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Precious works housed in armour

By Alison Gregor
Published: November 4 2008 02:39 | Last updated: November 4 2008 02:39

Like many residents of New York City, Lawrence Benenson discovered several years ago that his collection of personal effects had outgrown his living space, and it was time to find storage.

Unlike most people, however, Mr Benenson's personal effects happened to be more than 200 works of art.

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Through his art adviser he found a warehouse, Crozier Fine Arts. The nondescript storehouse in the Chelsea neighbourhood of New York boasts security rivalling that of a bank's, with a 24-hour, manned fire and security command centre.

"My art adviser recommended them, and for some reason, they had an opening," said Mr Benenson, a real estate company executive, who leases almost 1,000 sq ft for his paintings, sculptures and photographs. "I was extraordinarily fortunate to get in there."

A burgeoning fine art market saw sales surpass \$40bn in 2007, which was a catalyst for the growth of a fine-art storage and logistics industry. Even though sales might slow with the financial crisis, and indeed, art collectors will be watching forthcoming auctions with trepidation, the fine art being bought and sold – and which does not make it into museums, galleries, corporate offices or homes – must be stored somewhere. This is a task that involves a high degree of specialisation.

Besides cataloguing, packaging, shipping and installing the art works, fine art storage facilities house them for long periods in crates inside vaults controlled for such factors as temperature, humidity and light. The warehouses also have viewing rooms where pieces can be bought and sold, photographed, assessed or repaired.

Consequently, behind the armoured walls of drab warehouses often found in rather gritty neighbourhoods may reside hundreds of millions of dollars worth of Picassos, Monets and Renoirs – in other words, a collection that might surpass a museum's.

There are about 100 to 125 top-notch fine art warehouses worldwide, according to Bob Crozier, founder and president of Crozier Fine Arts, along with dozens of smaller, regional facilities in various countries.

Mr Benenson said it is worth it to him to spend the money – art warehouse space can run from several hundred dollars to \$3,000 a month – to store his art, which includes a large welded steel sculpture by Antony Gormley called "Feeling Material III". Though Mr Benenson said he displays 85 per cent of his collection in his home, when the Gormley arrived five years ago he had difficulty installing it and noticed some broken welds.

"It sort of didn't get through the door," he said. "It was a big hassle."

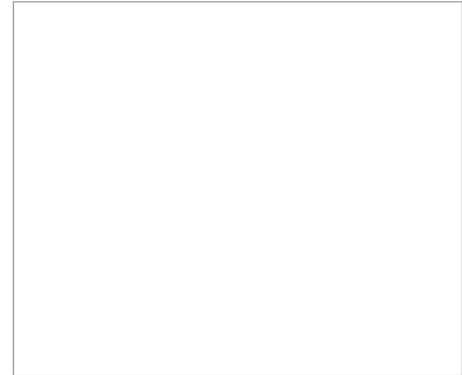
So he put it in storage and had it repaired at Crozier. Soon, he intends to install the Gormley at home. He will have the assistance of Crozier's shippers, who are installation specialists, most with master degrees in fine art.

"They hang stuff on these levels, and they measure it, and they're all mathematical experts. They test the wall to see if it can bear whatever load they'll put on it."

Since Mr Benenson put his art in storage five years ago, he has frequently visited his vault at Crozier, sometimes weekly. Not all private collectors are that involved, often hiring an art adviser or curator to handle such things as warehousing.

"I think a lot of the collectors go out and buy the art, and then they have people who deal with the inventorying and the upkeep of it," said Mr Benenson, whose father collected art, including Picassos, Legers and Calder, together with 580 pieces of African art, most of which went to Yale University after his death.

"I'm a very hands-on collector," he said.



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Private collectors often find they need specialised storage facilities when their collections grow too big for their homes. Others switch out pieces seasonally, or move them from home to home. And others need storage when they do renovations, or in the case of homes in hurricane zones, such as Florida, when there is the threat of bad weather.

