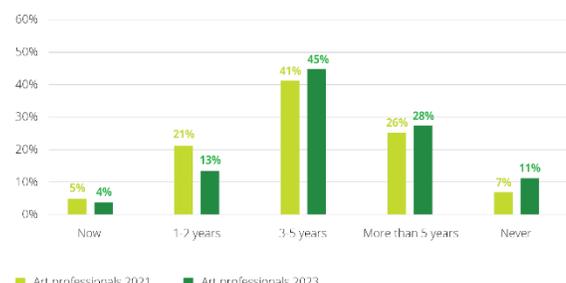
**Figure 163: Wealth managers: In your view, when do you think we can see an acceleration in adoption of more transparency and regulation in the art market?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



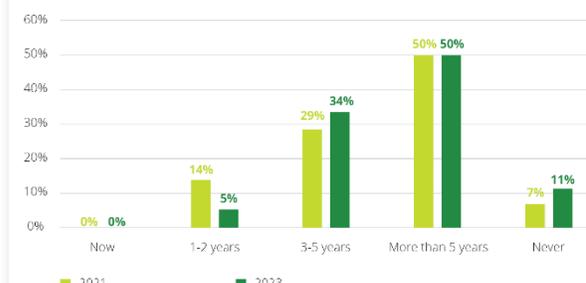
**Figure 164: Art professionals: In your view, when do you think we can see an acceleration in adoption of more transparency and regulation in the art market?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



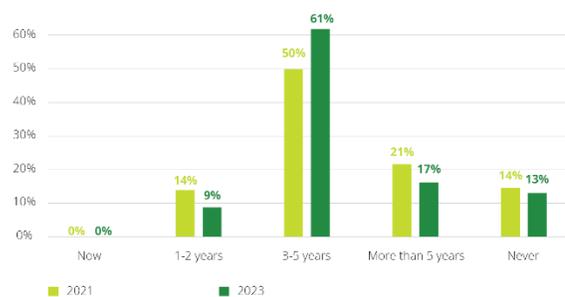
**Figure 168: NextGen Collectors: In your view, when do you think we can see an acceleration in adoption of more transparency and regulation in the art market?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



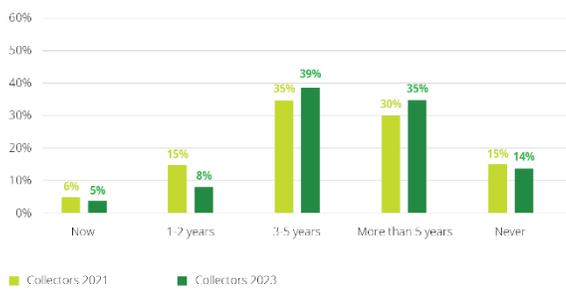
**Figure 171: Family offices: in your view, when will we see an acceleration in the adoption of more transparency and regulation in the art market?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



**Figure 165: Collectors: In your view, when do you think we can see an acceleration in adoption of more transparency and regulation in the art market?**

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



New technologies (like blockchain) and new data ownership and access models could support both confidentiality where it is required while providing the right level of transparency to create a more efficient and trusted marketplace

# Thank you

to all contributors of Section 08\_

## ***Anti-money laundering regulations for art market participants:***

*A state-of-the-art analysis*

Nicolas Marinier - Partner, Forensic & Financial Crime, Deloitte Luxembourg

Maxime Heckel - Partner, Forensic & Financial Crime, Deloitte Luxembourg

Astrid Brandy - Senior Manager, Advisory & Consulting, Deloitte Luxembourg

Andrea Marchetto - Manager, Forensic & Financial Crime, Deloitte Luxembourg

## ***Markets in Crypto-Assets Regulation (MiCA) and the art market***

Arnaud Duchesne - Managing Director, Risk Advisory, Deloitte Luxembourg

Maria Josefin Johansson Juup - Senior Manager, Risk Advisory, Deloitte Luxembourg

