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Art Appreciation
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By BROOKS BARNES
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Wolfgang Joop was looking forward to a windfall when he put one of his favorite Art Deco paintings up for sale late last year. The New York fashion designer bought a portrait by Tamara de Lempicka back in 1989, when her works could still be had for the low six figures. In the years since, the art market has climbed and collectors Madonna and Barbra Streisand had lifted Lempicka's prices. Mr. Joop's painting carried a starting bid of \$2 million.

But Mr. Joop got a big surprise -- it flopped. As it turned out, both singers have moved on to other collecting areas, and trends in the art market have shifted as well. "I was stunned," he says.

During the past 15 years, the art market has had a dazzling boom, with the price appreciation of some artists outpacing the return of stocks and bonds. Works by contemporary art darling Jeff Koons have essentially doubled in value every year, and one of Albert Bierstadt's sweeping American landscapes bought for \$50,000 in 1988 could well be valued at about \$1 million now. But not every artist has been a good bet -- and talent isn't always what matters. Works by French Impressionist Alfred Sisley hang on the walls of major museums, but his average selling price at auction has fallen 50% since 1988. The price setbacks have been just as striking for some hot artists from the '80s and '90s.

Art dealers, of course, rarely talk about these numbers, and they don't typically appear in auction catalogs. To find out which names are getting the best returns, Weekend Journal analyzed auction results for 100 key painters and sculptors going back to 1988 -- some 6,000 transactions in all. Using data from Artnet, a database of auction statistics, the survey covered blue-chip names like Claude Monet along with such cutting-edge artists as Damien Hirst, famous for slicing up cattle. For each artist, the survey

charted average auction prices to see where values had risen or fallen the most during the art boom.

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The results showed it helps to follow the art world's version of insider information. It mattered, for example, to research what museum shows were coming a couple of years down the pike; well-reviewed retrospectives sharply lifted artists' works. (The price for a Matisse climbed to \$14.5 million during a huge show at New York's Museum of Modern Art in 1992, about double his prices a decade earlier.) When an artist moved from an auction house's catch-all "day" sales to the black-tie evening ones, it usually meant a price uptick was coming. It also helps to follow what big collectors are buying; purchases by Microsoft Chairman Bill Gates, for example, energized the once-moribund American paintings market. Experts say one collector worth attention is French billionaire François Pinault, owner of auctioneer Christie's International. Jean-Michel Basquiat is one of Mr. Pinault's favorites, and the artist's average price more than doubled during the past five years.

A reliable tip-off of an artist about to take off: when an auction house takes a work on an international tour. For years, the paintings of French Impressionist Gustave Caillebotte rarely crossed the million-dollar mark at auction. Then in 2000, Christie's took one of his better works, "L'Homme au Balcon," and displayed it at events in Paris, Hong Kong and New York. A few months later, the painting fetched \$14.3 million at auction (more than double its estimate), and Christie's has gone on to sell 13 more Caillebottes since then, with eight soaring over \$1 million. "The trick is to take a single important picture and use it as a tool to get everyone talking about the artist," says Franck Giraud, the former director of Impressionist art at Christie's and now a private dealer in New York.

Of course, sensing the currents in the art world has never been easy. Not only do individual artists fall in and out of style, but entire genres can fluctuate based on everything from home-decorating trends to the value of the yen. Complicating things further, the art industry often takes pains to downplay the investment aspects, advising people to buy art they enjoy. But even among the most cultured collectors, few want to see the value of their works diminish -- and many are often hoping for an eventual profit.

By Edgar Degas

Swayed by Fashions

Now with the art market on the rise again, figuring out which artists are "buys" and "sells" is becoming all the more important. The strength of the art market is generally affected by the economy overall. But while buying and selling works often seems akin to trading stocks, insiders say it works more like the luxury real-estate market -- insulated somewhat from economic downturns, but sharply swayed by fashions, marketing campaigns and even the activities of celebrity buyers. "Sometimes who's hot seems to come out of nowhere," says Leslie Hindman, president of Leslie Hindman Auctioneers & Appraisers in Chicago.

Indeed, many new names are taking off in the art world because the well of famous art is running dry. The vast majority of blue-chip van Goghs and Cézannes are already ensconced in museums and private collections. Consequently, as New York art dealer David Maupin puts it, the auction houses "need to create new stars by trying to make something marginal great." A strong price for an obscure artist, Mr. Maupin adds, leads to "a flood of future consignments." One of the most recent examples is Alexei von Jawlensky, a relatively low-profile Russian painter described by Sotheby's last fall as "an overlooked master." After a strong marketing push, one of the artist's works fetched \$7.4 million in November. (It was a "sure sell even without marketing," says a Sotheby's official.)