Sigrid Thorne, chief executive of Fortress Corporation, which has fine art warehouses in New York, Boston and Miami, said private collectors are the fastest growing segment of her business.

"Values in the modern art market have gone up 20 per cent a year for the last six years," she said, though that growth may lag behind this year. "That's very attractive. And the pieces are so large, most people cannot install them in their homes. They have to put them in storage."

Once there, the works are often shipped in and out by serious collectors to museums and galleries for shows.

"People loan their art work out for various museum shows throughout the world, so maybe it comes out of their storage for a while, and then maybe it goes into their homes," said Andrea Hazen, an art adviser with Hazen Partners Art Advisory.

Michael Blodget, chief executive of Transcon International, an art storage facility located in the South Bronx area of New York, agreed that while the number of art works has been growing, art is also being shipped around the world with increasing frequency.

"This is now a multibillion dollar, global industry," Mr Blodget said. "This is equity that's being shifted from one country to another. Auction houses may move major pieces to four or five different countries to drum up interest in sales.

"Even with this recession, auctions will continue to do well, because people are going to park their money in art. Why? Because art can be an asset. It's unregulated, and you can move it border to border, and then transfer it back into dollars again, for example, in a Hong Kong auction house."

Mr Blodget said Transcon can assist its clients who are private collectors with all aspects of art logistics.

"These are people who have virtually their own museums, or what they quaintly call 'art bonds' up in the countryside," he said. All this is done in the strictest confidence, said Mr Blodget, who has been in the business for two decades.

"One of the ways this business has really changed is that it's really no longer about storage," he said. "It's about private banking. We know who's shipping what, who's buying what, and we become sort of the keepers of secrets."

With the number of loans from Transcon's private collections soaring, what was once "slam it into a case and send it" is no longer, Mr Blodget said. Countless condition reports are done at all stages of the shipment for insurance purposes.

John Mullane, president of Transcon, said insurance companies have shown growing interest in fine art storage facilities as the values in the fine art world increase exponentially.

"We had a collector who bought a piece about two years ago for about \$600,000, and [five or six] months ago, it was sold for \$12m," he said. While appreciation rates of 1,900 per cent over a short period may no longer be seen in the market, insurers are nonetheless paying attention.

Ms Thorne said Fortress offers the same care for a \$25 art work as it does for a \$25m piece. With values inflating virtually overnight, as has been the case during booming art markets, that piece may end up being one and the same.

Thomas Burns, vice-president at Fortress, warned about collectors being caught flat-footed. "As so many different types of art become valuable so quickly, there are casual collectors out there who didn't even know what they were collecting had a value to be concerned about," he said.

Some insurance and reinsurance companies have been caught unawares. In 2004, fire consumed hundreds of contemporary paintings and sculptures at the fine arts handler Momart in London. There have also been fires and thefts at a handful of other warehouses in the past decade.

Realisation of the concentration of valuable art work at certain locations has led certain insurance companies and the warehouses themselves to attempt to come up with a list of "best practices" for fine art warehouses.

"If we insure a gallery, we go inspect the gallery and make a detailed risk assessment," said Christiane Fischer, president and chief executive of Axa Art Insurance Corporation. "We do the same with museums and private homes. But then we have all this exposure at the private warehouses, where we might have half a billion [dollars] or \$800m of art, but we know nothing about how they're operated and how they're secured."

Axa has on its website a list of the art warehouses that meet the criteria it has helped develop over the past two years. The warehouse industry is still in the process of drawing up its own best practices, led by Mr Crozier. Meantime, insurers recommend that collectors ask numerous questions.

"When people choose their warehouse, they will always look to see what is the cheapest," Ms Fischer said. "We all know good quality comes with a price sometimes. Collectors shouldn't just assume because it says they're a fine art warehouse that they really do all the right things

a fine art warehouse should do.”

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