In almost twenty years, the price for a painting by Ilya Kabakov – the most famous living Russian artist – has increased twenty-fold, reflecting a massive jump in the market for Russian art, and the effects can be seen in the record prices fetched by works at every end of the market, from obscure post-Soviet artists to historic Russian masters. Helen Kirwan-Taylor looks at the Russian art bubble and wonders if it will ever burst.

Russians have been buying art for some time, but it wasn’t until the spectacular turnaround at Sotheby’s in London last September that people outside the art market sat up and noticed. Alisher Ushmanov, a controversial Moscow businessman with a big stake in Arsenal football club, snapped up the entire Rostropovich-Vishnevskaya Collection of Russian pre-Revolutionary art for £36 million, or 35 per cent above the high estimate. The final resting place for the collection amassed by Russia’s famous cellist and his opera singer wife while in exile, is to be a Russian museum, although which one has not yet been specified. Clearly, Russians are buying back their heritage – as well as a lot of other high profile art – and bringing it home.

Only a few years earlier, Victor Vekselberg, a Russian oligarch, surprised everyone by buying the entire Forbes Fabergé collection for an estimated $120 million. It was also allegedly a Russian who bought Peter Doig’s White Canoe for £5,732,000, which last year set a world record for a living European artist.

Russians now represent nine per cent of the art buying market across all auction art sales and 80 per cent of the market for Russian art. That Russians are buying art, much of it at stratospheric prices, is now obvious. Less clear is what will happen next.

*Forbes* magazine reports that there are now over 60 billionaires living in Russia. The economy, fuelled by growing oil prices, has been rising steadily by seven per cent a year. According to Merrill Lynch and Capgemini’s World Wealth Report, dollar millionaires in Russia grew by 17.4 per cent in 2005. After the first flush of enthusiasm for designer goods, wealthy Russians started buying up property, cars and yachts. Next came art. The first thing a new businessman does is to buy property, says William MacDougall, head of the auction house MacDougall Arts that specialises in Russian art.

‘Then he decides to buy art, and he buys what he knows, so his home country benefits.’ The process is usually linear. He starts with icons and eventually
moves to contemporary.
In terms of major auction buys, Russians began by acquiring nineteenth-century masters, such as the marine painter Ivan Aivazovsky, then moved to early twentieth-century art – avant-garde artists such as Goncharova and Larionov – and finally to the recently rediscovered non-conformist artists, such as Erik Bulatov. Every major Russian sale, generally conducted in London, reflects this trend and all have achieved record numbers recently.
At a Sotheby’s sale of Russian modern and contemporary art in February 2007, over 22 new records were established. Likewise, Phillips de Pury’s Russian sale in June also featured nineteen paintings that set records, including Kabakov’s La Chambre de Luxe 1981, which sold for £2 million.
As Russians have grown more confident – and begun to run out of top-quality Russian art – they have started looking to Europe and the US. Russian buyers are getting noticed now, including Janna Bullock, the female property tycoon, who was on a shopping spree at the Venice Biennale this year.
‘At the beginning, Russians weren’t very interested in contemporary art,’ says Sixtine Crutchfield, General Manager of ArtCultureStudio, the organisational body behind the Moscow World Fine Art Fair, which started in 2004. ‘But then they started to do their homework. The same new collectors I first saw at the Moscow Biennale in 2005, I now see at art fairs in Basel and Miami. They are interested and studious and, thanks to Soviet education, many have a good grounding in art.’
Armed with consultants, books and airline tickets, Russians are becoming serious players across the art world. Famously eclectic, their collecting interests range from icons to stamps.
Crutchfield has seen the Moscow World Fine Art Fair’s membership grow from when it opened with 25 dealers in 2004, to 87 dealers (including over 30 jewellery dealers) in 2007. But at its opening last May, a new group of less obvious, albeit well heeled-collectors were in view. ‘These are the real buyers,’ says Crutchfield, whose views are echoed across the industry. ‘They are businessmen and bankers between the ages of 45 and 55 and they are looking seriously.’
Crutchfield reports that, in addition to contemporary art, Russians are also buying vintage jewellery, as well as antiques. They start with what is easy and fashionable and then move to more difficult periods, such as eighteenth-century France, where a greater connoisseurship is required. However, according to a Moscow-based art consultant, Russia’s eighteen per cent import tax is so high that some Russians avoid paying it by using a loophole that allows them to travel with personal icons, whether they are paintings, sculptures or other works of art. Still, their buying mainly takes place abroad – the art is viewed in Moscow and bought in London.
Meanwhile, contemporary galleries, such as RuArts and Stella Art Gallery, are opening in Moscow and St Petersburg, often owned by wives of rich industrialists. 'The first thing an oligarch’s wife does is collect art, then she opens a gallery,' says William MacDougall. 'Her husband thinks it’s a joke, until she tells him that the Oscar Rabin she bought for £20,000 recently sold for £100,000.'