Érica Ventura - Senior Consultant, Risk Advisory, Deloitte Luxembourg

## ***The time to act is now: how to increase accountability in the art market:***

*Redefining dispute resolution to grow customer confidence*

Ashley Gallant - Managing Director of the British Antique Dealers' Association (BADA)

Fred Clark Senior - Associate at law firm Boodle Hatfield LLP

## ***Managing financial risk at public auctions from a seller's perspective***

Christine Bourron - CEO Pi-eX Ltd





## A comparison between Family offices & Wealth managers (ex.FOs)

# A comparison between Family offices & Wealth managers (ex. FOs)

	Wealth managers (ex. FOs)	Family offices
<b>Need to develop a holistic advisory relationship</b>	94%	81%
<b>Art as an asset class factors as an argument</b>	60% from 59% in 2021	62% from 39%
<b>Allocation to Art &amp; Collectibles of clients' wealth</b>	8.6%	13.4%
<b>Have integrated art and collectibles in their WM services</b>	67%	60%
<b>Holistic wealth reporting demand</b>	53%	61%
<b>Better prepare for estate planning</b>	31%	60%
<b>Interest in Art investment services</b>	14%	22%
<b>- out of which interest in social impact investment (main)</b>	30%	31%
<b>Main reason for Art-secured lending demand</b>	Provide liquidity for business operations	Buy more Art
<b>Favor self-regulation to improve regulation in the Art market</b>	56%	70%

Source: Deloitte Private &amp; ArTactic Art &amp; Finance report 2023



PANEL  
PANEL

Family offices **best practices** for collection management & opportunities offered by **new technologies** and **fractional ownership**

## PANEL

# Family offices **best practices** for collection management & opportunities offered by **new technologies** and **fractional ownership**



**Andrea  
Circi**

Partner, North  
& South Europe  
Deloitte Private Tax  
& Legal Leader



**Monica  
Heslington**

Head of GS Family  
Office Art &  
Collectibles Strategy,  
Goldman Sachs -  
New York



**Italo  
Carli**

Head of ARTE  
Generali Italy



**Thomas  
Galbraith**

Co-Founder,  
Barker



**Sophie  
Perceval**

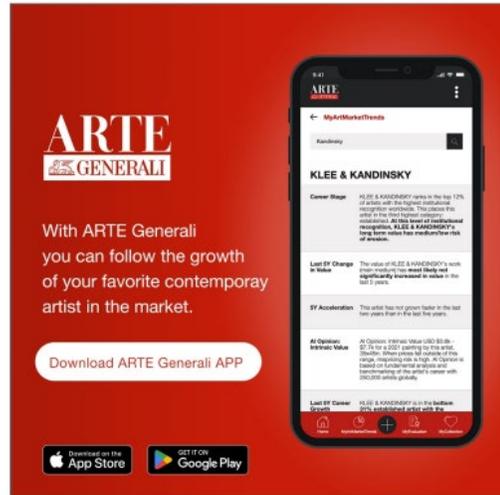
Co-Founder,  
Wondeur



**Masha  
Faurschou**

Co-Founder,  
Artrium

# About ARTE Generali App



ARTE Generali uses the **latest technological innovations** to offer you solutions that **simplify complex and time-consuming processes** around art. The latest version incorporates two unique features:

- 1 My Art Market Trends** | you can explore contemporary artists' performance (Wondeur aggregated data from around 95% of the artists born after 1900 who worked during the 20th century) in real time and learn more about the latest market developments
- 2 My Evaluation** | you can receive a first professional idea of the value of your artwork online



