Our first courses didn’t start arriving until after 11 o’clock, but the food was little more than an afterthought on this Saturday night. There were plenty of drinks, everyone was smoking (living in New York, I’d forgotten what that was like), and the vibe was good.

Robert Goff and Cassie Rosenthal were hosting the dinner on the top floor of the Postfuhramt, an old imperial post office, to celebrate the opening of a Berlin branch of their New York gallery, Goff + Rosenthal. It was the weekend of Art Forum Berlin, the city’s prestigious annual fair, and artists, collectors, curators, and assorted friends from several countries filled the room. Above our heads a slightly decrepit neoclassical rotunda soared some 50 feet, a faded emblem of 19th-century grandeur. Downstairs in the C/O Berlin, a small institution that shows photo and video works in dilapidated rooms with peeling paint, Louis Vuitton was throwing a party for a series of Vanessa Beecroft photographs the company had commissioned. It all felt like the perfect microcosm of Berlin, a distinctive confluence of culture, nightlife, and alluring architectural spaces.

I sat next to Cornelia Renz, a fortyish painter who draws large carnivalesque images of underage vixens and domi- natrixes using acid-hued pigment markers. Her work owes a debt to Freud, tattoo parlors, and the outsider artist Henry Darger for its graphic, illustrational quality and fetishization of powerful girl characters. Renz studied at Leipzig’s Hochschule für Grafik und Buchkunst, the academy that has
produced some of the hottest painters in the art world lately. When I asked her about the recent attention on Berlin, she joked that even fellow Germans—always slow to recognize something positive—are taking notice. "Now the city magazines are writing about this phenomenon," she told me. "One article I just read was saying, 'Wow, finally we don't have to think about moving away because other people are coming here.'"

Goff—who also shows work from several other Germans, among them Susanne Kühn, Oliver Pietsch, and the duo Abetz/Drescher—described the city as becoming almost like a year-round art fair. "People are constantly passing through to find interesting work," he said. "Plus, it's just a cool place to be."

Today there are more artists in Berlin than anywhere else in Europe, including a large number, like Renz, from the former Communist east. If you ask why they moved here, they all say the same thing: the cheap rents and the lifestyle. By European standards it’s a poor city. Large sections are run-down, and despite the arrival of companies such as Universal Pictures, Condé Nast, and Bertelsmann the economy is stagnant (unemployment is close to 20 percent). Nonetheless the film, fashion, design, music, and club scenes are thriving, and there is, of course, all that inexpensive studio space. Mayor Klaus Wowereit—who, it is invariably noted, is gay—has actively promoted what has become a kind of slogan for the city: Poor but sexy.

"It's been said that Berlin's opportunity was precisely in its failure," says Klaus Biesenbach, a founder of Kunst-Werke Berlin, the pioneering foundation that runs an exhibition space in an old margarine factory, and now chief curator of media at New York’s Museum of Modern Art. "Because the city didn’t succeed financially and didn’t grow to five million people as everybody had predicted, this provided opportunities for artists to live here and have huge studios and production facilities."

After the wall fell in 1989, stars like Damien Hirst, Gabriel Orozco, and Rachel Whiteread started arriving and others soon followed, drawn in part by the promise of a new, reunified German cultural capital. Except for a post-9/11 dip, Berlin has experienced a steady surge of momentum, and its art scene is now likened to New York in the sixties or London in the early nineties. Such comparisons may be beside the point, but they highlight the vitality and the critical mass of creative energy and talent that has converged in this culturally complex city, one that is still finding its identity after being physically and psychologically bisected for nearly 30 years.
Standing in the studio of photographer Frank Thiel on a cloudless afternoon, I had a perfectly framed view of the Fernsehturm, a 1,200-foot-tall TV tower that was built by the East German government in the late sixties and remains one of the city’s more iconic landmarks. Thiel, 41, grew up outside East Berlin and spent 13 months in prison for political activities as a teenager before being released into West Germany in 1985. After the wall came down he moved back to the east and began photographing the city’s dramatic transformation. His mural-size prints, often six by eight feet or more, include crane-filled panoramas of the Reichstag and Potsdamer Platz, nearly abstract expanses of rebar on construction sites, close-ups of richly hued paint peeling from decaying walls that look like Expressionist canvases. His work shows at galleries in New York, Madrid, Geneva, and Vienna.

