

LUXURY INVESTMENT INDEX

STREET ART SPECIAL

THE KNIGHT FRANK LUXURY INVESTMENT INDEX

KFLII tracks the capital value of a theoretical basket of selected collectable asset classes using existing third-party indices provided by leading independent experts (see below). Each asset class is weighted to reflect its relative importance and value within the basket. The index does not take into account dealing, storage or other associated ownership costs.

Data provided by: *Art Market Research* (art, jewellery, watches, Hermès handbags, coins and furniture), *Fancy Color Research Foundation* (coloured diamonds), *HAGI* (classic cars), *Wine Owners* and *Rare Whisky 101*. Please contact andrew.shirley@knightfrank.com for more information.

Editor – Andrew Shirley
andrew.shirley@knightfrank.com

Media enquiries – Astrid Recaldin
astrid.recaldin@knightfrank.com

Design – Quiddity
quidditymedia.co.uk

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WELCOME

It's the kind of weird and wonderful phone call I love to get. "Do you think you can pull together a report based around your Luxury Investment Index featuring a protégé of Banksy called Mr. Brainwash who, by the way, is going to be creating some unique street art at an event at Battersea Power Station?"

Obviously, the answer was a no-brainer (sorry). Street art is now a highly collected and extremely valuable genre in its own right and looking back at its history and finding out more about the enigmatic Mr. Brainwash, with the help of experts from Clarendon Fine Art, Bonhams and Art Market Research, has been fascinating.

It was also enlightening to discuss with Battersea Power Station's Meriam Lock-Necrews how the development merges art with some of London's most iconic architecture. Creating a sense

of community and wellbeing highlights the increasingly important role forward-thinking developers play in reinvigorating urban spaces for the benefit of all.

I hope you enjoy the result, it's certainly the funkiest-looking report I've ever written the welcome for. It also, of course, includes the latest results and market analysis from the Knight Frank Luxury Investment Index, which offer a compelling glimpse into the trends driving today's collectors.

The weight of money pouring into art and other digital assets held as NFTs (non-fungible tokens) is a particularly intriguing new phenomena that seems to share some characteristics with street art. Often revolving around repetitive AI-generated series of anarchic and strikingly colourful images, NFTs, as street art continues to do, ask intriguing questions about the nature of art and our relationship with it.



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CRYPTO CRAZY

Andrew Shirley shares the latest findings from the Knight Frank Luxury Investment Index (KFLII)

The art market endured a pretty bumpy period after the Covid-19 pandemic went global. The Art Market Research All Art Index, which tracks the auction value of works produced by the world's top 10,000 artists, fell or remained flat for 11 consecutive months after peaking in April 2020 – a cumulative drop of 13%. But from April to July of this year much of that ground was recovered with the index recording growth of 10%. In May alone, US\$2.9 billion of art was auctioned around the world. Illustrating the allure of the street art genre, one of the most expensive pieces to sell was *In this Case*, part of Jean-Michel Basquiat's skull series, which went under the hammer with Christie's New York for US\$93 million.

Of the more contemporary street artists, Banksy set the tone for art's recovery with the £1.1 million sale of his work *Girl with Ice Cream on Palette* by Bonhams in March.

However, 2021 will probably be most remembered for the explosion of crypto art. Digital works of art encoded on a blockchain as NFTs, or non-fungible tokens to give them their full name, have dominated the headlines since *Everydays: The First 5000 Days*, a collage by graphic designer Beeple sold for US\$69 million in March.

Almost US\$600 million of on-demand generative content stored on the Ethereum blockchain was purchased via the Art Blocks platform in August, while Sotheby's auctioned a collection of *Bored Ape Yacht*

Club NFT collectibles (pictured) for US\$24.4 million in September.

Tangible assets

For those who prefer their collections to feel a little more tangible, wine, classic cars and watches have performed reassuringly well over the past 12 months. Investment-grade wine was, in fact, the top performer in KFLII over the 12 months to the end of June. The Knight Frank Fine Wine Icons Index, compiled for us by Wine Owners, rose 13%.

"Wine is doing really well, not going crazy, but growing nicely. There are no signs of over exuberance." explains Wine Owners' Nick Martin. The current market also shows the value of a diversified portfolio, he adds. "One market that has been quite slow over the past decade but has been doing well this year is Bordeaux. Burgundy, on the other hand, is taking a bit of a breather."

