

Luxury Investment Index

Madrid special – Autumn 2025



Welcome



ANA WHITE
Premium Residential Properties Director, Knight Frank Spain

Given that luxury real estate and art are inextricably intertwined – even a beautiful house without beautiful art on its walls has no soul – I’m delighted to share Knight Frank Madrid’s latest art and luxury update.

Madrid is now firmly established as one of Europe’s artistic hubs. Home to a growing number of artists, galleries and fairs, our city is a hotbed of talent and creativity, while events such as Art Week attract a growing number of international visitors.

Influential art historian and influencer Iciar Mangas shares some of her thoughts on the importance of Art Week and the Contemporary art scene, but it’s important not to forget that Spain has produced some of the world’s greatest Old Masters. José Antonio de Urbina of Caylus gallery explains their enduring appeal.

We also examine how luxury investment markets have been performing this year. Even if prices are no longer rising, remember that art and other passion assets are created to bring joy to our lives and shouldn’t be viewed solely as an investment.

One of the joys of working in Madrid is being surrounded by so many galleries full of amazing art. But, of course, the art scene here is shaped by influences from all over the world.

In terms of both artists and collectors, Latin America has played, and continues to play, an almost symbiotic role in the development of Spain’s artistic legacy. I was delighted, therefore, to spend some time this summer exploring some of Brazil’s stunning art hotspots.

For nine days, art became a way of seeing, of walking, and even of breathing.

São Paulo greeted us with the electric energy of a metropolis that never sleeps. Among endless avenues and graffiti-covered façades, we discovered a vibrant, almost boundless art scene.

At the São Paulo Museum of Art (MASP), the works floated suspended in the air – free from walls and hierarchies – while the SESC Pompeia, Lina Bo Bardi’s social utopia, reminded us that art can also be an act of community, something we experienced firsthand at her Glass House (Casa de Vidro).

The galleries, private collections, and encounters with local artists gradually revealed the human texture of a city that imagines itself through art.

But it was in Inhotim, in the green heart of Minas Gerais, where the journey reached its highest point.

Nothing prepares you for that experience. Two hours from Belo Horizonte, the Inhotim Institute opens up like a humid dream of jungle and modernity: 140 hectares of botanical gardens, lakes, monumental sculptures, and pavilions hidden among the vegetation. There, art is not contemplated – it is inhabited.

Sleeping at Clara Arte Inhotim, the country’s first artist residency, prolonged the feeling of being inside a living artwork. Waking up among trees and sculptures by Cildo Meireles or Yayoi Kusama is something you can hardly forget.

I’d love to hear about your art journey, so please get in touch, and do let me know if Knight Frank can help with any of your residential or commercial property requirements.

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The power of art

Iciar Mangas reflects on the growing importance of Art Week in Madrid and the evolving role of Contemporary art

THE IMPORTANCE OF ART WEEK

The activity generated by this fair has turned the city into a hotbed of contemporary art, with other satellite fairs and many other projects related to contemporary art, such as the development of the Carabanchel district with its art studios and galleries. A whole *hub* has been created in the city that brings great dynamism to the sector, with projects such as Just Mad, Urvanity and many other extremely interesting contemporary art *pop-ups*.



Commissioners from national and international institutions, along with collectors and investors, meet in Madrid during Art Week. This highlights the international relevance of our city, which also becomes a showcase for the artists who are currently exhibiting their work in museums such as Laia Estruch at the Reina Sofía and of June Crespo at the Ehrhardt Florez gallery, which, a year ago, was exhibited at the Guggenheim Museum in Bilbao.

Without a doubt, Art Week is essential in making ourselves known as a leading city committed to Spanish talent and creativity.

GLOBAL DISRUPTION AND CONTEMPORARY ART

Artists are always contemporary, and their work reflects the historical and social moment in which they live. They are, in a way, visual philosophers of contemporary life, and in their work, they reflect on what happens around them, from a personal point of view.

It is clear that we live in a geopolitically complicated moment, with conflicts occurring in many parts of the world. That, of course,

is reflected in contemporary art. Different works offer us different interpretations, from geopolitical conflicts to social inequalities or the personal battles of the artist that the viewer can identify with.

I would say that in contemporary art, there are two major trends relating to this disruptive moment: artists using new technologies in their work who are pioneers of a new era driven by the rise of artificial intelligence, and artists at the opposite end of the spectrum who want to get to the root of artistic expression itself by return to materials such as ceramics or textiles.

This clear duality is a hallmark of moments of uncertainty, such as the present.

