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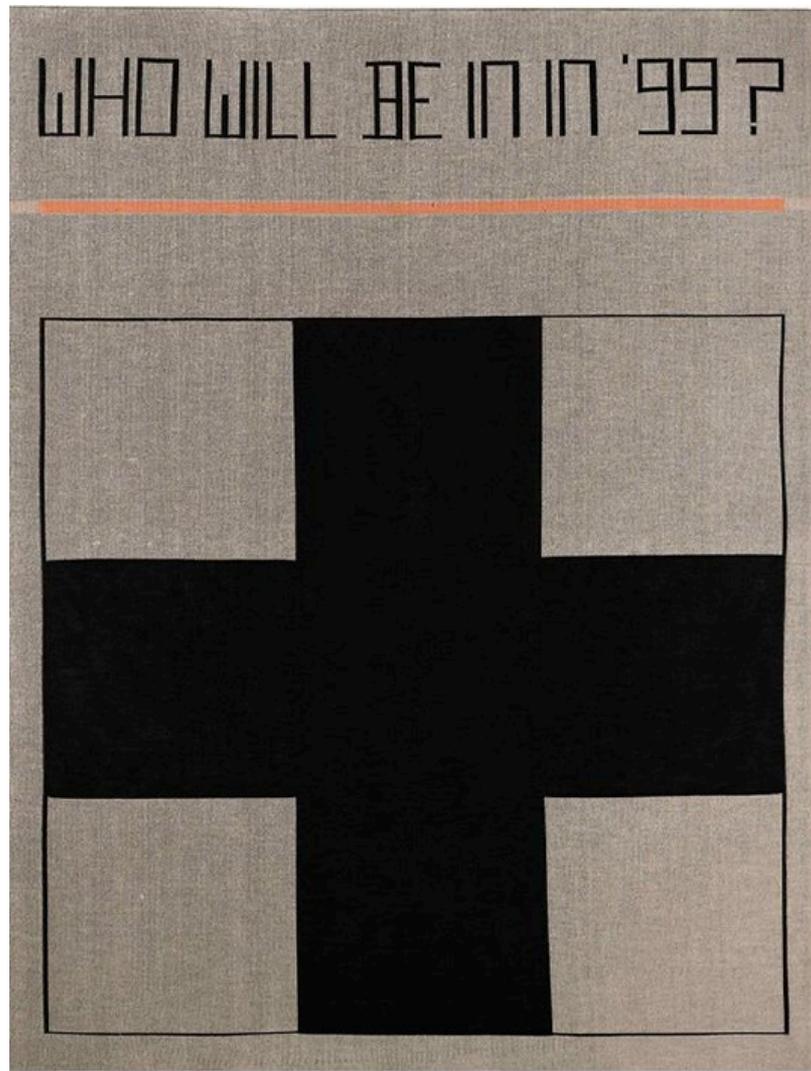
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Edited by Todd W. Sigety, ISA CAPP



# The Dynamics of Valuing Emerging Art and Artists

By David Shapiro



Rosemarie Trockel, *Who Will Be In In '99*, 1988, knitted wool, 82<sup>5</sup>/<sub>8</sub> by 63 inches (210 by 160 cm),

Edition: 2/3 + A/P

The valuation of works of emerging art,<sup>1</sup> while performed in accordance with the same methodological principles as the valuation of works in other collecting categories, has dynamics that are particular to it. One notable difference between emerging art and appraising works in many other collecting categories is the limitation of data. Whereas appraisers using the Sales Comparison Approach to valuation often rely upon the transparent, verifiable data of public auction records to establish Fair Market Value,<sup>2</sup> this is not an option in assessing values of many emerging artists who have limited or no auction history, requiring the appraiser to rely upon sales data recorded in news accounts or given by dealers. The latter may be difficult to obtain, as dealers are under no legal obligation to disclose information about past sales. Dealers' asking prices may or may not correspond to a market of realized sales, generally rendering them inappropriate as comparable data for purposes other than the assessment of Retail Replacement Value<sup>3</sup> for insurance.

