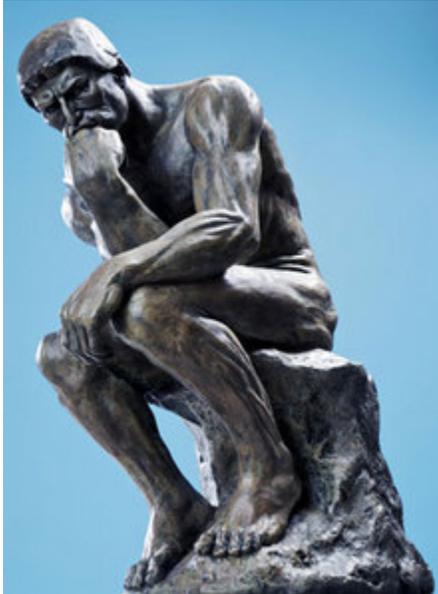


# Market Influences in Appraising Fine Art

Negative and Positive Influences on Value

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The art market is secretive and complicated. Galleries compete to represent the most popular artists and to sell coveted works.

Because of this, they are often suspicious of those who call or email them asking for pricing information on a particular work. It instills a certain fear that a competing gallery is gauging its prices and inventory.

For this reason, works quoted on the telephone are sometimes inflated. To make things more difficult, a gallery will often deny giving pricing information at all. Instead, they will offer an opinion of “market value.” An opinion of “market value” from a gallery without actual numbers is a red flag.

## Comparable Works

Trained appraisers know that in order to value a work of art, they must find comparable works in the marketplace. “Comparable” means that artist, size, medium, subject matter, and condition should be similar to the subject property piece. A portrait by artist “X” is not the same as a landscape by the same artist. Similarly, a landscape measuring 5” x 7” is not the same as a landscape measuring 24” x 36.”

After comparing similar works an appraiser must come to his or her own, unbiased conclusion. If John Doe paid \$500 at an artist’s gallery for a limited edition print last week and the “market value” quoted on the paperwork supplied to Mr. Doe at that time says the “market value is \$1,500,” then that statement is inaccurate. A work of art is only worth what someone is willing to pay for it. If the same limited edition print can be purchased at the gallery today for \$500, then that is the

replacement value. Beyond the obvious market comparisons though, there are other important factors which assist appraisers in determining value.

### **Events with Negative Market Influence**

Similar pieces found last month may not be relevant today if something dramatic has happened outside of the market itself. For instance, in the 1980s the bottom fell out of the Salvador Dali print market after it was revealed that some dealers were producing and selling fakes. Since that time, there have been several others indicted in selling Dali prints which were not "real." As a result, there is constant confusion about which prints are the authentic ones. In turn, this has affected the value of all Dali prints in the market.

*The New York Times* recently reported that Alexander Calder's estate is accusing Calder's trusted friend and dealer, Klaus G. Perls, of selling dozens of fakes. In recent years, the values of Calder's works have skyrocketed. How this accusation will impact the market remains to be seen. At this point, what is most important for appraisers working on valuing a Calder is to take note. Watching auction sales to see if prices show a dramatic change over the next few weeks and months as a result of this information will be critical.

Another example of an event having a negative market influence is when a number of the works by the same artist appear in the market at the same time, thus "flooding the market." When this happens, the laws of supply and demand take over. Generally, prices go down. A good example of this is the "limited edition," signed, realistic nature prints that were popular in the 1970s. At the time, many galleries sold these prints with the promise that they would go up in value. What they did not anticipate, however, was that many of these artists never achieved extreme popularity. Moreover, the style of the artwork went out of favor, and thousands of people started putting their "limited edition" artwork, which was actually produced in very large numbers, into the marketplace simultaneously. While there may have been a few buyers willing to purchase these prints, the vast majority went unsold, thus driving market prices down.

### **Events with a Positive Market Influence**

On the other hand, an event may have a positive effect on an artist's market. For instance, in the last two years there has been a renewed interest in the sculptures of Joan Miro. From March 2012 until January 2013, Yorkshire Sculpture Park in England presented the largest survey ever of the sculptures Miro created in his seventies and eighties. Before this time, Miro's large-scale sculptures were not well known outside of France and Spain. This show, together with the media surrounding it, created renewed interest in Miro's monumental works. In February of 2013, "Femme," a bronze conceived in 1969 and measuring 74.41 inches, sold at Christie's in London for \$9.9 million.

"Femme" is a very large Neolithic-inspired fertility goddess completed in bronze; it is from a limited edition of four, plus one artist proof and two foundry casts. An appraiser looking only at auction results may think that this work was an anomaly in the market or that unknown circumstances caused the price to rise. However, knowing there was a show in Yorkshire of similar works might lead appraisers to look at an overall picture of the global auction sales this year.

What they would discover is that the sales volume for Joan Miro sculptures is already higher in 2013 than any year dating back to 1992 (except for 2007). The average sale price in 2013 for all sculptures both large and small is \$2,662,186. The mean sale price is \$1,674,994. These figures have increased every year including sales numbers from 2007. Further conversations and contact with galleries

would also help the appraiser gain insight into the demand for these works. Along these lines, we spoke with several galleries who noted that there has indeed been increased interest in Miro's work.

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