ART AND GLOBAL AWARENESS

I would highlight the increasing importance of artists from the Global South whose works are influenced by different factors than those from the Northern hemisphere. Sabrina Amrani’s gallery in Madrid and her choice of artists is a clear example of that.

Closely related to the above, there is a growing appreciation of work by

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minority groups – and here we can talk about gender and indigenous communities. For example, Sandra Gamarra, the first migrant artist to represent Spain at the Venice Biennale, has reinterpreted historical works by Velázquez, Murillo or Zurbarán to reflect on the colonial bias of Spanish heritage.

In short, we are facing a moment of global awareness that also has its space in the art world.



ICÍAR MANGAS

Iciar is one of the most influential women in the contemporary art sector. An art historian with more than 25 years of experience, Iciar is the founder of *Mapping Culture*, a cultural agency dedicated to the cultural and creative strategy of brands and institutions, the creator of *artMunity* - a community club for art enthusiasts that cultivates and networks between galleries, collectors, artists and art lovers. Iciar also works as Head of VIP Cultivation & Development at Art Basel.

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Time to buy

The Knight Frank Luxury Investment Index (KFLII) fell 2.7% last year. Has 2025 been kinder to collectors’ portfolios? Andrew Shirley asks the experts

Art, classic cars and wine are the main constituents of KFLII and, as our chart reveals, none of them enjoyed a particularly stellar 2024. Trade wars, relatively high interest rates and geopolitical uncertainty mean that this trend could continue. But, as our sector experts explain, this presents opportunities for genuine collectors and brave investors.

ART
Christine Bourron, CEO, Pi-eX
The market is still falling. We’re waiting for that point when it starts to come back, but it hasn’t happened yet. For a few months after Trump came to power, or at least until April 2, there was a little bit of hope, but his “Liberation Day” was not liberation for the art market. The tariff uncertainty has definitely affected sentiment.

The Pi-eX Auction Market Index (AMI), our benchmark index tracking 12-month rolling worldwide public auction revenue at Christie’s, Sotheby’s,

and Phillips, has fallen sharply over the past 30 months, dropping from its February 2023 peak of US\$14 billion to just US\$8 billion by the end of August 2025, a contraction of roughly 43%.

But although the overall public auction market has been contracting overall since spring 2023, there continue to be pockets of growth. While Latin American art sales have also experienced a downturn, some artists have defied the trend. Following his death in September 2023, the market for Fernando Botero’s works saw a significant uptick. By February 2025, his artworks had achieved more than US\$45 million in total hammer price over the previous 12 months.

New names are emerging. Among them is the surrealist Leonora Carrington, who lived in Mexico for most of her life. In May 2024, her 1945 painting *Les Distractions de Dagobert* was sold by Sotheby’s for a record US\$24.5 million, over double its low estimate.

Another female surrealist, Spanish-born Remedios Varo, also achieved a new record price when her 1955 work *Revelación (El relojero)* for US\$6.2 million at Christie’s 20th-century evening sale this May.

More recently, Sotheby’s sale in September of the Surrealist art collection of Pauline Karpidas fetched over £100 million.

CLASSIC CARS
Dietrich Hatlapa, Founder, HAGI
In the first eight months of the year, the value of the HAGI Top Index, which tracks the value of 50 collector cars from 19 different marques, rose by 4.32%.

Cars are selling and the market is quite active in some segments (but not all). Pebble Beach auctions in the US in August showed some strong prices, for example in newer Ferrari models such as the F40 or F50. Our Porsche marque index is up 19.65% in 2025 so far after losing 11.38% last year.

Prices for classic cars like Aston Martin and Jaguar E-types, which are very cool but not really rare, haven’t risen for a long time. To restore one properly could cost £200,000, and that’s not an investment you’ll get back in this market.

I would say Donald Trump’s tariffs have definitely created lots of uncertainty this year and resulted in a two-tier market geographically since it has become more expensive in many cases to import collectors’ cars into the US.

If you have an exceptional item, just like the art market, it will sell. And if it’s really exceptional, it may also sell for a record price. A good example was the 1954 Mercedes-Benz W196 Grand Prix car that was driven by Juan Manuel Fangio and Stirling Moss. RM Sotheby’s sold it for €51 million, the second-highest price for a car sold at auction. However, we are just not in a scenario where a rising tide lifts all boats.

Collectors know that they don’t have to chase the market. They are really looking for quality and something that ticks all their boxes. And if they don’t get it, they’re happy to wait.