When works by emerging artists debut at auction, the results may be at significant variance from prices commonly realized in the dealer market, which often remains the main market for the artist's work. Collectors seeking to re-sell works by emerging artists often return to the primary-market dealer, who may be able to secure stronger prices than an auction house can. Dealers normally operating in the

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<sup>1</sup> Artsy, self-described as “a platform for collecting and discovering art” defines “emerging art” as: “A general category for contemporary artworks created by young artists whose careers are on the rise. In addition to younger artists and newer works, the category also includes artists who are relatively under-recognized but for the most part considered on the path to critical and/or market acceptance.” See: <https://www.artsy.net/gene/emerging-art>

<sup>2</sup> Fair Market Value (FMV) is defined in IRS Publication 561 (dealing with charitable donations), as “the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.” (See: <https://www.irs.gov/publications/p561>). While Fair Market Value is used for all tax purposes, it may also be used for a variety of other appraisal purposes as well. Fair Market Value is generally understood to include transactions costs paid to the agent of the seller, including buyer's premium at auction, or a dealer's commission.

<sup>3</sup> Retail Replacement Value (RRV) is defined by the Appraisers Association of America (AAA) as “the highest amount in terms of US dollars that would be required to replace the property with another of similar age, quality, origin, appearance, provenance, and condition within a reasonable length of time in an appropriate and relevant market.” (See: <https://tinyurl.com/y5a28jbq>). See also: *Appraising Art: The Definitive Guide to Appraising the Fine and Decorative Arts*, 2013, “Terms and Definitions,” p. 438. Despite this definition, RRV may be expressed in currency other than US dollars, depending on the needs of the assignment.

primary market may want to handle the artist's secondary market (even if with relatively low returns) rather than risk a collector putting work to auction too soon, resulting in poor performance and consequent tarnish to an artist's emerging reputation. Works by artists with no prior auction history frequently sell for low prices at auction if they sell at all. Prices realized on the auction market for works of emerging art are often only a small fraction of prices realized in the primary market at retail galleries. In such a circumstance, particularly when the gallery has no known history of selling the artist's works on the secondary market, Retail Replacement Value will likely be many multiples of Fair Market Value.

By contrast, when primary-market supply is scarce and demand is high, works by emerging artists may sell at auction for prices that are considerably higher than retail gallery prices, inverting the traditional expectation that retail is a higher market than auction. In such cases, high prices may be realized from auction debut, sometimes for works that are the same age or scarcely older than those being sold at galleries in the primary market.

