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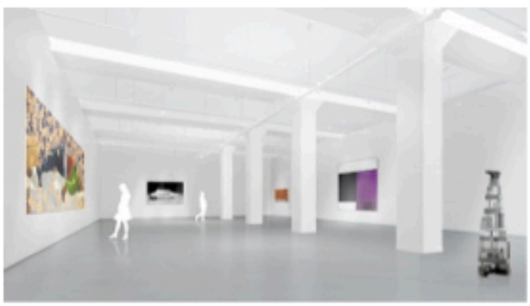
Supersize Chelsea!: In New York's Main Art District, It's Go Big or Go Home

Or to the Lower East Side

By Rachel Corbett 8/20 12:22am



Rendering of Sean Kelly Gallery's new Toshiko Mori-designed space on 36 Street. (Sean Kelly)

"Be careful where you step," shouted Maureen Bray over a percussion of power tools as she maneuvered past the electricians, sheetrockers and HVAC crew members who have two months to transform a 22,000-square-foot construction zone into the new home of Sean Kelly Gallery, which is about to triple in size. "Obviously this giant hole won't be here," said Ms. Bray, a director at the gallery, pointing to what will become a stairwell leading to a black-box theater—just one of three exhibition spaces, alongside expanded offices, a "canyon"-sized library and two private viewing rooms ("back where those toilets are now").

In the early 1990s, most real-estate-seeking New Yorkers overlooked the gray smudge on Manhattan's West Side known as Chelsea, then still a wasteland of deserted freight tracks, turpentine fumes and auto-body garages. But for the throngs of art galleries being swiftly priced out of Soho by fashion boutiques and Dean & Delucas, it offered cavernous, column-free architecture at bargain-basement prices.

Matthew Marks pioneered the migration on an abandoned stretch of West 22nd Street. Soon after, Barbara Gladstone, Metro Pictures, Sean Kelly and hundreds of other galleries followed, and a "new Soho" was born in Chelsea.

Twenty years, two Gagosian Galleries and a Comme des Garçons later, Chelsea art dealers are fretting that the legacy of Soho has come back to haunt them. About a third of the neighborhood's galleries have been shuttered in the last five years as High Line-inflated real estate prices and an influx of deep-pocketed fashion and design firms have forced out many of the smaller dealers. At its height, Chelsea was home to more than 350 galleries; today only 204 remain, according to Rice & Associates real estate adviser Earl Bateman.

But it would be premature to pronounce the world's premier gallery district dead. In fact, business appears to be better than ever for a few galleries—and it's not hard to guess which ones. This fall and the months following, Friedrich Petzel, Sean Kelly, David Zwirner, The Pace Gallery and Hauser & Wirth, are set to engulf the West Side with a wave of new galleramas: stadium-scale exhibition centers with square footage stretching into the tens of thousands and calendars filled with blockbuster exhibitions.

This is the new Chelsea gallery scene—where competition has gone beyond survival of the fittest and evolved into a full-fledged superspecies. Even in the digital age, when business can increasingly be done online—and the art-fair era, when a large proportion of selling is done on a whistle-stop tour of the fairs that have sprung up around the world—an expansionist few insist that not only do brick-and-mortar galleries still matter, but that bigger is better.

"It has to do with some of our artists, and that the nature of what they are doing requires larger spaces," said Marc Payot, vice president of Hauser & Wirth, which is opening its second New York location in the 23,000-square-foot former Roxy NYC roller disco at 511 West 18th Street.

There, visitors are likely to see more of Roni Horn's big glass blocks and cylinders, Paul McCarthy's towering sculptures and Dieter Roth's "very large" installation-sculpture hybrids, 8 to 10 of which are tentatively slated to christen the new gallery. "This simply could not be shown in a small place," Mr. Payot said of the show. "We want to be able to show an artist's full range."


The new space of Friedrich Petzel Gallery on 18 Street. (Friedrich Petzel)

Friedrich Petzel, who is doubling the size of his current home with a second gallery just down the block from the new Hauser & Wirth, echoed this sentiment. "The artists are the ones in command of this," he said. Vivid natural lighting and an exclusive location were two concerns that Mr. Petzel had been hearing from his artists, so he signed a 10-year lease on a gallery with a full-roof skylight and a comparatively desolate locale, 456 West 18th Street.

"The artists like the idea of not having too many neighbors. It's not a shopping mall; it's about them and their work," he said.

Indeed, satisfying artists may be a more vital business practice now that elite galleries routinely face off to sign the top earners. In the past two years, Sean Kelly snagged Alec Soth from Gagosian, Pace won Yoshitomo Nara from Marianne Boesky and Friedrich Petzel poached Dana Schutz from Zach Feuer.

Or take this summer's very public stealing of Thaddeus Ropac's thunder. The Paris dealer had announced that Anselm Kiefer would inaugurate the opening of his second gallery in that city this October. Six weeks later, he was hit with the news that Gagosian Gallery had decided that it would open its new Paris space, also this fall, with its own exhibition of works by Kiefer. (Adding insult to injury, Kiefer called Gagosian's space "so inspiring you can envision the artworks in it immediately.")

"The good galleries are having trouble keeping their artists unless they can offer them a global platform or a space that's magnificent," said art adviser Wendy Cromwell.

Over at Pace, communications director Andrea Glimcher has figured out a way to up the gallery's architectural impact without adding a fifth New York outpost. Instead, Pace is moving its 22nd Street gallery—whose current building will soon become home to the Dia Foundation's Manhattan branch—into a new 4,000-square-foot building at 508 West 25th Street, directly adjacent to its existing gallery.