Private Russian art museums are also being founded by wealthy Russians such as Igor Markin, the 40-year-old owner of the Moscow plastics manufacturers Proma, Proplex and Reali and Vladimir Semenikhin, owner of the construction company Stroyteks. In October Markin held an exhibition of 300 paintings from his own collection of Soviet art – mostly unknown names, though he has some work by Erik Bulatov – in his Moscow gallery ART4.RU. He has been collecting for over fifteen years but is he a Morosov or a Shchukin? Will his treasures fill future museums? The passion for collecting is clearly there, he admits, but his motives seem commercial. In the October exhibition, he displayed his paintings with prominent price tags (at the current value of the work) alongside them.

The collector with the biggest appetite for expensive Western art, is Viktor Pinchuk, the Ukrainian billionaire and founder of the Pinchuk Art Center in Kiev, where six works by Damien Hirst are currently on display. He was recently visited by dealer Larry Gagosian (who inaugurated a Moscow gallery space in October) and Damien Hirst for the simple reason that he didn’t feel like visiting them.

However, not everyone is impressed with the new crowd of Russian collectors. Valery Dudakov, director of the New Hermitage Gallery in Moscow, has been personally collecting Russian art since Soviet times and has a vast collection that includes works he bought for 200 roubles in the 1970s, as well as Art Nouveau pieces. He is critical of the new collectors: ‘They work in gas, oil and metal, and works of art are toys for them. Once they know they want it, nothing can stop them. So a mediocre Somov sells for $7 million.’

Contemporary art has only recently become available to people other than diplomats, journalists and enthusiasts, such as Moscow-based French publisher Pierre Brochet, who has built a serious collection by being in Russia at the right time. ‘I began buying nineteenth-century art ten years ago and then moved into the twentieth century, particularly the underground movements at the end of the 1980s,’ says Brochet.

His collection includes work by the late-1980s collective Champions of the World, and Leningrad’s Necrealists (such as Kustov), who used black humour and the imagery of death to comment on the end of the Soviet era. He also collects contemporary artists such as the duo Alexander Vinogradov and
Vladimir Dubossarsky, whom he shows in different spaces. However, young artists still generate little interest outside Moscow. According to John Varoli, an arts journalist based in Russia, artists such as Vinogradov and Dubossarsky are fashionable, but the enthusiasm ends at the border. ‘It is minor compared to the contemporary Chinese or Indian art markets.’ Countless articles have been written about the thriving contemporary art scene in Moscow, but Varoli remains sceptical: ‘There aren’t even a dozen galleries in Moscow for a city of twelve million people. If there was so much interest in contemporary Russian art, there would be more galleries.’ Price-wise, he says, Russians are prepared to pay far more than others, making the market very insular.

There is already doubt that the market can continue to grow at the same rate, but has it peaked? Not according to Alexis de Tiesenhausen, international head of Russian Art at Christie’s: ‘I don’t think the bubble has burst,’ he says. ‘The Russian market is very particular. I don’t think Russians are buying art as an investment yet, either. I have not seen a painting bought in the past five years come back on the market. The difficulty is finding the art – because Russians travelled all over the world after the Revolution.’

De Tiesenhausen also disagrees with the widely held belief that Russians are approaching art as they would any commodity: ‘When Somov’s *The Rainbow* fetched $7 million (£3.7 million) at auction, people said it was crazy money or the buyer had no taste, but it’s hard to find anything of the same quality on the market,’ he says, ‘and Russians want quality.’ They also want reasons to travel, and this November London auction houses are tempting them with a series of major Russian sales. Christie’s Russian Art Week offers Russian pictures (including a Somov), books, manuscripts and icons. Perhaps an oligarch will pounce on the Rothschild Fabergé Egg with a pre-sale estimate of £6 million to £9 million.

Sotheby’s top lots this November include the avant-garde artists Goncharova and Popova. A spokeswoman for Bonhams, auctioning Russian art ranging from nineteenth-century and Fabergé to contemporary, said, ‘The only area that is not of interest is Soviet neo-realism.’ What remains to be seen is whether Russians are buying for the long-term or to trade at a later date. ‘The point is that today’s art collectors want media attention; they want to build their public image,’ says Varoli. Art can help them look good.