WINE
Nick Martin, founder Wine Owners
The market has continued to fall over the summer and autumn, but the more liquid secondary markets are bottoming out, with some recent suggestions of an uptick. If so, these are but the early days. We know that markets have a tendency to overshoot in either direction, and given the trend is down, we may see further corrections or, more likely, stagnation in less liquid markets. There are signs of some spring shoots coming out of Asia, and if that were to pick up momentum, it would help the market establish a bottom. Industry sentiment is slightly improved since merchants have returned from their

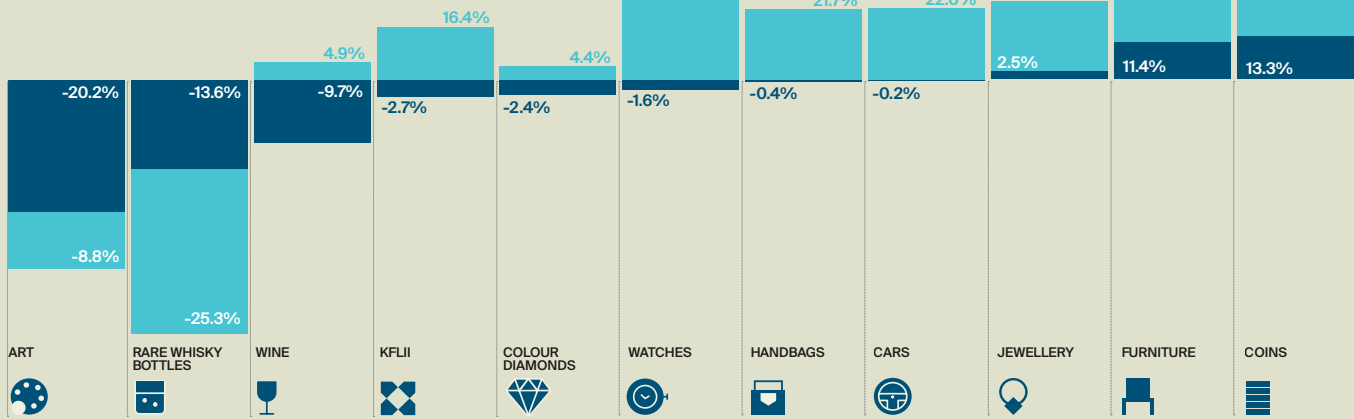
summer breaks, with trading broadly up in September after a very tough high summer for pretty much everyone. As the market recovers during the course of 2026, the focus will be on value, no more so than in the on-trade, where fine wine merchants are increasingly competing with traditional importer-distributors for restaurant and hospitality business due to the tough consumer market. Primary markets will need to reflect market conditions for a broad-based recovery to take place, and there are few signs of that happening as yet, with some insane pricing attempted through La Place by Tuscan and US producers, in particular. I get that the top estates behave like top brands, but unlike the luxury watch market, for example, they are not in the same control of their channels of distribution. But they can ‘decide’ to misprice and choose not to play for a while. One can only be positive and look forward to a general recovery.

A mixed picture

The Knight Frank Luxury Investment Index Q2 2025

PRICE CHANGE

5-year 12-month



Sources: Compiled by Knight Frank Research using data from Art Market Research, Fancy Color Research Foundation, HAGI, Rare Whisky 101 and Liv-ex

KFLII is a weighted average of individual asset performance. Contact liam.bailey@knightfrank.com for full methodology

Record breaker - *Revelación (El relojero)* is the most expensive painting by Remedios Varo to sell at auction.



Image courtesy of: Christie's Images Ltd 2025

A Madrid institution

We talk to José Antonio de Urbina, director of Caylus, one of Madrid’s most influential and important art galleries

Over the past few decades, much of the focus has been on contemporary art. Why did Caylus decide to focus on Old Masters when it opened in 1988?

It was the logical and natural decision, since the three original partners come from, let’s say, the classical art market, having been part of the first Sotheby’s team in Spain, which arrived here with its first house sale at the Hohenlohe Palace in El Quexigal (1979). After that, we remained connected to that auction house until we finally decided to start our own business as antique dealers in 1988.

How has the market performed since then, and how is it faring at the moment?

Fortunately, our trajectory over these 37 years has always followed an upward path, and as time went on, we decided to specialise in Spanish, Italian, and Colonial old paintings. Among our works, we also include ancient carved and polychrome sculptures, which are increasingly appreciated by our clients.

Undoubtedly, during the course of time, we have faced some difficult moments, such as during the Covid-19 pandemic, but we have been able to navigate through the challenges by maintaining our commitment to absolute professional ethics and excellence in the selection of our artworks.

