

Characteristics of the art market

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By the standards of trade in movable goods, the art market is a large market, although its volumes appear modest beside those of finance. The annual *Art Basel and UBS Global Art Market Report*, prepared by the cultural economist Clare McAndrew and her firm Arts Economics, estimated global sales of art and antiques at roughly sixty-five billion US dollars for 2023 and somewhat less for 2024, after a peak in 2022. Dealers account for slightly more than half of the turnover and auction houses for the remainder. The United States, the United Kingdom and China together represent the largest share of sales by value.¹ A small number of transactions at the top of the market accounts for much of the value. The risks discussed in this chapter therefore concentrate in a segment in which a single work can cost as much as a large apartment building.

Several features distinguish this market from other markets for valuable goods. The first is opacity. Prices of private sales are rarely published, while the identity of buyers and sellers is often withheld even from the counterparty. Auction houses traditionally record successful bids under paddle numbers that reveal nothing to the public. The second feature is high value in a small object. A painting worth tens of millions of francs can be carried by two handlers, crated, insured and shipped across borders in a day. It thus possesses a portability that real estate lacks and that bank accounts have lost since the arrival of the automatic exchange of information.²

The third feature is subjective pricing. No exchange quotes the value of a Giacometti. What a buyer pays depends on attribution, condition, provenance, exhibition history and the reputation of the artist at the moment of sale. Because an inflated or deflated price is difficult to detect, value can be transferred between parties under the appearance of an ordinary sale. The fourth feature is the role of intermediaries. Advisers, agents, art consultants and dealers act for principals whose names they

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often do not disclose. A single transaction may pass through several layers of intermediaries before it reaches the ultimate buyer.³

The fifth feature is the importance of private sales. Alongside the public auctions, a large and growing segment of the market consists of transactions negotiated privately by dealers and by the private sales departments of the auction houses. Neither the price nor the parties of such a transaction become known, while its documentation consists of whatever the parties choose to create. None of these characteristics implies that the art market is a market of wrongdoing. Most collectors buy because they love art, most dealers are careful, and many of the large houses have built compliance departments that resemble those of banks. The characteristics explain why regulators have come to treat the art market as a sector requiring specific attention.⁴

1 Notes

1. Arts Economics, The Art Basel and UBS Global Art Market Report (editions 2024 and 2025), on aggregate sales of art and antiques of about USD 65 billion in 2023 and about USD 57 billion in 2024 and the shares of dealers, auction houses and the leading national markets. Figures to be verified. ↩
2. On opacity, value density and portability as structural features of the art market relevant to money laundering, see FATF, Money Laundering and Terrorist Financing in the Art and Antiquities Market (February 2023), and the literature on art market regulation. To be verified. ↩
3. On the difficulty of verifying art prices and the use of agents and undisclosed principals as risk factors, see FATF (2023), cited above, and the European Commission's supranational risk assessment of money laundering risks (editions 2017, 2019 and 2022). To be verified. ↩
4. On the share of private sales in the turnover of the large auction houses and the compliance programmes they have introduced since about 2017, see the annual reports and public statements of the houses and the reporting of the specialist press. To be verified. ↩

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