A recognition that some back vintages, including 1996 and 2000 Bordeaux,



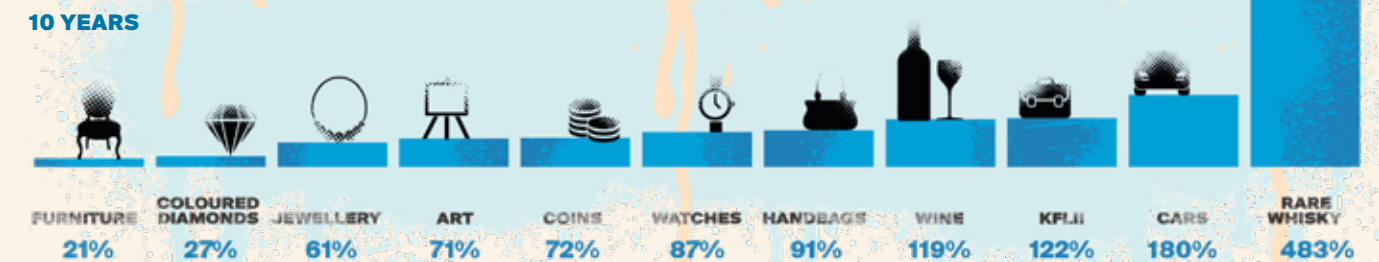
101 Bored Ape Yacht Club NFTs Image courtesy Sotheby's

KNIGHT FRANK LUXURY INVESTMENT INDEX (KFLII) PERFORMANCE BY ASSET CLASS (TO Q2 2021*)

12 MONTHS



10 YEARS



All data to June 2021 except coins to December 2020

Source: Compiled by Knight Frank Research using data from Art Market Research (art, coins, furniture, Hermès handbags, jewellery and watches), Fancy Color Research Foundation (coloured diamonds), HAGI (cars), Rare Whisky 101 and Wine Owners

represent great value for money is helping attract more interest from collectors, notes Martin who expects more gains over the coming months. "It helps that the market is becoming much broader with more of the next generation starting to build their own collections."

Dietrich Hatlapa of HAGI, which provides our classic car data, also says the market is in a good place with the value of a selection of the world's rarest and most collectible vehicles rising 4% over the same period. "Stock markets have been flying so most of the interest at the moment is coming from experienced collectors and dealers who are prepared to pay top prices for the best cars. The market isn't that broad. But our indices are in all-time-high territory so there is the potential to break out of the sideways trend we've seen for the past six years."

Some of this year's standout auction sales include a McLaren F1 that fetched almost US\$20 million at the recent benchmark Monterey sales, as well as the record US\$2.9 million purchase of a US spec Ferrari F40. Hatlapa also notes that younger buyers seem less focused on race pedigree with a Lamborghini Countach achieving US\$720,000.