"What's great is that it's next door and allows us to use it as a single gallery or to connect the two spaces into something larger," Ms. Glimcher said. Together, the spaces consolidate into a single, 8,000-square-foot gallery. The first show, however, an exhibition of new works by Lucas Samaras opening Sept. 27, is being held in the single new gallery.

Some observers have attributed this fall's mega-gallery boom to a bifurcation of the market that favors its very highest and lowest ends. "There's so much money pointing to the very top end, where you have the wealthy looking to hedge against inflation. It's always risky to expand your business, but I think these are calculated bets that the market will support multiple platforms," said Ms. Cromwell. "These are big brands trading on their reputations to a certain degree."

Indeed, "brand" is at times a better descriptor than "gallery" these days. It used to be that only a global conglomerate like Sotheby's or Christie's had the resources for large-scale secondary-market business, such as the liquidation of a major private collection or estate.

But in 2008, Gagosian Gallery challenged this model by purchasing Ileana Sonnabend's collection of Andy Warhols for $200 million. That same year, David Zwirner, along with Iwan Wirth, purchased 155 postwar works from the collection of Helga and Walther Lauffs. The price was never disclosed, but Sotheby's reaped $96 million for selling just 33 works from the trove.

It has been suggested that Mr. Zwirner's success in selling off the Lauffs collection helped him land the coveted Donald Judd estate in 2010. That year, with his secondary-market business booming—and with 40 contemporary artists crowding his roster—he purchased an $8 million parking garage at 537 West 20th Street to become the site of his fourth gallery in Chelsea. Architect Annabelle Selldorf designed a new five-story, 30,000-square-foot building—the first LEED-certified gallery in New York—expected to open late this November with an exhibition by Judd and Dan Flavin.

"Like so many other galleries, we all need more physical exhibition spaces for our artists," said Zwirner publicist Julia Joern in an email, adding that the new gallery "exemplifies an ongoing commitment to creating truly beautiful large-scale exhibition spaces for our artists, all with extraordinary natural light."

Kelly. (Ben Polsky)

But for each new mega-gallery that pops up in Chelsea, a dozen others seem to disappear or move to locales more congenial to their activities. At the high end, there's Sean Kelly, who is trading in his 6,500-square-foot gallery on West 29th Street, already on the far northern reaches of the neighborhood, for a space even farther north, on 36th Street, formerly home to the nonprofit Exit Art. It will cost him about $50 per square foot, compared to the $100 to $150 price-tags he was finding in central Chelsea. "It seemed like an absolute no-brainer," he said.

To fill the new Toshiko Mori-designed space, which opens Oct. 27 with an Antony Gormley exhibition, Mr. Kelly has gradually added a half-dozen artists to his roster, including Kehinde Wiley and Terence Koh. "Artists are looking for bigger and better spaces," he said. "At the end of the day, that's what they love."

But perhaps the sweetest part of the deal? Mr. Kelly signed an 18-year lease. "We would never have gotten that in Chelsea," he said. "This is a lease that will basically see me through my professional career in the city."

As real-estate adviser Mr. Bateman put it, "A lot of the landlords are hedging on the future with shorter-term leases because they envision the High Line as being the next West Broadway or Madison Avenue."

The new Hauser & Wirth, for instance, can't undergo any major renovations because its 10-year lease includes a clause allowing the owner to terminate the agreement in as few as six years if the building finds a buyer. As a result, Mr. Payot said he's more concerned with just "turning the space into a functional gallery. We're treating it like a big project space, not a glamorous white cube."

Of course, it's the small galleries, particularly those on upper floors, that have been most trampled by the rising rents. Prices tend to be somewhat uneven among Chelsea's large multifloor buildings, but a few key sites have raised rents upward of 30 percent in recent years. Around two-thirds of the upper-floor galleries have disappeared or fled to cheaper pastures since 2007, according to Rice & Associates.

And apart from early colonizers like Matthew Marks and Paula Cooper (and Larry Gagosian, who reportedly paid just $5.75 million for his 24th Street space when he bought it from the Gambino family in 1999—a steal given how values have since escalated in the neighborhood) very few dealers own property in Chelsea. Mounting office and residential competition makes space even more scarce. Between now and the end of the year, developers are expected to add about 600 new luxury rental units to a 12-block radius in Chelsea.

"Real estate was the biggest factor," said Michael Foley of his eponymous gallery's recent move from Chelsea to 97 Delancey Street in the Lower East Side, where he pays about the same price per square foot for a ground-floor space as he did for the second floor on 28th Street. In the cheaper corners of the Lower East Side, around Ludlow and Orchard, galleries can get ground-floor property at about $30 to $50 per square foot.

"As the bigger galleries take up more space, it makes us find space on the outskirts of Chelsea, the upper floors, or on streets that are not that populated by galleries," Mr. Foley said.

Shifting demographics play a part as well. Chelsea's Horton Gallery is adding a third space next month in the Lower East Side because, as owner Sean Horton put it in an email, "Increasingly the lack of smaller galleries in Chelsea makes it a less interesting place to be. It's a great destination for museum-quality exhibitions, but there's less sense of discovery there now."

But while there are many similarities between late-stage Soho and Chelsea, there's still reason to doubt that real estate will win the battle. "There's a lot of hype, but I wonder how much of a real contribution the High Line is making," Mr. Bateman said. "Sure, there are two to three million new visitors, but do they get off? Do they really patronize the galleries? It closes before dinner, so the restaurants don't benefit."

His solution is for the city to offer tax credits to landlords housing small galleries, like the abatements it gives to the film industry. But, for now, the more humble dealers are rapidly losing faith in Chelsea. The supersizing galleries, on the other hand, might be onto something—in an uncertain market, perhaps the most valuable product of all is confidence.

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