

THE VALUE OF ART

In troubled times, art—whether literature, performance, painting or photography—becomes extremely important. Although investing in it may seem a luxury, art reminds us of the inherent beauty of life and humanity, something we often overlook and under-appreciate when we are busy making money.

That said, art *is* an investment and one that rarely depreciates in value over time.

In 2002, Jiangping Mei and Michael Moses of NYU's Department of Finance conducted a study using an annual index of art prices for the period 1875-2000. They found that "contrary to earlier studies, art outperforms fixed income securities as an investment.... Art is also found to have lower volatility and lower correlation with other assets, making it more attractive for portfolio diversification than discovered in earlier research."

In coming years, the world-wide expansion of art markets promises to drive the demand for serious art ever higher. Last May, work by American artists Mark Rothko and Andy Warhol sold for \$72.8 million (Sotheby's) and for \$71.7 million (Christie's) respectively. It is noteworthy that the Warhol piece, *Green Car Crash*—like many of his other works—was created using photographs.

In fact, the value of photographic prints, in particular, continues to rise dramatically relative to other forms of art. Last November, Richard Prince's *Untitled (Cowboy)* sold at Sotheby's in New York for a record-breaking \$3.4 million. This is the most expensive photo ever sold at auction. The previous record sale was for an Andreas Gursky print that sold for \$3.3 million. And before that, Edward Steichen's *The Pond-Moonlight* went for \$2.9 million.

Of course, investing in art is also investing in an artistic vision that one shares. For Howard Read, owner of the Cheim & Read Gallery in New York's Chelsea Art District, collecting and marketing fine art photography is all about the artist. "The impact of the career and life of the artist," Read explains, "combined with the importance of the individual work or works drive the market."

The iconic Robert Mapplethorpe is a case-in-point. While at Read's early shows Mapplethorpe's prints barely topped \$1,000, they now command up to \$50,000 each. Fashion photographer Herb Ritts is another example. His prints sold for between \$750 and \$1,500 each in the mid-1980s. Less than twenty years later a single print, *Djimon With Octopus*, sold at Christie's for \$22,000.

Citations

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