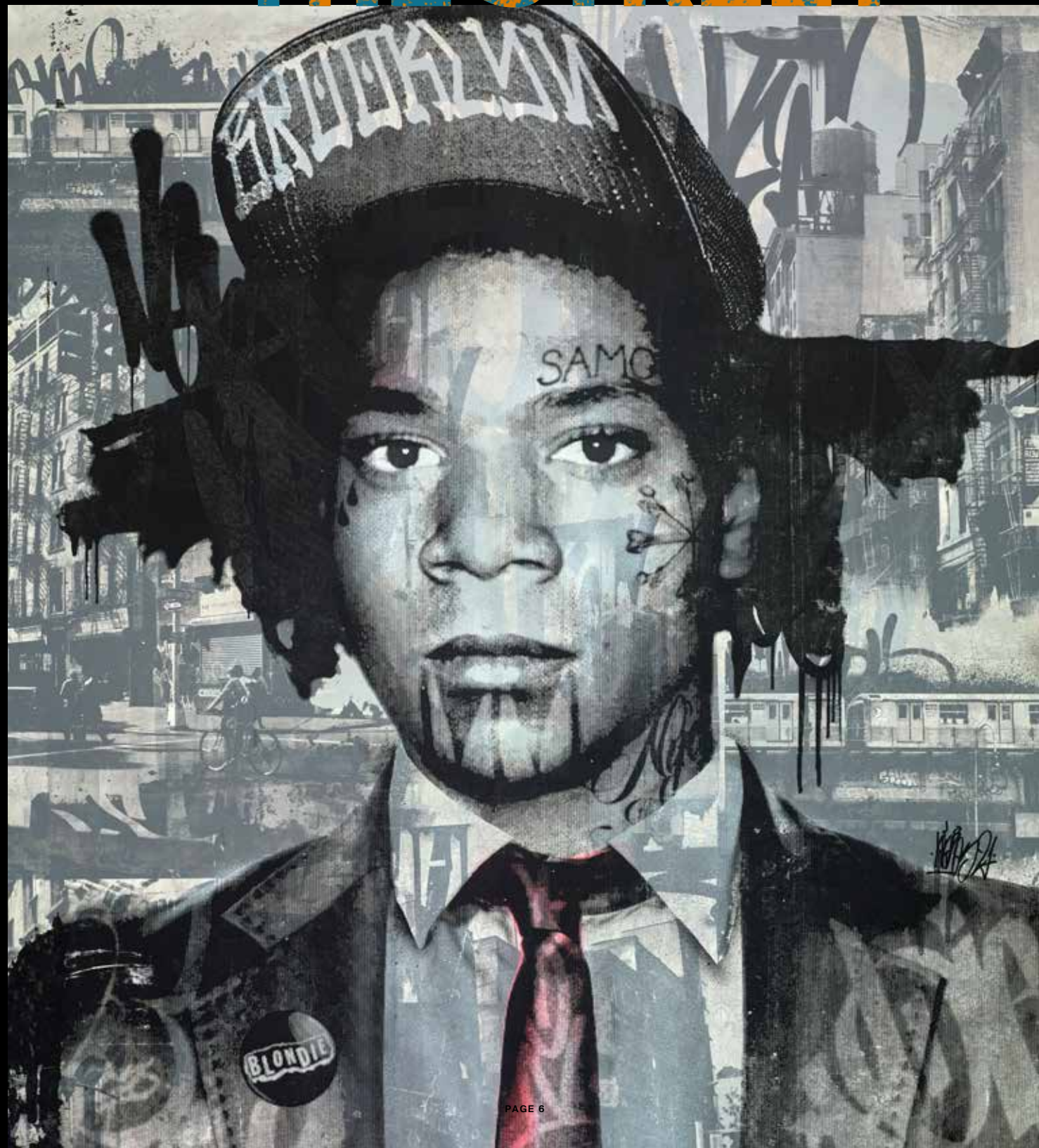
Tic toc

Along with cars and wine, watches make the top-3 podium for this instalment of KFLII with Art Market Research's basket of collectible timepieces showing annual growth of 5%. "The market remains very buoyant for Rolex with sport watch models continuing to dominate. But perhaps most notably in recent months there has been a big upswing in prices for the rarest and most unusually shaped

Cartier models from the 1950s to 1970s with some remarkable results seen at some recent auctions," points out AMR's Sebastian Duthy.

Two assets that have been at the helm of KFLII in recent years – rare bottles of Scotch and Hermès handbags – have relinquished their places at the top of the index, recording negative 12-month growth. However, KFLII contributor Andy Simpson of Rare Whisky 101 points out the dip is likely to be temporary with the Knight Frank Rare Whisky Index back in positive territory over the past six months.

WORD ON THE STREET



With the help of a cross section of industry experts, Andrew Shirley tracks the rise of street art from sacred caves, via the graffitied urban streetscapes of the US and Europe, to the studios of today's agent provocateurs

Today's headline-grabbing street artists such as Mr. Brainwash and Banksy can trace their heritage and ability to generate controversy back thousands of years, says Luci Stephens, Art Specialist at leading gallery group Clarendon Fine Art.

"Street art has technically existed in various forms since the dawn of man – consider, for example, the cave paintings of the late Palaeolithic era, the rock art of Ancient Egypt, or the numerous examples of graffiti documented in archaeological sites from Ancient Rome."