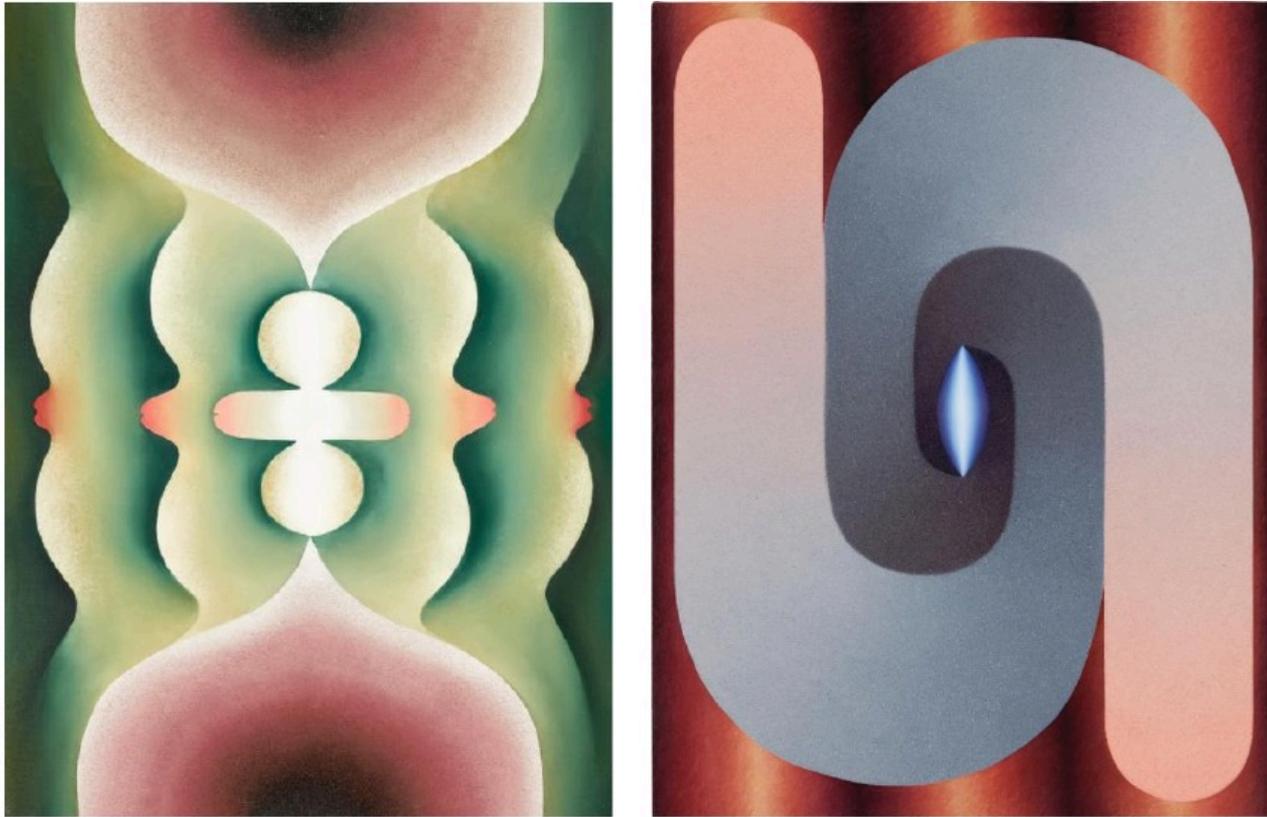
This has been the case with Loie Holowell (American, b. 1983), whose hard-edge paintings abstracting from female human anatomy and treating themes of sexuality have performed extraordinarily well in her few auction offerings to date. Her first auction offering, *Transformation in Green and Red* (2015) (illustrated below) sold for \$68,750 at Sotheby's New York on May 17, 2018, well above the pre-sale estimate of \$15,000 - \$20,000. Her next auction offering, *Linked Lingam in blue, gray, pink and copper* (2018) (illustrated below) sold for \$110,000<sup>4</sup> at Christie's New York on September 27, 2018, far surpassing its pre-sale estimate of \$20,000 - \$30,000. Each of these works is 28 by 21 inches.

Despite these auction prices, Pace Gallery, which represents Holowell, was offering her 48-by-36 inch paintings for \$55,000 each as of January 2019. Pace said that their prices did not change significantly over the past several months, despite the high sales at auction. Although the stellar performance of

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<sup>4</sup> All auction prices cited in this article include the buyer's premium.

these works at auction might have signaled to Pace that a price increase was warranted, the gallery presumably maintained the price structure to guard against inflation, maintaining close control of market growth.<sup>5</sup>



(l.) Loie Holowell, *Transformation in Red and Green*, 2015, oil on linen and panel, 28 by 21 inches (71.12 by 53.34 cm). Sold for \$68,750 at Sotheby's New York on May 17, 2018.

(r.) Loie Holowell, *Linked Lingam in blue, gray, pink and copper*, 2018, oil, acrylic, sawdust, and high-density foam on canvas mounted on panel, 28 by 21 inches (71.12 by 53.34 cm). Sold for \$110,000 at Christie's New York on September 27, 2018.