# ESG & Social impact measurement in Art & Culture: new horizons for social impact investing



**Italo Carli**

Head of ARTE Generali Italy

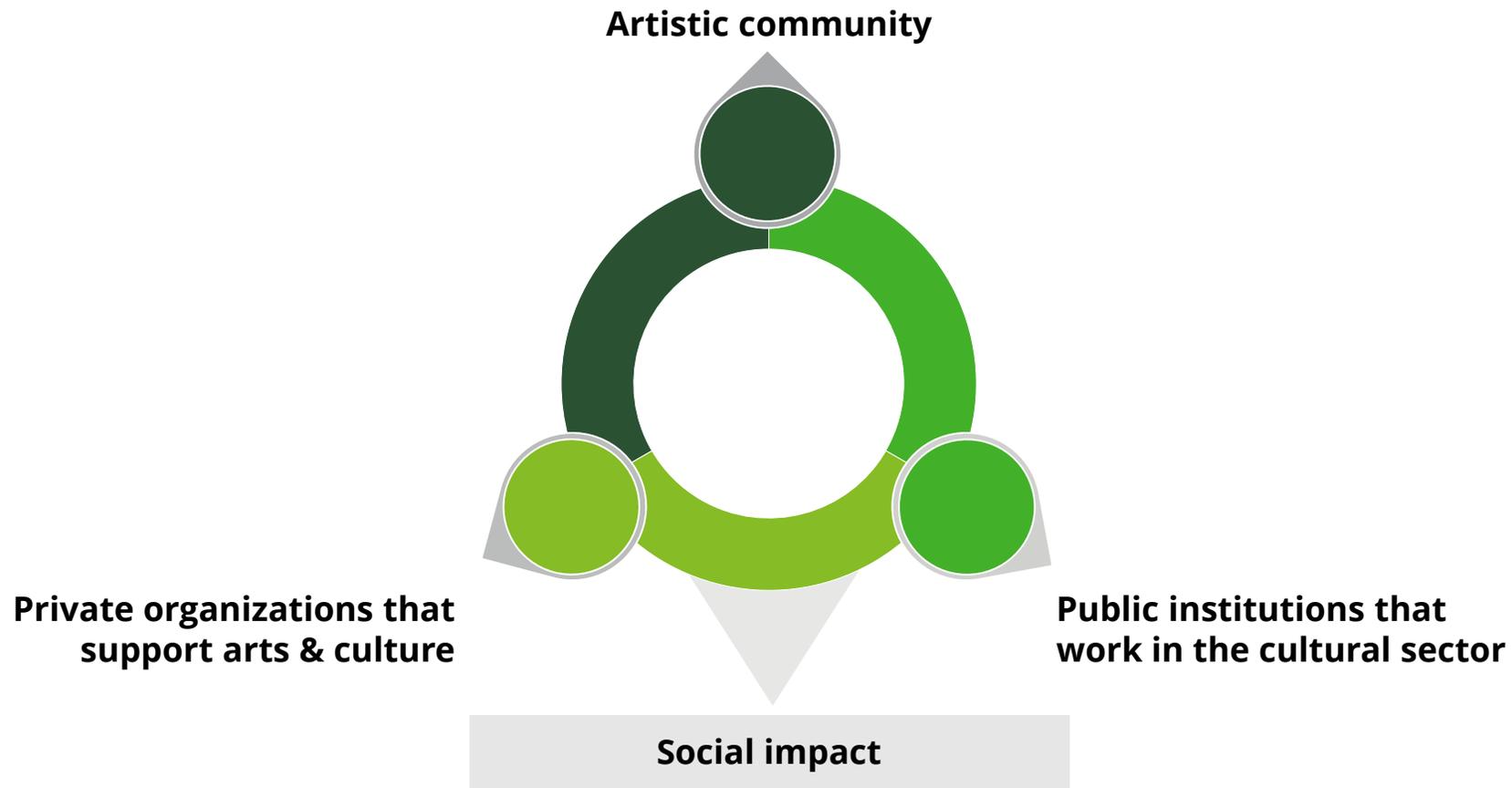


**Roberta Ghilardi**

Deloitte Italia, Sustainability Manager

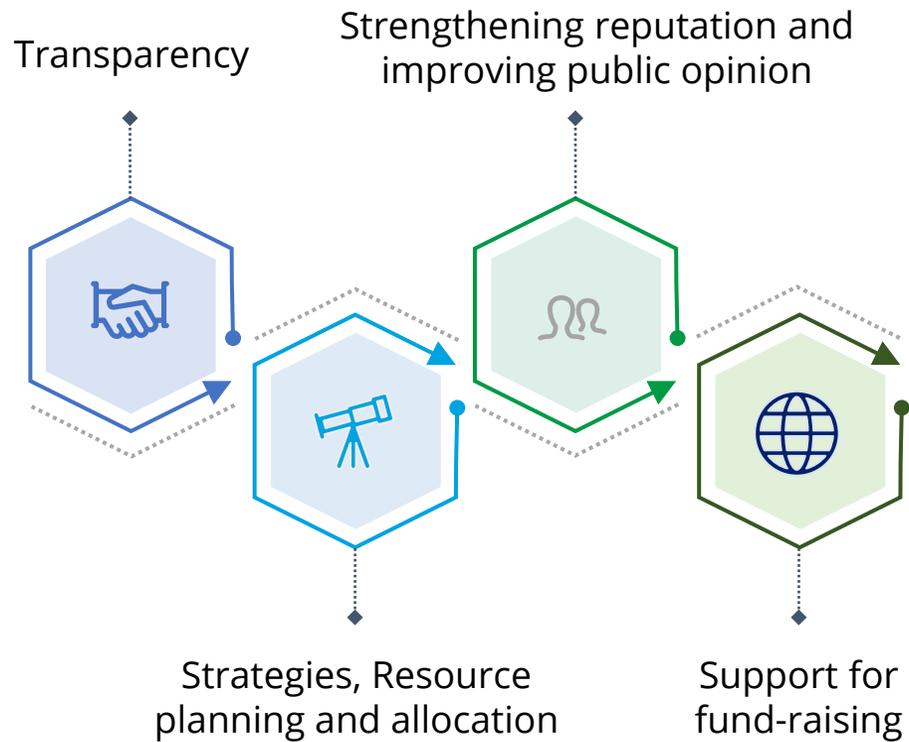
# Art, Culture & Sustainability

Art assets and cultural initiatives as a driver for social sustainability



# Art, Culture & Sustainability

The benefits of the measurement & reporting of the impacts of cultural and creative projects



However, there are **few examples of analysis, monitoring, and reporting** of the impacts generated by culture

# Art, Culture & Sustainability

Deloitte Italy methodological approach to investigate culture's contribution to achieve SDGs

The methodological approach takes inspiration from **the following frameworks:**



**GRI Standards  
Sustainability Reporting  
Standards**



**UNESCO:  
Culture | 2030  
Indicators**

*Other relevant local and/or national frameworks  
can also be taken into account*



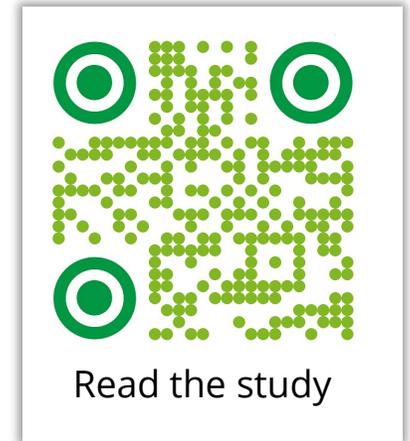
# Observatory on Art Assets and Cultural Initiatives Impacts

A forefront study

How for-profit and nonprofit organizations promote and support cultural initiatives as drivers for sustainable development?