Such works still have the ability to stir powerful emotions. The sale of the "Picture Cave" in Eastern Missouri, a site containing 1,000 year-old cave paintings sacred to the Osage Nation, generated controversy recently when the nation, despite raising US\$2 million, failed in its bid to persuade the cave's owner to sell it back to them. Instead, it was bought by an undisclosed bidder for US\$2.2 million.

But we need to head 1,000 miles east to Philadelphia in the late 1960s to discover the person widely acknowledged as the first modern graffiti artist, says Irene Sieberger, Head of Sale in the Post-War & Contemporary department at Bonhams, which, in 2008, was the first auction house to begin holding dedicated urban art sales. "Darryl McCray was a young man who picked up the nickname Cornbread in a juvenile facility. He fell in love with a girl called Cynthia and to impress her sprayed his "tag" all over the city."

Others copied Cornbread and a movement was born that quickly spread to other cities. At that point, however, it wasn't considered art or something that had longevity, let alone anything that would develop into a lucrative career. It was considered vandalism and its proponents criminals.

Transition

It was 100 miles further north in the Big Apple that the seeds of street art's transition from the sidewalk to the studio, and

eventually the world's leading auction rooms and galleries, really began in the 1970s and 80s, reckons Stephens.

"Jean-Michel Basquiat and Keith Haring are undoubtedly the shining stars of the New York street art scene and the central proponents of the wider movement. Haring's highly-recognisable subway drawings and Basquiat's enigmatic and prolific SAMO tags quickly caught the attention of the public, and were well-known to many long before they entered the commercial art world."

Sebastian Duthy of Art Market Research, which tracks the performance of global art markets and provides data for our Luxury Investment Index, argues though that it was in Europe where graffiti evolved from tagging into recognisable art.

"Street art may have started in the US in the 1970s, but the use of spray cans in public places evolved into an art form in Europe a decade later. By the beginning of the 2000s, opinion was still divided

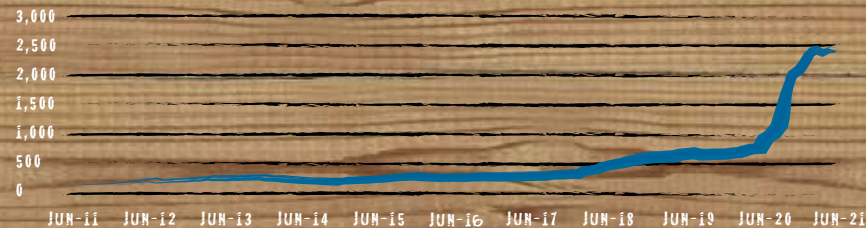


Main image: Who the cap fits, by BNS Above: Berlin Wall

Girl with Ice Cream on Palette. Image courtesy of Bonhams

THE RISE OF STREET ART

Value of Banksy originals sold at auction (Index June 2011 = 100)



as to whether these artists were vandals or the authors of a new form of political expression, but they were attracting millions of visitors to Europe's great capitals."

Despite this, the art created generally remained on the street – to this day Banksy rarely certifies any of his works created in the public realm – but the collapse of the Berlin Wall, a huge canvas for politically motivated muralists like Kiddy Citny, provided collectors and museums with the opportunity to own genuine pieces of protest art with chunks, and even entire sections of the wall, acquired.

Meaning

Fast forward to 2021 and street art has undoubtedly gained widespread acceptance as an art genre in its own right – the Uffizi Gallery, home to some of the world's greatest paintings recently, for example, added a work by the British street artist Endless to its collection.

"Until five years ago most collectors were people who were really into street art creating carefully curated collections of interesting artists, but now we are seeing a much more diverse range of registrations at our auctions," notes Sieberger. "Collectors who never thought street art was something they should buy are now adding it to their collections. I think Banksy's shredding moment was quite important for the contemporary art world."

But does this new-found respectability limit street art's ability to provoke? Stephens is emphatic: "Not at all. Its entry into the mainstream certainly hasn't diminished its visual energy, as evidenced in the eclectic and vibrant mixed-media compositions of Mr. Brainwash (represented in the UK by Clarendon Fine Art), or in Banksy's poignant and witty screen prints. The works still function as cultural commentary, which was street art's primary aim, regardless of the fact they have moved from the public sphere, and onto paper or canvas."



