

# Investment Help

*Who To Turn To For The Right Advice*

By HOWARD L. REHS

COLLECTORS SEEKING ADVICE on investing in the art market have a variety of resources to choose from. Most banks and investment companies offer art advisory groups to assist their wealthier clients, and numerous independent art investment firms have popped up throughout the years. Is it really a good idea, however, to turn to people who are accustomed to analyzing investments strictly on numerical data?

Buying artwork is nothing like buying common stock in a corporation, where all shares are exactly alike. With stock investments, an advisor can easily research a company and determine if its business model is sound, if its products are desirable, how the price for the stock has appreciated over time, and how other professionals perceive the company, using the many charts and graphs that are available. None of that applies to buying an original work of art!

At the risk of sounding self-serving, collectors are much safer working with dealers and advisors — art-world professionals who have not only made a serious, lifelong study of art, but have survived the market's good and bad times. We have the ability to look at a specific artist's work over a period of time, fully understand why specific pieces sell for the prices they do, and make reasonable predictions about the future value of these pieces.

Each work of art is, after all, a one-of-a-kind product made by an independ-



dent company, known as an artist. So many factors enter into the equation when determining the true value of a specific piece. Wouldn't you prefer to work with someone who has seen each of the works, knows how to accurately evaluate their condition, and has a good feel for their commercial appeal based on similar sales?

It's also invaluable to work with someone who knows the complete background of the artist's life and the period in which he/she painted. Just because a currently "hot" artist created something does not mean that it has "real" or, more important, "potential" investment value. When you're considering a long-term investment in a work, you want to be assured you won't be left holding inferior works when the market cools off.

Finally, you need someone who understands the sales history of pieces that have appeared on the market before. Many believe that auction records can provide an accurate barometer of a work's value, not to mention of the art market's health. What needs to be understood is

that auctions often display the market at its extremes. The environment is competitive, with many inexperienced and even experienced buyers getting caught up in the frenzy. The adrenalin starts to flow, and the "I gotta have it" mentality kicks in. I can't tell you how many times I've sat in the auction room and watched people overpay for a work, which may falsely elevate its value in the future.

In order to succeed in the art investment arena, you must understand that participating in the art market is not like participating in the stock market. Works of art are not as liquid as stocks, so you need to be in it for the long term. Smart choices thus become even more important. Before you make your next investment, I urge you to get real advice from a real expert who specializes in the appropriate "sub-market" within the greater art market, such as 19th-century art, Impressionist, Old Master, Modern, etc. Let them help you buy the right works at the right price from the right people.

As I often say, it's a jungle out there. Without the best possible guide, you are not only ripe for the picking, but will probably be eaten alive! ■

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