Thiel lives in a refurbished factory complex in the eastern section of Mitte, the city’s central district, a short walk from Alexanderplatz. When he first rented a studio there in the mid-nineties, he had no heat or running water and several buildings in the complex were empty shells. Now it houses media companies and the local office of the Boston Consulting Group, and respected dealer Barbara Thumm has a gallery in the courtyard. The changes are typical for the neighborhood, where something like three fourths of the commercial real estate has been snapped up by foreign investors looking to cash in on a revitalized East Berlin. "You get the sense," Thiel says, "that all the buildings around here have been sold and resold in the last ten years."

Still, if the city’s real estate market is churning, its cultural scene is far less intense. Some artists move here specifically to escape the pressure of competing in New York or London. With all the hyperventilating about billionaire hedge fund collectors, speculative buying, and prices tearing through the roof, Berlin can be a tonic.

"I can drink a beer in the streets and I can smoke everywhere," says Frank Nitsche, a painter who grew up in Görlitz, near Poland, and studied in Dresden. "I can play sports naked if I want." Nitsche, 43, makes paintings constructed from bits of collected imagery—mass-media photos, architectural drawings, design renderings—which he abstracts and layers into overlapping, interlocking forms punctuated with splashes of retro-Pop color. There’s a tension between the formal coolness and dynamic energy in his canvases. An exhibition of his work is now at the Musée d’Art Moderne et Contemporain in Strasbourg, France, his first solo museum show.

Based in Berlin since 1993, Nitsche rents a studio off Zimmerstrasse, in the same complex where his dealer, Max Hetzler, and several other major galleries have spaces. He can often be found, cigarette in hand, down the street at Café Adler—"my loveliest café," as he calls the famous coffeehouse next to Checkpoint Charlie. Nitsche is one of a handful of German artists who have seen growing interest in their work, many of whom, like Nitsche, trained at academies in the former east. International collectors and curators tend to identify current German art most closely with the photo-based, often realist styles practiced by painters such as Tim Eitel, Matthias Weischer, and David Schnell from Leipzig and Eberhard Havekost and Thoralf Knobloch from Dresden.

Also on that list is Thomas Scheibitz, who trained in Dresden and represented Germany at the Venice Biennale in 2005. Drawing from an archive of media images, Scheibitz creates exuberant paintings that combine architectural and figural elements into kaleidoscopic, largely abstract compositions. Often he pairs his paintings with related sculptures, extending his exploration of line and form into three dimensions. The 39-year-old moved to Berlin exactly one day after receiving his diploma in 1996. "It’s been the same story for the last three hundred years—artists always go to places where they have opportunities," says Scheibitz, who took a garagelike studio in the city center, not far from the Reichstag, when he was preparing for Venice.

Scheibitz is well known for his role in helping organize "36 x 27 x 10," an already legendary exhibition held in late December 2005 at the Palace of the Republic, the former East German parliament and cultural center that is now a steel skeleton in the last stages of demolition. "I remember the building from when I was a schoolboy," he says. "It was a kind of working-class palace and so kitschy, almost like Versace, with all the gold."
The decision to tear the palace down (there are plans to replace it with an ersatz copy of a Baroque building that once stood on the site) met with strong opposition, and the artists behind the show conceived it partly as a protest. In Berlin it’s not uncommon for artists to run temporary galleries and stage exhibitions, some of which are little more than excuses for a party—“people calling each other and saying, ‘Here’s a space for one week and we’re having a show of only black-and-white works, or only works sent through the fax machine,’” as Scheibitz explains. But he and his girlfriend, video and installation artist Lisa Junghanss, recruited 36 of Berlin’s biggest names—Franz Ackermann, John Bock, Monica Bonvicini, Thomas Demand, Olafur Eliasson, and Daniel Pfum—to contribute significant pieces. They put the whole thing together in just days, without a plan, a budget, or insurance.

The show was a clear shot across the bow of the city’s museums, which have been frequently criticized for underrepresenting local artists. Berlin is rich in museums, but with the exception of the Hamburger Bahnhof and a few smaller institutions like the Kunst-Werke, they have a poor track record of presenting contemporary art. Instead that task falls to the commercial galleries which have poured into the city over the past decade, lured by the abundant cheap real estate and the deep pool of creative talent. The biggest influx has come from the country’s onetime contemporary art capital, Cologne, but dealers from New York, Los Angeles, and London have also opened branches here. "It's because the artists all want to show in Berlin at the moment," says dealer Matthias Arndt. "The galleries come here because they don't want to lose their artists or have to share them."