Battersea Power Station Silkscreen edition, Mr. Brainwash

With demand rising, prices have followed suit as the chart on the previous page clearly reveals. But much of the momentum behind the current price growth originated before the global financial crisis, recounts Duthy. "Bonhams in London, was the first major auction house to profit from Banksy's catchy social commentary and from 2007 his prints could be bought alongside mid-century furniture and fashion photography.

"Collectors who never thought street art was something they should buy are now adding it to their collections."

"Urban Art, its first dedicated sale of street art, featured a Banksy that had originally hung behind a Brighton Bar. The six-metre stencil of a group of apes carrying billboards with the slogan 'Laugh Now but One Day We Will Be in Charge' was sold for a record-breaking £228,000. A week later, that record was smashed again with the US\$1.87 million sale of his work 'Banksy (defaced Hirst)' at Sotheby's in New York.

"Unfortunately for the auction houses, these attention-grabbing sales came at an inauspicious time. With the global financial crash just around the corner, the nascent secondary market for street art did not take off and prices would stagnate for a decade.

"Then, in October 2019, as the UK negotiated final terms of its messy divorce from Europe, a work by a street artist provided the most succinct social comment. Devolved Parliament, a painting by Banksy, in which his laughing apes took their seats in the UK's House of Commons, was put up for auction at Sotheby's in London. The final price of £9.7 million put Banksy into the same

bracket as contemporary artists and his market has never looked back."

"Mainstream investors are only just beginning to fully cotton on to the financial potential of contemporary street art, and artist's prices are rising accordingly," says Stephens. "As Banksy's works have gone up in value collectors have branched out to other artists," confirms Sieberger. Those whose work has been overlooked include Margaret Kilgallon, a San Francisco Bay street artist who died in 2001. "She is not that famous, but her work has influenced any graphic designer of the past 20 years."

In terms of contemporary artists, Stephens adds: "We've been seeing a lot of interest in Argentinian artist BNS, whose high-octane, street-pop paintings explore the familiar iconography of popular culture in a distinctive and unique style."

Given the sheer range of street art now being snapped up by collectors, and with many artists looking to embrace the potential of digital art in the form of NFTs, it's clear that the genre's journey from cave to gallery is far from over.



LIFE IS
Beautiful

Renowned French street artist Thierry Guetta, better known as Mr. Brainwash, opens up to Andrew Shirley about his life, work and motivations

First of all, I think a lot of people will be curious about your pseudonym Mr. Brainwash. How did it come about?

It was a very long time ago that the name Mr. Brainwash came to me amongst many other thoughts and ideas, but I put it away as if I somehow knew I'd be saving it for later. It was as if I shut it in a drawer and didn't think about it. Then when I started working as a street artist and couldn't use my own name, it came back to me. I took the main letters, MBW, and used those, but as I became more established and found my direction, I saw that almost as a coincidence, the full name, Mr. Brainwash, fitted with what I do perfectly. Honestly, it was as if the name chose me.

What first made you want to become an artist and at what point did you realise you could make a career out of it?

Nothing led me to art or made me want to become an artist. I didn't 'want' to. My passion was born when I was born. I was always an artist. Always. It's been in my life from the beginning and will remain with me to the end, and beyond the end as I believe that art lives on. What I found I 'wanted', was to share the art with other people. During the making of the movie *Exit Through the Gift Shop* (Banksy's Oscar-nominated documentary about Mr. Brainwash) I came out to the public as an artist for the first time. It gave me the green light to do what I did and from then on it all came pouring out and never stopped. Making the film persuaded me to have a

show and reveal my work to the public. It marked the moment I stepped officially away from the camera and towards the canvas. Once I had moved in this direction, the world opened up for me in a really big way, and my very first buyer was Michael Jackson.

How did you develop your own unique style and who has particularly inspired you during your artistic journey?

I don't see it as my style, I see it as my personality – my style is who and what I am. I want to share positive thoughts, colours, happiness, love, life, and I have been developing ways to communicate the messages I thought were important. I wanted to give people 'Art Plus' – a little piece of my

soul with every piece of work. As for who has inspired me, it is not who, but what. Not any one person, but life is what has inspired me. Everything, every day, every moment – all of my life. I know I have done a lot of things, met a lot of people, but for me, this is just the warm-up. I'm still standing behind a curtain that hasn't even gone up yet. I feel I am at the beginning and I have a lot more to say.