**25** European organizations  
involved in the survey



Study promoted by

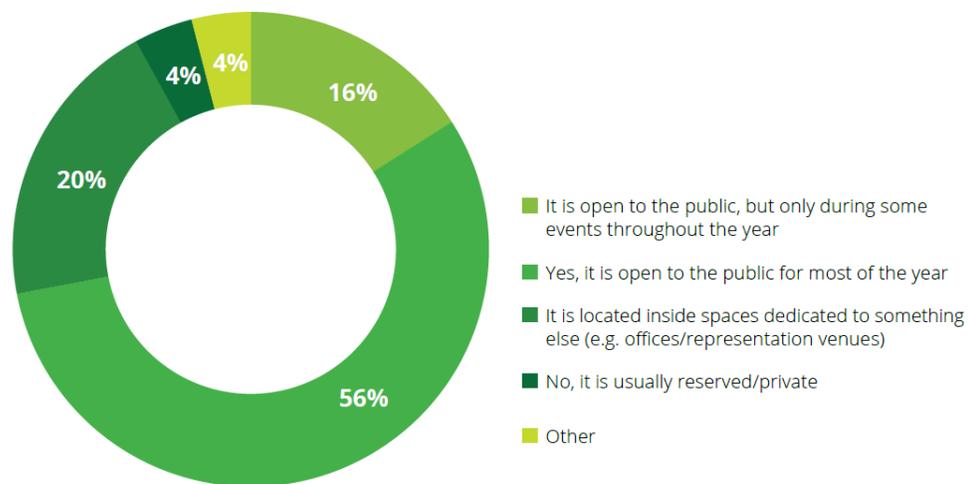


# Observatory on Art Assets and Cultural Initiatives Impacts

Collection and promotion activities are drivers for generating social impacts

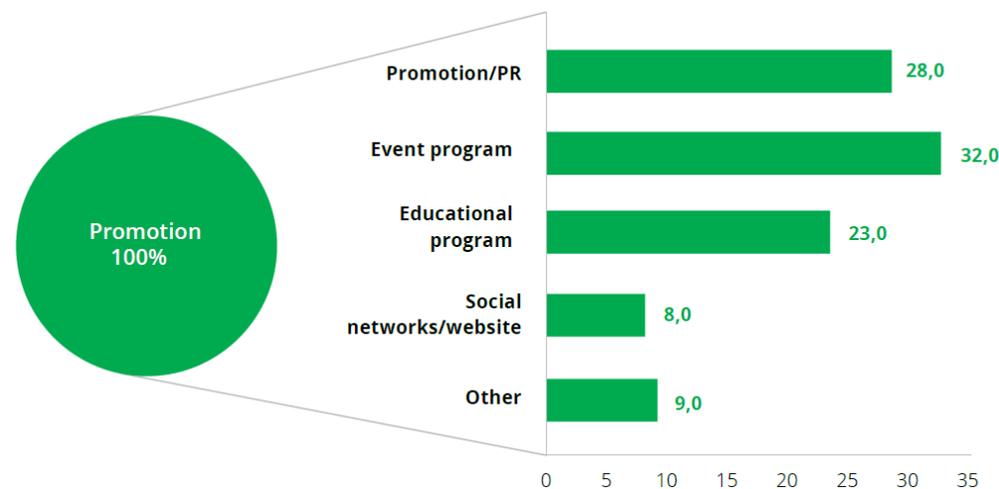
## Is the art collection open to the public?

