

ADVERTISING FEATURE

The art of business

Inside the world of Creative Inc.



Companies embrace art to project a distinctive image and boost morale, writes **Andrew Stephens**.

Cheerprints and tatty posters are out. Fine art is in. For many companies, the art that hangs on lobby, office and boardroom walls has become a statement of corporate identity.

But how does a firm create a striking collection without blowing the budget? The answer: rent rather than buy.

That's where commercial galleries such as Sydney's Nanda\Hobbs Contemporary step into the picture. When they embarked on renting out art about 11 years ago, directors Raj Nanda and Ralph Hobbs found the corporate world was trending away from building permanent art collections, especially after the introduction of GST.

"Now, companies like rotating art regularly," Hobbs says. "And it allows access for our artists to be shown in the context of some amazing Australian businesses."

The process is straightforward. It begins with gallery clients who own art giving Nanda\Hobbs permission to rent selected works to businesses.

Corporations renting art pay Nanda\Hobbs according to the length of the contract. The gallery takes a margin for



managing the process, which includes such things as ensuring works are hung properly and organising insurance. The remainder of the rental income goes back to the art owner.

While the artist does not get a rental return, Nanda says they do get substantially greater exposure by having their works hung in some of Australia's major corporate offices and boardrooms. "This in turn has potential for more sales of the artist's work," he says.

Popular artists represented by the gallery include Morten Lassen, Giles Alexander, Chen Ping, Robert Doble and Wentja Napaltjarri. To rent an art work valued at \$5000 would typically cost between \$650 and \$750 a year.

To build their business, Nanda\Hobbs keeps an eye on corporate property moves, expansion and refurbishments. The gallery then makes an approach to suggest a business might benefit from renting art for its new or improved spaces. "We keep our fingers on the pulse," says Hobbs.

Gallery staff also talk to leasing companies to get a feel for how clients want to present their businesses and the specific culture they want to foster internally. "That will inform the sort of art that we will potentially present to them," says Hobbs.

Businesses wishing to rent long-term are rewarded.

"Our rental term is quite flexible, however businesses wishing to rent for a longer term receive a discount," Nanda says. "A three-year contract will be cheaper than a one-year contract. We also rent for shorter periods. The rent a business pays is based on a percentage of the retail value of an artwork. However, for high-end works the percentage charged is usually lower given the absolute dollars involved."

As for the art itself, Hobbs says a vast array of genres and styles is offered so as to cater for a range of tastes and corporate cultures. "Some art works just aren't necessarily suited for a commercial space," he says. "They might be too dramatic or confronting."

A front desk offers a bold entrance for a company. Inset: Gallery directors Raj Nanda and Ralph Hobbs.

A fresh take on corporate culture

Visitors to the Sydney offices of the legal firm Sparke Helmore are met with an arresting vision. Art – bold and provocative, and sure to incite conversations – takes pride of place across the building.

Partner Mark Doepel (pictured below) and national managing partner Phillip Salem describe the positive effect art has had on their staff and clients since they moved into their new building in January, occupying four levels. Art from a range of emerging Australian artists is hung from "floor to ceiling", Doepel says.

At first blush this may seem an example of corporate extravagance, but the cost is entirely reasonable. Most of the works are rented from Sydney art dealer Nanda\Hobbs Contemporary.

Doepel says his firm's directors did not want to have featureless numbers or signs pointing people in the right direction while navigating the unconventionally shaped building. "We wanted very large, identifiable pieces of art – so you could say to people 'Turn left at the lift and I'm next to the woman wearing the space helmet'."

A key motivation was to have art that would align with the firm's values and the morale it wanted to instil. "It has given staff a real sense of engagement and connectivity," says Doepel. Each floor now has a particular feel, and the flexibility of renting means works can be rotated and swapped with ease.

"And it has been a real source of conversation for staff – it is wonderful to be in a corporate environment and hear people express different views on art," he says. "Some love certain pieces, others find them a bit confronting. But the staff are sitting around talking about it."



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The art of business

Artists become a market force



A new generation of investors is being drawn to the art scene – and discovering a passion for collecting.

When a couple of her artworks were rented out, artist Zoe MacDonell was intrigued to discover one had ended up on a boardroom wall.

It was a new and unexpected experience for the artist, whose work usually found its way to private homes. A successful mid-career artist, MacDonell's latest exhibition at Nanda\Hobbs Contemporary has almost sold out.

As much as artists like MacDonell benefit from the public exposure of their work, director Raj Nanda says "the owner of the artwork also gets a buzz seeing it in a major boardroom or foyer".

A growing segment of the investor market now views art as an alternative to traditional investments.

"They may allocate 5 to 10 per cent to art to provide additional diversification," says Nanda. "If they are looking for an income, they can invest in artwork suitable for the corporate rental market."

"We specialise in Australian contemporary

art and we pick artists with the right credentials – they're having sell-out exhibitions, winning the right prizes and getting recognition in mainstream and art press.

"Our whole philosophy in the gallery is to work as a partnership with the artist to build their careers. We bring commercial expertise to the table, allowing the artists to concentrate on making great art."

We bring commercial expertise to the table, allowing artists to concentrate on great art.

"Some of our largest clients started off with this investment angle but have now become big collectors."

"Investing ignited a passion in them to go out and buy and fall in love with certain artists and genres."

Nanda sees similarities between the art and equity markets. "Just like the share market, you have emerging artists, mid-career artists and blue-chip artists. We concentrate more on mid-career artists who



are showing serious signs of increasing in value over time."

As an example, artists such as Morten Lassen and Chen Ping have not only become highly sought after in the corporate rental market but have also seen a trifold increase in the value of their works over the past 10 years.

Some clients create private investment vehicles just to buy art, Nanda says. They might buy now with a view to holding works for five to 10 years.



Hammer signals sound returns

Art is one investment that will bring happiness over time regardless of market shifts, says Raj Nanda, a director of Nanda\Hobbs.

"One of the things I always say is buy art you love because if it doesn't go up in value, at least you can derive enjoyment out of it," he says.

Currently the signs are good that investors will do well on both counts.

If there were any concerns that Australia's art market was in an investment lull, the results from a recent Sotheby's auction event held over two nights at Sydney's InterContinental Hotel prove otherwise.

Fierce bidding on almost 200 items in the Denis Savill Collection of Australian Art, including acclaimed works by Fred Williams, Sidney Nolan and John Bracks, netted a total of more than \$14 million.

The top sale of \$1.83 million was for Williams' *Hillside Landscape No. 1*, which had been catalogued with an estimated price range of \$1 million to \$1.2 million.

Behind the bidding, according to Sotheby's Australia chairman Geoffrey Smith, were corporate investors and private individuals, from Australia and overseas, keen to snap up artworks not just by major artists but lesser-known ones as well.

"These are not one-off instances we are seeing," Mr Smith says. "We are enjoying interest from established and seasoned collectors as well as new clients who have entered the market, and this indicates the strength and depth of the market. There is certainly confidence in the market."

Foreign investors, bidding by phone, are showing a keen interest in the Australian art scene.

Another example is the sale of a painting held in the collection of Macquarie Bank co-founder David Clarke last year that was painted by lesser-known artist Florence Fuller.

The Art Gallery of New South Wales overcame spirited competition to buy Fuller's *Weary*, her 1888 study of an abandoned boy, for an artist record of \$280,600.

TONY KAYE

**Main: Zoe MacDonell.
From top:
Works by
Morten Lassen,
Laura Matthews
and Adam
Nudelman.**

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