

When Art Buyers Need Help

High-End Purchasers May Have More Money Than Knowledge

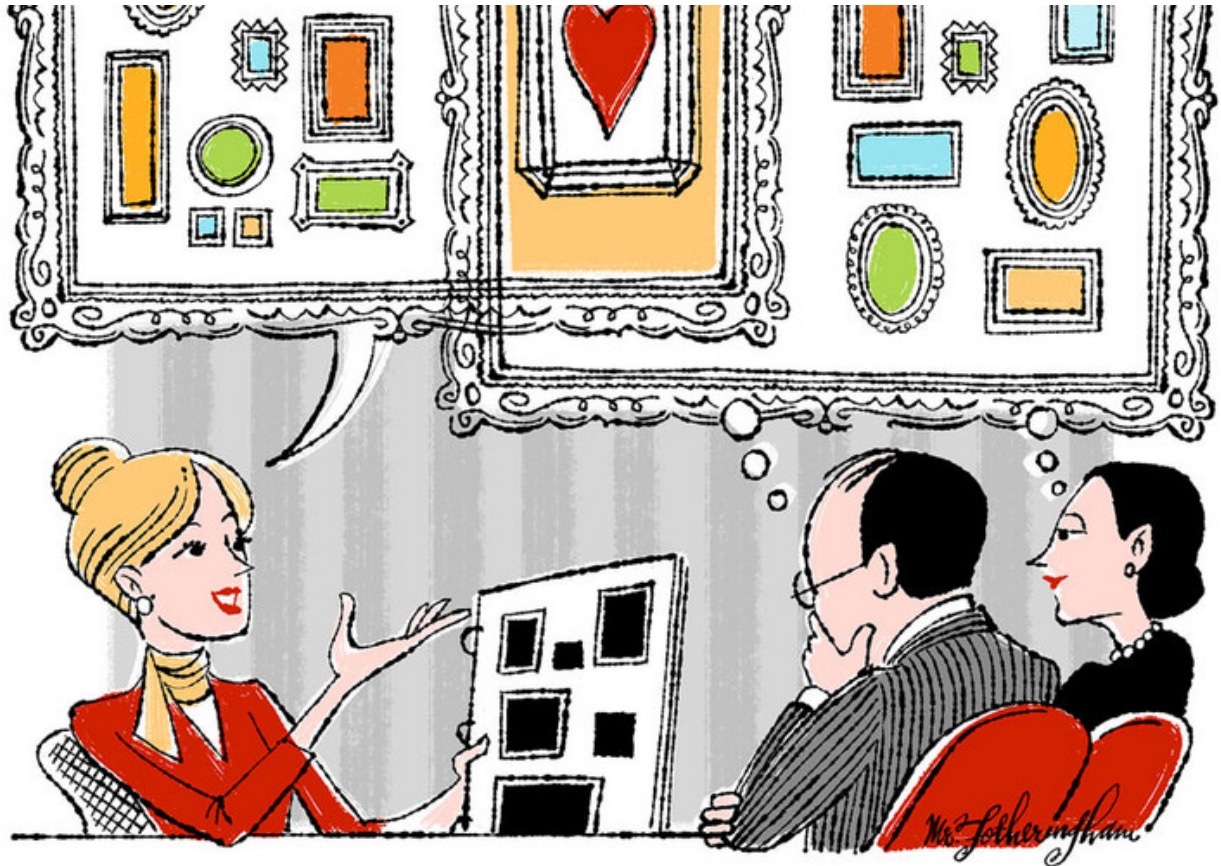


ILLUSTRATION: ED FOTHERINGHAM

By
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It's one thing to have the money and desire to collect art. It's another thing to know what to buy.

Enter art advisers, a fast-growing profession that promises to bridge the often sizable gap between buyers and sellers of expensive art. Many advisers are hired by businesses that want art to inspire their employees and impress customers. Others are finding a lucrative practice among the newly minted superrich from the developed and developing world, many of whom wish to decorate opulent homes in lavish style, while others wish to build art collections, either for personal enjoyment, a public legacy, or perhaps both.

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“A lot of my clients are somewhat informed about art, but most of them don’t know much, because they are really busy,” says Judith Selkowitz, an adviser in New York.

Here are some basics about how the art-advisory business works.

Who Uses Advisers

Art advisers tend to work for clients with very big budgets. Many such buyers, who often are pressed for time, are willing to pay substantial amounts for guides who help them identify highly desirable artists and pieces, and who negotiate the best prices for those works.