Source: own elaboration on the basis of the survey results



## Do you actively promote your art collection?

Source: own elaboration on the basis of the survey results

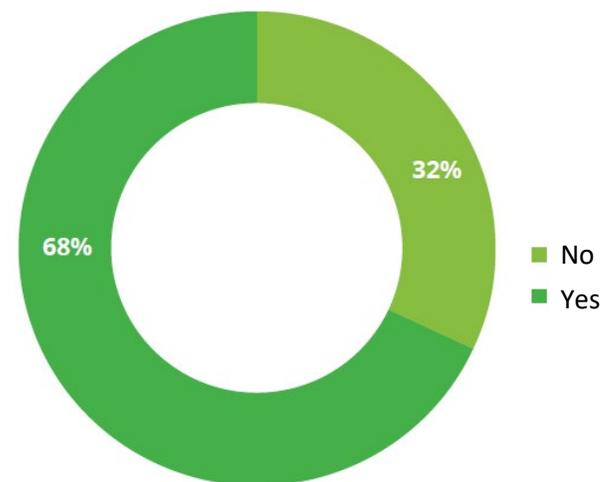


# Observatory on Art Assets and Cultural Initiatives Impacts

## Measuring & Reporting impacts: the state of the art

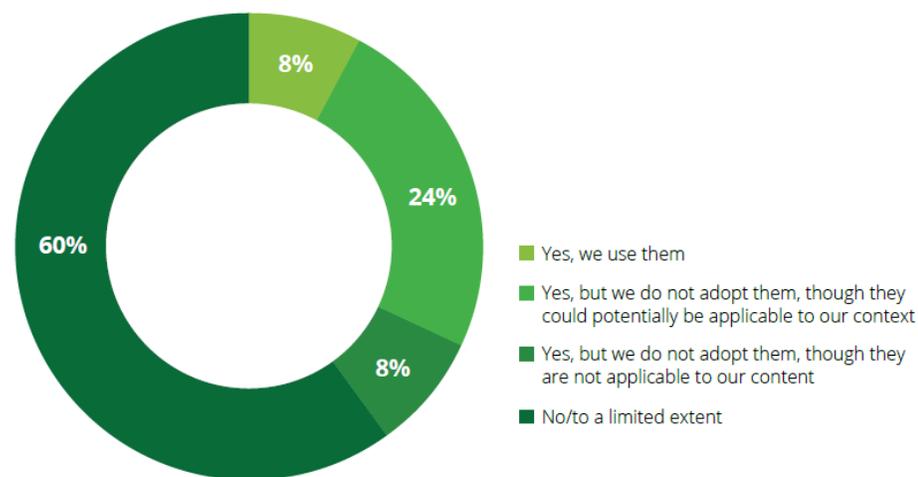
### Does your organization communicate social and/or environmental sustainability performance?

Source: own elaboration on the basis of the survey results



### Are you familiar with the UNESCO | Culture 2030 Indicators?

Source: own elaboration on the basis of the survey results



But **78%** of all respondents are interested in measuring the **social impact** and **57%** the **economic impact**.

Greater understanding and awareness on this topic is becoming increasingly urgent.

# Conclusions & Outlook

## Further development of impact assessment methodologies

New reporting exercises by arts and culture organizations may lead to an improvement of the impact assessment methodologies.

## Fund-raising strategies

Reporting & communication of the social impacts may improve fund-raising strategies of organizations that operate in the arts & culture sector.



## Impact Investing

Social topics may become new basis for defining impact investment products and strategies.

## ESG Reporting

New reporting requirements may stimulate cultural organizations to measure their impacts.

# Conclusions & Outlook

## Arts & Culture Impacts measurement stakeholders



### Government institutions and public bodies

**Governmental, administrative or public organizations and bodies** operating in the cultural sector



### Non-profit and third sector

**Associations, foundations and other third-sector organizations** operating in the cultural sector, which may also benefit from **tax concessions**



### Individuals & Wealth Management

**Collectors, private museums, impact Investors, Family Offices, Wealth Managers** interested in analyzing the Social impact of investments in arts & culture, including collectibles



### Business world

**Private Companies or industrial associations** that support art and culture through **Corporate Social responsibility initiatives and strategies**

CLOSING REMARKS  
CLOSING REMARKS

# Closing Remarks



**Nick Tabone**

Clients & Industries Leader  
Deloitte Luxembourg



**Wolfe Tone**

Global Deloitte Private  
Leader

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