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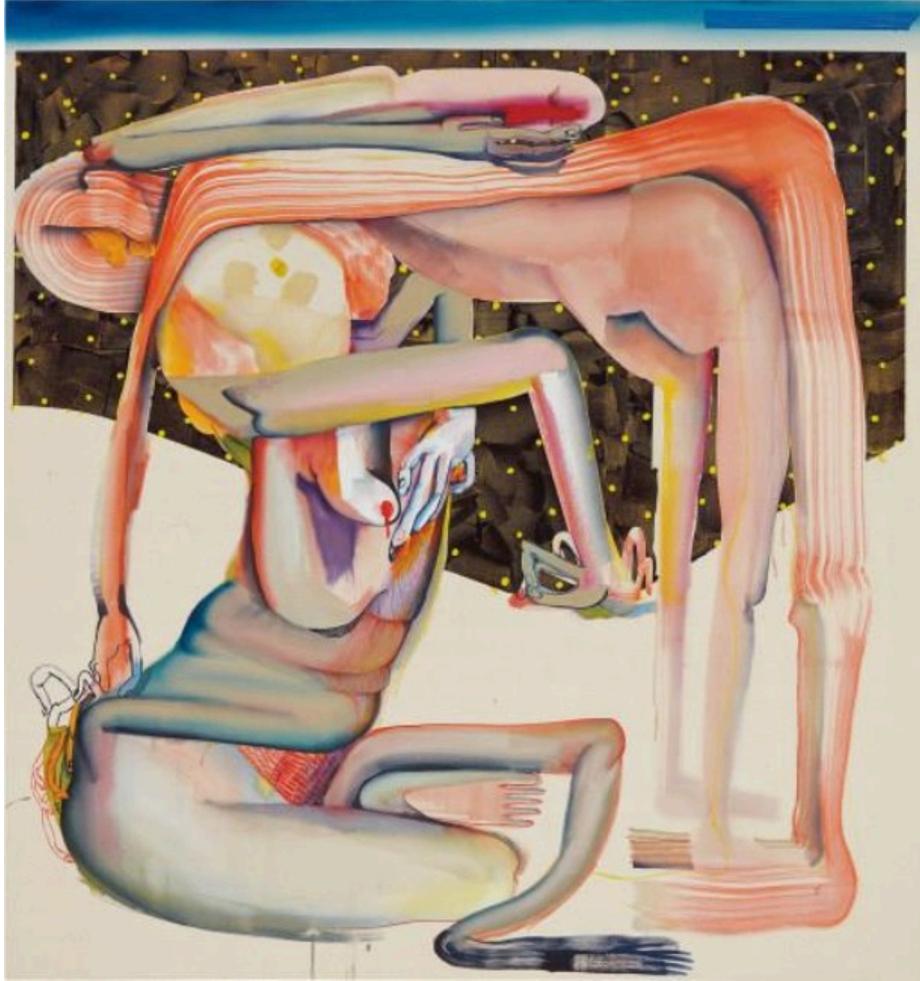
<sup>5</sup> Holowell's auction record was set on March 1, 2019, when *HUNG(UP)*, a 48-by-36-inch work sold for \$200,000 at Sotheby's New York against a pre-sale estimate of \$50,000 - \$70,000.

One can observe a similar pattern in the market for Christina Quarles (American, b. 1985), known for colorful paintings of abstracted long-limbed figures, which, according to her explanation, explore ambiguities stemming from her identity as a queer woman of mixed race.<sup>6</sup> Just two years after receiving an MFA from Yale University, and one year after her first solo show at a commercial gallery, David Castillo (Miami), one of Quarles's paintings, *Pull on Thru Tha Nite* (2017) (illustrated below), sold for \$225,000 in her auction debut at Phillips New York on November 15, 2018, far surpassing its pre-sale estimate of \$30,000 - \$50,000. This price was several times higher than the prices for which her paintings sell in the primary market at retail galleries. As of February 2019, the gallery Pilar Corrias, which represents Quarles in London, stated that their prices for her paintings are in the range of \$50,000 - \$60,000, but at the time, the gallery had none to offer, and thus, one can reasonably expect that in such an environment of scarce supply, if another painting by Quarles were to be offered at auction, it would again command a price far higher than gallery prices. Although such control of primary-market prices guards against inflation, which can have pernicious effects on the market for emerging art, it also limits the financial benefit to the artist, as the strong prices on the secondary market afford the artist little or no benefit, with the windfall going to the re-seller.<sup>7</sup>