Wendy Cromwell, principal at the art advisory service Cromwell Art LLC in New York City, says her clients expect to spend at least six or seven figures on their art purchases. Ms. Cromwell, who is also president of the board of the Association of Professional Art Advisers, says that in most cases it isn’t worth the adviser’s time, or the client’s money, if the budget is less than roughly \$30,000.

How They’re Paid

The size of the client’s budget and the kind of project they have in mind (decorating one or more houses, or building a large collection, for instance) tend to determine how the adviser gets paid. Variations include hourly fees, monthly retainers, payments on a quarterly, annual or biannual basis, or a flat percentage of the cost of the artworks purchased. Excluding hourly rates, fees average about 17% of the value of the art purchased, according to the Association of Professional Art Advisers.

Artistic Assistance

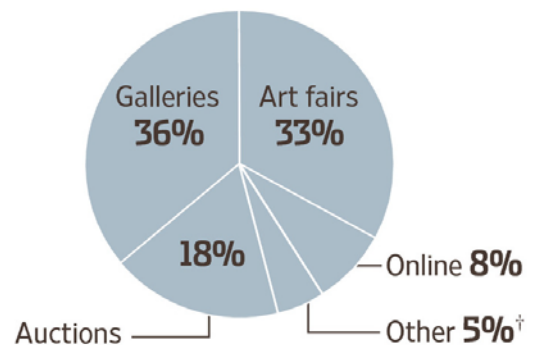
◆ What it costs

48% Percentage of advisers who charge by the hour

\$230 Average hourly rate

17% Average fee for those who charge by budget amount

◆ Where art advisers shop*



*Art purchases made 2011-2013

[†]May include artists, antique shops, flea markets

Source: Association of Professional Art Advisers’ 2013 APAA Benchmarking Survey

The Wall Street Journal

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An Education

For many clients, the adviser's service begins with an education in art appreciation. Many buyers don't know their own tastes and preferences, so the initial meetings with an art adviser may involve a wide-ranging look at Western and non-Western art in different media and styles over a span of centuries.

Todd Levin, an art adviser in New York City, says, "The majority of the time I spend with my clients is educating them about artists, art history and the inner mechanics of the art." That time may be spent visiting gallery or museum exhibitions, as well as at Mr. Levin's office where he makes visual presentations. "The more knowledgeable they are, the more confident they are and the more apt to buy," Mr. Levin adds.

Connections and Advantages

Some advisers say their relationships with certain gallery owners and dealers can give their clients advantages over most buyers of art, such as access to high-quality pieces that typically aren't available to the public.

"Most gallery owners don't put out their best work," says Ms. Selkowitz. "I can get my clients into the galleries' backrooms. I can get them to see pieces that the dealers haven't even brought into the gallery yet. I can provide entrance to dealers who would never speak to these people."

Some advisers also say they have connections that they say help them to negotiate lower purchase prices, or higher sale prices if a client wishes to sell a piece.

"We can shave the commission rate down from 25%, sometimes down to zero at auctions, because we do an enormous amount of business with auction houses," says Jessica Ransom, an adviser with the Palm Beach, Fla., office of New York-based Winston Art Group Inc.

Choosing the Right Adviser

Things go more smoothly when clients and advisers have similar tastes, something the buyer should try to determine early in the process.

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In initial meetings, or interviews, Mr. Levin suggests that buyers judge whether the potential adviser listens and communicates carefully. Advisers also should provide references, Mr. Levin says; perhaps a client or two, or gallery owners who have worked with the adviser.

Word-of-mouth recommendations (from dealers and collectors, usually) are the principal means by which someone learns of an adviser.

Some dealers and gallery owners moonlight as art advisers themselves, says Linda Blumberg, executive director of the Art Dealers Association of America. Because of fears of conflicts of interest, however, they aren't permitted membership in the advisers association, says Ms. Cromwell, the group's board president. The concern is that, as vendors, they would have a tendency to sell from their inventories instead of putting their clients' interests first. Similarly, Ms. Cromwell says, her association cautions its members against accepting payments from dealers when purchasing works for their clients.

Paul Gray, director of the Chicago-based Richard Gray Gallery, sometimes acts as an adviser and says he sees no conflict of interest. "Dealers often advise clients and do it with the depth of experience and the degree of connoisseurship that comes from years of intense looking and activity in the market," he says.

"A potential for conflict of interest exists in nearly all relationships," Mr. Gray elaborates in an email. "It is the integrity of the individuals that distinguishes and circumspection should always be a consideration in sound decision making."