Your work has a very upbeat and positive message, which is not true of all street artists. How would you sum up your philosophy in relation to art and life?

Follow your heart – and as well, follow your art. The words sound almost the same and for me, they are the same thing. If you follow



Juxtapose, Mr. Brainwash

both you will find the path to true freedom of expression. There was something inside me that needed to be set free and once that happened I have followed it, learning every day to be a better person, to be a more understanding, compassionate, loving, sharing person. No one is alone and I've put my whole life into sharing with people that life is beautiful.

Has the global Covid-19 pandemic influenced your work in any way?

Of course, but like everyone I felt like there was no choice. We just all had to go on. I created images that were connected with the pandemic, or even that came out of it, because I always try to take the positives from every journey. The view out of the window may not be great but you carry on because you hold onto the belief that there will be something new tomorrow and we need to be strong. There is always a next day.

You work in many different mediums. Is there one that you enjoy the most?

The one I haven't used yet – the undiscovered medium. Different instruments all make a different sound, but they all make music and can all sound beautiful in their own way. I still feel I

“Follow your heart and as well follow your art. The words sound almost the same and for me they are the same thing. If you follow both you will find the path to true freedom of expression.”

have many instruments to try. In 20 years from now I may be able to tell you which is my favourite but for now it is more about making the song, and with time there will be a song that will stay, maybe forever.

Do you have a favourite piece of work that you've created and why is it special to you?

Ask a parent which child they prefer. They can't answer. I'm very passionate and fully engaged in every piece I do – my heart is always drawn towards it. Perhaps it is the piece I haven't done yet. This is a question I may be able to answer later in my life.

How excited are you to be working at Battersea Power Station, a true London icon?

I'm not excited. I'm thrilled. Delighted. Very excited. I know this building myself already, and it's a true historic monument recreated for our time. I want to make what I do for this building the best it could be. Strong and clever! I am going to create something that will live on.

NFTs are all the rage at the moment. Are they an area of art you are interested in and do you think they will play an important role for artists over the longer term?

It's always the same when something new comes along. We have learned that the evolution of technology is certainly here to stay and that technology will always bring in new concepts and things we could not have imagined. I think NFTs and paintings will both be a part of the world. Both of them will be there with all the other forms of art and they will help each other. There will be some who fight to display art on their walls, while others will enjoy the ownership of their NFT. Technology is there. Painting is there. Classic painting will never leave the world, but I believe NFTs will become more accepted – although slowly, slowly. People won't understand at first but it will come.

During your career you've done some amazing things and met some amazing people, including the Dalai Lama. Are there any ambitions you are yet to achieve – what does the future hold for Mr. Brainwash?

Of course. I still feel like a young boy. I need to achieve a lot more and I am a very focused person, aiming to get better and better - like a good wine. I have given my whole life to art and the more I do it the more I learn, grow, improve and understand. Art is the excitement of my life and the direction of my life – the direction I have chosen. I have been a private person

in many ways over the last years, but I am soon to be opening a museum. It was delayed because of the pandemic but now it is the right time and I am ready to open my heart to the public with this project. What you have seen so far is 0.01% of who and what I am. I work in hiding and nobody sees what I do or prepare, but the museum opening and a new documentary on Netflix is going to blow the doors open – you will be able to decide for yourself what I am and it's going to be an explosion, so be careful. I feel as if I've been holding a lot in for many years, and this is going to be the 4th of July – fireworks and festivity as the light goes green on my next ten years.

“Art is the excitement of my life and the direction of my life – the direction I have chosen.”



Above and opposite: Life is Beautiful is often referred to by Mr. Brainwash in his works



Double Decker, Mr. Brainwash

POWER TO THE PEOPLE

Meriam Lock-Necrews, Head of Residential at Battersea Power Station Development Company, explains to Andrew Shirley how the development mixes iconic architecture with art to benefit the wider community



Battersea Power Station is one of London's most iconic mixed-use developments and arguably a work of art in its own right. Was incorporating art into the project always in the team's thoughts throughout the development process?