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<sup>6</sup> See Christina Quarles's website: <https://christinaquarles.com/About>. See also the website for gallery Pilar Corrias (London), which represents her: <https://www.pilarcorrias.com/artists/christina-quarles/biography/>

<sup>7</sup> In the United States, resale royalties are only given to the artist in California, and only under certain conditions. In the United Kingdom, the Artist's Resale Right allows for a small percentage of resale revenue is to be returned to the artist. See: <https://www.gov.uk/guidance/artists-resale-right>



Christina Quarles, *Pull on Thru Tha Nite*, 2017, acrylic on canvas, 60 by 56 inches (152.4 by 142.24 cm). Sold for \$225,000 at Phillips New York on November 15, 2018.

The striking differences between auction and retail prices for highly sought-after emerging artists such as Holowell and Quarles might cause the appraiser to dispense with conventional wisdom when determining the most appropriate marketplace for identifying comparable sales data for a valuation assignment. In such cases, the retail gallery does not constitute the highest market. With auction being the highest market for these artists, the usual discrepancy between Fair Market Value and Retail Replacement Value collapses, and the two types of value are essentially indistinguishable.

Exponential growth in the prices for emerging artists may also take place entirely in the dealer market, as in the example of Amy Sherald (American, b. 1973), whose paintings of African-American figures, typically set against flat monochromatic backgrounds, rose to national attention following her

commissioned portrait of Michelle Obama for the National Portrait Gallery, Washington, DC, the first of its kind for an African-American woman.<sup>8</sup> Beginning in 2015, Sherald's works sold in the range of \$8,500 to \$10,000 at Monique Meloche Gallery (Chicago). By December 2017, following the announcement of the Obama commission, the gallery had, at the Untitled Art Fair in Miami, sold three of her works, all to museums, for \$50,000 each. On March 20, 2018, mega-gallery Hauser & Wirth announced exclusive worldwide representation of Sherald,<sup>9</sup> increasing her visibility and her prices; in December 2018, at Art Basel Miami Beach, Hauser & Wirth sold Sherald's *When I let go of what I am, I become what I might be (Self-imagined atlas)* (2018) (illustrated below) to a museum for \$175,000.<sup>10</sup> With such high demand and limited supply, it is likely that if a recent work by Sherald were to be offered at auction, it would command a much higher price than her current primary-market retail prices.

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<sup>8</sup> The commissioned portrait of Barack Obama was painted by another African-American artist Kehinde Wiley (American, b. 1977). At the time of the commissions, Wiley was significantly more established, having long exhibited with major galleries, and his work long been collected by major museums; Wiley's work was the subject of a solo exhibition at the Brooklyn Museum (February 20 – May 24, 2015).

<sup>9</sup> See Hauser & Wirth's archived announcement: <https://www.hauserwirth.com/stories/15541-hauser-wirth-announces-exclusive-worldwide-representation-american-artist-amy-sherald>

<sup>10</sup> See: Anna Louise Sussman, "Demand Soars for Amy Sherald's Work Following Obama Portrait Reveal", Artsy, Feb. 16, 2018 <https://www.artsy.net/article/artsy-editorial-demand-soars-amy-sheralds-work-obama-portrait-reveal>. See also: Andrew Goldstein: "Amy Sherald, Michelle Obama's Chosen Portraitist, Is Now a Bona Fide Art-Market Success Story," *Artnet News*, December 6, 2017, <https://news.artnet.com/art-world/amy-sherald-rising-star-untitled-miami-beach-2017-1171190>. See also: Caroline Goldstein, "Price Check! Here's What Sold – And For How Much – At Art Basel in Miami Beach 2018," *Artnet News*, December 10, 2018, <https://news.artnet.com/market/price-check-art-basel-in-miami-beach-1413343>.



Amy Sherald, *When I let go of what I am, I become what I might be (Self-imagined atlas)*, 2018, oil on canvas, 54 by 43 inches (137.16 by 109.22 cm). Sold for \$175,000 by Hauser & Wirth at Art Basel Miami Beach in December 2018.

