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Fine Art Partners: Art Financing for Galleries & Dealers

by Rebecca Hawkins



Run by Loretta Würtenberger and Daniel Tümpel a husband and wife team, Berlin based Fine Art Partners sets out to act as a partner providing acquisition financing to galleries and

dealers. We asked Daniel Tümpel one half of the team about Fine Art Partners and how they fit into the art financing market.

What is the background of the company?

We started Fine Art Partners in 2007 after realizing that there were more or less no professional financing partners for galleries and art dealers. If a dealer could buy a world class painting for half the market price and had the buyer lined up, still no bank would finance that deal. So we set up our company to support dealers and galleries by providing acquisition financing. About three years ago we started financing production costs for artists.

This turned out to be a good decision, since the art market has become increasingly capital-intensive for galleries and dealers but also for artists. To secure important or unique works, dealers must be able to react quickly and invest substantial amounts of capital. In the process of producing works both artists and their galleries can easily spend large sums of money.

Why art financing?

Because we love what we do! It allows us to combine our interests, skills and experiences in the best possible way.

I worked at several banks before starting Fine Art Partners. Through my family I came into contact with the art world at a very early stage of my life: my father taught art history and was a Rembrandt specialist, my mother was a museum director and my grandfather studied at the Bauhaus. So art was always the main topic at our home and most of my parents' friends were either artists or collectors. Somehow I wanted to combine what I had learned in banking with my love for art.

My wife and business partner Loretta Würtenberger is a bit of a serial entrepreneur. She trained as a lawyer, worked as a judge but gave that up to start several companies, such as webmiles AG, which she eventually sold to Bertelsmann. She had always been a collector and a patron of the arts, founding e.g. the Contemporary Arts Alliance, a non-profit organisation supporting young artists living and working in Berlin.

What would you say is your USP?

We finance galleries, dealers and artists, based on a deep understanding of the structures and developments of the art market. We are no art-consultants and we never deal ourselves. As our name suggests, we see ourselves as partners for those who deal in art and those who produce art.

We also see it as an advantage that we are no art fund and do not have external shareholders. We invest our own money, so there are neither external advisors nor any investment boards involved. We take our decisions on our own and very discreetly. This also avoids any information on deals leaking out – sometimes an issue when dealing with auction houses or art funds.

What advice are you giving your clients in the current market?

For top end art dealers, the current market demands more than ever building up high quality stock, instead of only relying on commission based deals. This is the only way dealers can compete against the current strength of the auction houses. And here we come into play, since we provide the liquidity to do so.

What are the main kinds of deals that you are doing?

While we do some primary deals as well, the majority of our deals is in the secondary market and is in the range between \$500,000 and \$5m USD per deal. Sometimes more, sometimes less.

What is your perfect deal?

A deal that makes everybody happy: the dealer, the artist, the buyer and us.

Do you require guarantees?

I would say, the biggest guarantee is the past experience we have had with a specific dealer when doing the next deal with him. It's always a joint investment decisions when we pool our resources in terms of money, research and evaluation.

How much money do you invest? Would you offer syndication for bigger deals?

We do not have a standard, fixed structure or limit for transaction volumes. It really depends on the work, the partner and the current market situation. Sometimes it does make sense for our client to ask a second dealer to join a deal, but of course it is much easier to make decisions with a manageable amount of parties involved.

We do not want to take on external investors; our goal is to remain independent and not be obliged to report back to anyone. That also means, that every time we invest in a work of art, we put our head on the block – financially.

What trends are you seeing? What are your predictions for the market?

As much as there is 'location, location, location' in real estate it is 'quality, quality, quality' in the art market. In general the art of the 60s will continue to get stronger as we have seen it the last years with ZERO and the Italians from that period. And I think we will see more 20th century female artists taking their rightful place in art history and the market reflecting that.

The auction houses will try to broaden their clients' collecting scope: e.g. directing contemporary collectors to buy modern art or even old masters. It will be interesting to see, if they will be successful to initiate this.

Why do you think prices have risen?

I don't want to go down the 'art as an asset' route necessarily, but of course this is also a reason. But for me the biggest driver is the increasing number of people collecting in this very globalized world.

Additionally collectors are becoming wealthier – look how much money is earned these days and how much money will be passed on in the next decades. All this has created this multibillion-dollar market, which spreads from South America to Asia. This does not necessarily mean that the supply of relevant art has gotten larger as well. On the contrary: many people want to have the few big names on their walls. So they are all competing for the rare and sought after established blue chips or betting on the few hot emerging artists. The result are rising prices in these segments.

What is your preferred type of art?

My wife has a strong focus on female art in her collection such as Sophie Taeuber-Arp, Sophie Calle and Rebecca Horn, while I have a love for Bauhaus artist such as Klee, Feiniger and the photographer Umbo. We are also great admirers of some of the more contemporary artists such as Sergej Jensen, Thomas Houseago and Sterling Ruby. We also love Hans Arp, but this should come as no surprise as we have been very much involved with his estate in the last year.