A leader among the younger generation of Berlin art entrepreneurs, Arndt founded Arndt & Partner Berlin in 1994, when he was 26, with just $10,000. He now represents nearly 30 artists and has some 9,000 square feet of exhibition space. When I visited, Arndt was showing an otherworldly installation by Japanese artist Yayoi Kusama that featured one room with a mass of white fabric tentacles sprouting wildly from wooden boxes and another with large stainless-steel pinballs scattered across the floor. Upstairs he had set up an eclectic group show of paintings, sculptures, and videos. "In the last year and a half we've had the maximum international attention on Berlin," Arndt says. "Artists have been here for years—the seeds were planted a while ago—but let's say the harvest is happening now."

Arndt & Partner is on Zimmerstrasse, essentially Berlin’s "uptown" gallery district, with top-notch dealers Hetzler, Volker Diehl, Claes Nordenhake, Barbara Weiss, Rafael Jablonka, and Thomas Schulte also in the neighborhood. Schulte, one of the first international dealers to open in Berlin after the wall came down, moved last year from Charlottenburg in the western part of the city into a historic building that once housed Kersten und Tuteur, a high-end women’s clothing store during the Weimar era. (Large-scale installations show perfectly in the double-height corner window.) Like most leading galleries, Schulte has an international program, with veterans such as Richard Artschwager, Allan McCollum, and the young Berlin artist Iris Schomaker, who does minimalist paintings of lithe figures and spare landscapes in wan hues.

"Fifteen years ago there was little here," says Schulte. "You knew the hundred people you would see at every opening and you could count the events that would happen during the week on one hand." These days new galleries are coming to Berlin practically every few weeks—and it’s not because business is better. "It's more that the city has become this major global center for galleries and new tendencies in art," Schulte says. "People call it Studio Berlin."

Making the rounds last fall, I stopped in at Contemporary Fine Arts, where Berlin-based Jonathan Meese had a sprawling exhibit of paintings and sculptures that reflected his theatrical brew of history, mythology, and teenage fixations. Neugerriemschneider, in a handsome old chimneypiece factory building on Linienstrasse, had works by Isa Gengken, Germany’s representative at the Venice Biennale this summer. And Eigen + Art, on Augustrasse, showed a series of large photographs of young women, mostly undressed, by Martin Eder, a Dresden-trained artist living in Berlin. The stark, moody pictures were a departure for an artist known for self-consciously middlebrow paintings of nymphets with kittens.

"The idea was to show where his paintings, watercolors, and drawings come from," says Eigen + Art's owner, Gerd Harry Lybke, who also has a gallery in Leipzig and promotes several of the so-called Leipzig School artists—Tim Eitel, David Schnell, and Matthias Weischer—who work is currently an art market obsession. The photos are among the thousands Eder has shot to use as source material, and this was
the first time he had exhibited them. "People who like Martin said it’s great work and he’s a genius," Lybke says. "Collectors who don’t like his other work came in and said, 'I'm sorry, he's great.'"

As I slipped through the opening-night crowds at Art Forum Berlin, the scene felt distinctly different from that of other international art fairs, such as the Armory Show in New York or Art Basel Miami Beach. Plenty of faces were the same, but the atmosphere seemed younger in spirit, more welcoming, more fun—like the rest of Berlin. Business was certainly being done. I checked in with my friends Cassie and Robert, whose booth was devoted to colored-pencil drawings by a young Austrian named Christoph Schmidberger. The works sold out in two hours.

Later that evening I attended a wall-to-wall party announcing the finalists for the 2007 Nationalgalerie Prize for Young Art, Germany’s answer to the Turner Prize in Great Britain. Sponsored by BMW, the event took place in a huge automobile showroom on the Kurfürstendamm, the bustling commercial artery that runs through Charlottenburg. That was followed by a drink at the nearby Paris Bar, a legendary West Berlin hangout where the walls are covered in works donated by artists who ate and drank there.

At 2 a.m. I got a text message from Marc Spiegler, a writer and critic: "Peres party at oderbergerstr 56. Incredible space!" He was at a gathering put on by Javier Peres, a young Los Angeles-based dealer who opened a gallery in Berlin 18 months ago. I headed instead to Week-End, a club on the 12th floor of a nondescript office building in Alexanderplatz. It’s a well-known place where you can dance till dawn and watch the sun come up over the old Socialist apartment blocks on Karl-Marx-Allee.

In the taxi on my way home that night, I thought back on my discussion with Frank Thiel. "The art world is a moody beast," he said when I asked him about the city’s ascendance. "It might decide it loves another place." For the moment, Berlin still has all the energy, excitement, and promise of a fresh crush.