As well as being an iconic part of the London skyline, Battersea Power Station (BPS) is a symbol of British industrial heritage and popular culture. It has inspired generations of artists, musicians, photographers and filmmakers, from Pink Floyd's *Animals* album cover, to serving as a backdrop to silver screen classics such as Alfred Hitchcock's *Sabotage*, Monty Python's *The Meaning of Life* and Batman's *The Dark Knight*. As such, art has been inseparable from BPS since the very beginning of, and throughout, the regeneration project.

Ensuring that we are good stewards to both showcase and inspire all forms of art is fundamental to making BPS a vibrant, exciting and creative new area of this global



city. What's more, enabling and giving space to all forms of art - of which street art plays a huge part - helps create a strong sense of community where people want to live, work and play.

Does it feel increasingly important to bring art into the private and public realm of developments?

We are passionate about integrating culture throughout our exciting riverside neighbourhood and have an extensive year-round arts and events programme including our Light Festival and Summer Showtime on the Coaling Jetty with films and theatre performances. Art nurtures community pride and creates a sense of belonging for our residents and visitors.

Specifically, we have a number of thought-provoking commissions which have taken inspiration from the industrial icon - notably a mural by graffiti artist Gustavo Nena, showcasing the heritage of the Power Station, displayed in Circus West Village - itself the first phase of the development and home to over 1,500 people, while attracting over three million visitors each year. Jumping forward to today, the recent collaboration with street artist Mr. Brainwash is hugely exciting and will create a new centrepiece for our residents and visitors over the coming months.

Do you think art can contribute to the wellbeing of the people who live in and use buildings?

Without a doubt. Health and wellbeing is rightly being pushed to the top of the national agenda; pieces of art can play a critical part in helping foster a sense of emotional connection with our living space, which is so important at a time when many are seeking greater identity, meaning and overall happiness. Art turns a house into a home!

When people come to BPS to explore, and to consider if this is a place they want to call home, they are always curious about how we have curated both the public and more

private communal spaces for residents. We want the art to feel natural, to create a sense of belonging, and to enrich everyone's day - both residents and visitors alike.

Do you have any particular favourites?

One of my favourites is the Morag Myerscough *Power* installation (pictured above) which is located on the Grosvenor Arch entrance. It really creates that 'sense of arrival' and evokes emotion, which is what BPS is all about. We are so proud to have our own identity and knowing you have arrived at BPS is just the start of our 'story'.





Everyday Life, Mr. Brainwash

ABOUT OUR EVENT PARTNER

The Clarendon Fine Art brand is part of the world's most prestigious gallery group, showcasing the finest British and international contemporary artists. After over 30 years at the forefront of the international fine art market, the group represents an outstanding and unrivalled portfolio of award winners and new discoveries. The Clarendon brand has partnerships with prestigious institutions such as Cunard, Sky Arts, The Ritz, Blenheim Palace to name a few. Clarendon's flagship gallery opened in 2010 on Mayfair's Dover Street. The response was overwhelming, driving the growth of the brand into more than 20 locations in London and beyond, with a vibrant programme of expansion underway for 2022/23.

The Clarendon portfolio has been curated with today's discerning collector in mind; the gallery has commissioned and acquired a superior range of original paintings to cross a wide spectrum of styles and genres and enjoys exclusive ties to many of the most highly regarded artists from the international arena. Specialising in unique original works and collectable contemporary editions, the gallery has built a superb collection from some of the greatest Modern masters working during the twentieth century, including Pablo Picasso, Marc Chagall, David Hockney, Andy Warhol, L.S. Lowry and many others.

CONTACTS

CARLIN FIER

Head of Brand, Battersea Power Station
Development Company
+44 20 7062 1877
cffer@bpsdc.co.uk

MERIAM LOCK-NECREWS

Head of Residential, Battersea Power Station
Development Company
+44 20 7062 1796
mlocknecrews@bpsdc.co.uk

RACHEL SIMKISS

Director of Brand
Clarendon Fine Art
+44 7791 462 160
rachelstimmkiss@clarendonfineart.com

LUCI STEPHENS

Art Specialist
Clarendon Fine Art
+44 7799 693 409
lucistephens@clarendonfineart.com