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# The *Labyrinthine* World of Art

Art is a billion-dollar business, so before you get into investing, you might want to consult an art dealing expert.

By Katie Garry and Nisha Stickles

**T**he art of art dealing is opaque. From the perspective of those not acquainted with the art world, a piece's value is seemingly subjective, dictated by the taste of an individual art dealer. This lucrative industry is based upon guidelines unknown to the average person.

For the 2015 fiscal year, as of May, American art dealing gained revenue of \$11.3 billion, as reported by research company IBIS World. Paintings made up the largest segment of the industry at 54 percent, while drawings ranked second with 33 percent.

As with any industry dependent on disposable income, art dealing is sensitive to the economic climate. The drivers in the industry come from households earning more than \$100,000 a year, IBIS World states.

How, then, can one justify the economics behind purchasing an expensive piece of art? Consult an art dealer.

"The [art dealer's] job exists because it's a labyrinthine world to navigate where everybody is not playing by the same rules," says Elizabeth K. Garvey, director and owner of Garvey Simon Art Access, which represents artists, arranges exhibitions and consults for art collectors.

"To any person just coming in from the outside and with no knowledge, no expertise, it's really kind of scary."

## FRESH FROM THE STUDIO

An art dealer's responsibility is to sell art by representing artists through consignments.

Primary-market dealers, like Garvey, promote living artists. They receive work fresh from the studio to get the artwork seen and sold.

Secondary-market dealers handle artwork for resale on behalf of collectors and institutions. It is common for this category to deal with artists who are no longer living, creating issues of authenticity

and attribution. Galleries typically operate on a 50 percent commission that covers the rent for a gallery space and promoting the artists.

The economics behind successful art dealing extends beyond retail. Cynthia Reeves, owner of Cynthia Reeves Art Gallery, brought her gallery from a rural New England town, expanding it to a location on 24th Street.

"The challenge for galleries is to bring artwork they think is responding to the particular mindset or geography of where you are," Reeves says.

Reeves curated her roster of artists to an international scale through significant art fairs to gain outreach and access to diverse audiences. Art dealing is sensitive to the economic climate, and to react to the reverberation of the 2008 recession, galleries adjusted their strategies to navigate the fragile financial landscape. Reeves initiated five platforms: exhibition, art fairs, building corporate collections, public art and site art installation.

Aside from maintaining numbers, art dealers are responsible for accurately pricing artwork. From a buyer's perspective, cost-efficiency is determined by a dealer's proficiency in determining the value of a piece of art, and quantifying a piece's worth depends on authenticity, quality, rarity, condition and provenance—a work's chain of ownership.

Elizabeth K. Garvey noted that she also takes an artist's precedence into consideration—there needs to be an existing market for the artist's work.

"I'm not going to work with anyone whose work is less than...a thousand dollars," Garvey says. "But then again, if your work has enough integrity and is interesting and original enough, your work is going to be worth a certain amount of money, no matter what."

## FASHION REFLECTED IN PRICE

Garvey emphasizes that research is crucial to valuing an artwork's worth. Fashion and trends

can inflate a piece's value to a point at which it no longer accurately reflects quality or vision.

In a statement to ADAA, Brian Wallis, the Director of Exhibitions International Center of Photography, shared, "The most important thing you can bring to any purchase of art is an education. Know as much as you can about the work, what it is that is interesting and that initially captivated you."

Both Garvey and Reeves cite the internet as a resource for educating oneself on an artist's work. They also recommend hiring an advisor—an art dealer or any person proficient in art—to differentiate between true and relative value.

The most obvious role of artwork is to elevate the aesthetic of one's environment, but "the art market has [also] proved itself to be one of the primary engines of investing in what will be gained as a valuable commodity," Reeves says.

Reeves explains that as an investment vehicle, the art market is able to contribute to the economy at the high-end spectrum, "symptomatic to what we're seeing in the financial markets right now."

Like that of art itself, Chelsea's value as an art hub is based on the principle of association.

SoHo was once the gallery center of Manhattan in the late '80s and early '90s. However, rents increased to the point where galleries began looking elsewhere for space and soon found large, affordable warehouse spaces in Chelsea. Eventually, galleries' massive migration, in addition to the construction of the Highline, established Chelsea as the new epicenter for art.

Art dealing is not an industry based upon objective factual numbers. While there are significant factors to consider when evaluating a piece, having trust for an art dealer is the most important. If you're not already a member of the art community, invest in an expert's knowledge, for only then can you be assured of making a noteworthy investment.