By Cindy Sherman

Still, any amount of hype can't stop a sea change in tastes, which in the art market can happen in the span of a season or two. Few artists were hotter during the late '80s than Julian Schnabel, a burly innovator of "big paintings," and Ross Bleckner, a fixture on the art scene whose vertical

stripe paintings sizzled. (Both were big enough names to make the Encyclopaedia Britannica). But as crockery started popping off Mr. Schnabel's cracked-plate paintings and Mr. Bleckner kept turning out fairly similar-looking works, both artists fizzled at auction. From 1988 to 2003, Mr. Schnabel's average annual selling price plummeted 39%, with Mr. Bleckner's falling 7%. Art dealer Mary Boone, who represents Mr. Bleckner, and Vincent Fremont, Mr. Schnabel's agent, both dismissed the declining auction prices, noting that prices remain strong privately. "Everyone loves to pick on Julian," Mr. Fremont says.

Of course, tracking changes in art values isn't a perfect science. Unlike stocks -- which usually find a buyer when their prices dip -- works by artists who have been forgotten or have fallen in value tend to stay off the block, so any art index based on auctions has an upward bias. Moreover, major Old Master artists, such as Rembrandt, didn't make the list for Weekend Journal's survey, as few of their paintings come up for sale anymore. Also, the survey focused primarily on artists who sold at least 10 marquee works a year at auction, though it included some newer stars with fewer sales -- such as Jeff Koons, who went against trends when he hit the scene, only to become one of the biggest gainers in our survey over time.

The best "investment" in art? Surprisingly, it was photographer Cindy Sherman, a 50-year-old artist who became famous snapping elaborate self-portraits, sometimes disguising herself with prosthetic appendages and makeup in poses that echoed famous scenes in movies. Ms. Sherman got her big break in 1995 when the Museum of Modern Art acquired all 69 of her black-and-white "untitled film stills," igniting demand. Her average price went from \$14,218 at auction in 1993 to \$67,167 last year. That works out to an increase of 372% in 10 years. (Over the same period, the Dow Jones Industrial Average grew 179%; the average growth for all artists in Weekend Journal's survey was 102%.)

By Robert Motherwell

A Profitable Shift

But art insiders say there were other factors behind Ms. Sherman's rise. For starters, she filled a gaping gender gap in the postwar art collections of many major museums at a time when they were under pressure to collect more female artists. Also helping: In a quiet shift, the auction houses transferred

Ms. Sherman from their photography sales to their highly publicized contemporary art sales. "Once they did that, prices really started taking off," says Janelle Reiring, co-owner of Metro Pictures, the New York gallery that represents Ms. Sherman. Ms. Sherman's turn at dating actor and major collector Steve Martin didn't hurt.

Indeed, the cult of celebrity plays a huge role, over and over again, in which artists hit. About a decade ago, media executive Ted Turner started spending heavily on the works of Bierstadt, known for his 19th-century paintings of America, sending the artist's average selling price to \$772,710 last year from \$39,214 in 1988. In another instance, Francesco Clemente painted actress Gwyneth Paltrow in 1998 for the movie "Great Expectations," and his prices subsequently doubled.

Still, the results suggest that those looking to profit from art should strike while the iron is hot. John Singer Sargent's average sale price rose 45% from 1993 to 1998, when a retrospective went on a three-year tour of U.S. museums. But even prices for Sargent, a Gilded Age superstar, are easing now that the show is closed.

"It's the same case over and over again," says Betty Krulik, former head of the American paintings department at auctioneer Phillips, de Pury & Luxembourg. Artists "get a lot of attention right before a show opens and prices go crazy -- then cool off."

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Behind the Survey

In the volatile art market of the past 15 years, collectors have made winning bets on the latest young painters — and lost millions betting on short-lived movements. So which artists have been the best (and worst) investments?

To find out, Weekend Journal took a broad survey of recent auction sales prices for 100 painters and sculptors — from Post-Impressionists like Paul Cézanne to contemporary artist Jeff Koons —

using data from more than 6,000 art transactions in New York and London provided by Artnet, a database of auction prices. For each artist, the average annual auction sales price was charted at four points: 1988, when the art market was taking off; 1993, after it took a severe dip; 1998, when a robust economy started pouring money into art again and 2003. The percentage change over the last five and 15 years are listed.

This survey, of course, aims to provide only a slice of the market. The 100 artists were chosen based, in part, on how often their works trade at the big auctioneers Christie's and Sotheby's. (Rembrandt and Pollock, for instance, didn't make the cut because too few of their paintings came up at auction in 2003.) Overall, auctions provide "an incomplete picture" of the art market, notes prominent New York art adviser Thea Westreich, because many top art prices are paid behind closed doors at galleries. Moreover, artworks aren't interchangeable, and prices for any artwork vary based on its condition, rarity and whether any famous collectors have owned it, says Amy Cappellazzo, co-director of contemporary art at Christie's.

The resulting list was then narrowed to the 50 biggest — or most surprising — names. To determine whether their works were "over-valued" or "undervalued," Weekend Journal ran the numbers by a panel of art-market experts (some of whom do own works by some of the artists they rated). They included: Franck Giraud, a leading New York dealer in Impressionist and modern art; Los Angeles art adviser Barbara Guggenheim; Darlene Lutz, a New York art adviser who buys and sells for celebrity clients; Richard Polsky, a San Francisco author whose books include "I Bought Andy Warhol"; and Victor Wiener, past executive director of the Appraisers Association of America. The "Buy, Hold, Sell" recommendations represent the panel's consensus.

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