The rise of contemporary art is indisputable, but we believe that the origin and essence of art will always be rooted in the classical world. Therefore, we are confident that clients and the market, in general, will continue to invest in the types of works we offer.

Have you seen a change in the popularity of different artists over the years? Who is most in demand now, and are there any “new” names that are attracting attention?

The “popularity” of the great masters has remained constant throughout history, and they are always at the forefront of the market. It is true, however, that very occasionally artists are rediscovered and given the recognition they deserve. This is currently happening with female

artists such as Artemisia Gentileschi, Sofonisba Anguissola, Lavinia Fontana, Josefa de Óbidos, and Luisa Roldán (also known as “La Roldana”), who was an incredible Baroque sculptor. All of them worked under the shadow of their artist fathers or husbands, and now they are gaining significant recognition, with their works being highly sought after. In this regard, we see a current alignment with contemporary art, as there is also substantial support for female artists in this sector.

Regal - Princes Margarita de Gonzaga, Duquesa de Mantua by Frans Pourbus the Younger.



Who are your biggest buyers of Spanish Old Masters in terms of age and location? Have you seen any changes since the gallery opened?

Our main buyers are clearly located in two continents: Europe and America, and they fall into two categories: private collectors and museums and institutions (both private and public). Although we have made some sales to Asian collectors, they tend to prefer contemporary, impressionist, and more local art related to their geographical area.

Regarding age range, while it is true that classical art has historically been more appealing to older collectors, we have observed (and this has been confirmed through several sales over the past few years) that younger collectors are increasingly showing interest in Old Masters. There is a growing trend of combining contemporary works with more classical pieces in home décor. We particularly like this and actively encourage it with our clients.

How have you seen the influx of wealthy collectors from Latin America to Madrid influence the art market?

The arrival of prominent new South American collectors in Madrid has had virtually no impact on the Old Masters art market. They are clearly focused on acquiring contemporary art, with a few notable exceptions – such as a new Mexican client who recently settled in Madrid. It is true, however, that since the beginning of our journey, we have always had very good private collector clients from South America who have managed to build important collections of Spanish and Colonial art.

What has been your most memorable sale?

Our main institutional sale has been the *Retrato de la Condesa de Chinchón* by Francisco de Goya, considered his

“We have been able to navigate through challenges by maintaining our commitment to absolute professional ethics and excellence.”



Masters of design - A room at the Caylus gallery in Madrid

most important female portrait in a private collection, now at the Museo Nacional del Prado.

Has the Covid-19 pandemic and the rise of online art sales affected how you sell art and your relationships with customers?

In a certain way, yes, since we have had to strengthen our presence on social media such as Instagram and, at the same time, update our website so that we can become more attractive to the client and encourage them to visit our gallery. In fact, we have sold works via Instagram – something unthinkable before the Covid-19 era for Old Masters art, as our works necessarily need to be viewed in person in order to properly appreciate them, examine their details, and assess their condition. This is not the case with contemporary art, which is much more suitable to online sales.

Are international art fairs like TEFAF still important to you?

TEFAF Maastricht remains the art fair par excellence, spanning 7,000 years of human art history. It is unparalleled and indisputably the most important fair in the art market. We have been participating in it for over 25 years, and it is undoubtedly one of the most significant highlights of the year for us, as it provides the opportunity for direct contact with clients, directors and curators from leading international museums, art

historians, colleagues, and all kinds of art world professionals.

Which works of art that you took to TEFAF were you most excited about?

For TEFAF, we always make a superb selection of works that meet the high standards of the fair. We always have a favourite painting among the ones we bring. We call them “TEFAF-level paintings” – works that we especially love for their artist, subject matter, and significance. This year, we presented a magnificent engagement portrait of Princess Margaret of Gonzaga, Duchess of Lorraine, painted by Frans Pourbus the Younger (17th century).

What plans does Caylus have for the future?

Caylus aims to remain a key player in the cultural scene in Spain, not only as an art gallery but also by organising monographic exhibitions, publishing Old Masters catalogues, and supporting major institutions as a patron of the Fundación de Amigos del Museo Nacional del Prado, the Real Academia de Bellas Artes de San Fernando, the Fundación de Amigos del Museo de Artes Decorativas, the Asociación del Museo Nacional de Escultura in Valladolid, and the magazine Ars Magazine.

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Image courtesy of: María López

Room with a view – The Mendes Wood DM gallery, São Paulo, Casa Iramaia

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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