The fast emergence of markets for artists such as Holowell, Quarles, and Sherald has ramifications for a variety of appraisal purposes. One notable example is appraisal for the purpose of establishing values for scheduled insurance policies. Whereas in some market sectors, values generally change slowly, making the need for appraisal updates far from urgent, the rapidity with which markets develop for many emerging artists means that a scheduled insurance policy from just a year ago would today be highly outdated and insufficient for providing proper coverage for works by many artists.

While there are no reliable predictors for such dramatic increases in value, it is relevant to consider patterns of emergence in relation to larger collecting trends, including those at the uppermost echelons of the market. In the past few years in particular, collectors at various levels of the market have demonstrated significant interest in diversifying their collections with respect to the identity of the artist, including gender, race, and ethnicity. This desire has been expressed in several well-publicized examples at the top of the market, such as the sale of Georgia O’Keeffe’s (American, 1887-1986) *Jimson Weed/White Flower No. 1* (1932) to the Crystal Bridges Museum of Art for over \$44 million at Sotheby’s on November 20, 2014, eclipsing the previous record for a female artist.

Among the high-profile sales of works by African-American artists in recent years, one can look to the example of Jean-Michel Basquiat’s (American, 1960-1988) untitled head, which sold to Japanese collector Yusaku Maezawa for slightly over \$110 million, setting all-time auction records both for a work of American art and a work of art created after 1980. As another example, Kerry James Marshall’s (American, b. 1955) *Past Times* sold to rapper and media mogul Sean Combs (Diddy) for slightly over \$21 million at Sotheby’s New York on May 16, 2018, setting the record for a living African-American artist. Concurrently, there have been several notable exhibitions highlighting the achievements of contemporary black artists.<sup>11</sup>

At a moment when the art world is seeking, in various ways, to address past inequalities in representation, demand is strong for artists with the capacity to diversify collections, particularly those whose

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<sup>11</sup> These include “Soul of a Nation: Art in the Age of Black Power” at the Tate Modern (July 12 – October 22, 2017), the Brooklyn Museum (September 14, 2018 – February 3, 2019), and the Broad, Los Angeles (March 23 – September 1, 2019); “Basquiat: Boom for Real” at the Barbican Art Gallery, London (September 21, 2018 – January 28, 2018); “Jean Michel-Basquiat” at the Brant Foundation, New York (March 6 – May 15, 2019); “The Music of Color: Sam Gilliam, 1967-1973” at the Kunstmuseum Basel (June 9 –September 30, 2018); “Adrian Piper: A Synthesis of Intuitions, 1965-2016” at The Museum of Modern Art (March 31 – July 22, 2018); “Odyssey: Jack Whitten Sculpture, 1963-2017” at the Baltimore Museum of Art (April 22 – July 29, 2018) and the Met Breuer (September 6 – December 2, 2018); and “Lynette Yiadom-Boakye: Under-Song for a Cipher” at the New Museum (May 3 – September 3, 2017), among many others.

works address issues of identity. With prices for many established African-American artists increasingly out of reach for many collectors, there is presently strong demand for those who have more recently entered the market, such as, among many others, Jordan Casteel (American, b. 1992),<sup>12</sup> Derek Fordjour (American, b. 1974),<sup>13</sup> Jennifer Packer (American, b. 1984),<sup>14</sup> Tschabalala Self (American, b. 1990),<sup>15</sup> and Vaughn Spann (American, b. 1992).<sup>16</sup>

African-American artist Jonathan Lyndon Chase (American, b. 1989)'s loosely-rendered paintings on themes related to his identity as a gay black man, were priced between \$10,000 - \$15,000 in two sold-out solo shows in 2018, one at Company Gallery (New York), the other at Kohn Gallery (Los Angeles). Despite these relatively low prices, Josh Friedman, associate director of Kohn gallery, said:

[The exhibition] probably could have sold out five times over [...] We didn't raise the prices for this show too much because our goal was placement and we wanted to make sure that the works were affordable for institutions [...] Just because demand is high doesn't always mean it's correct to push prices up. [...] He's a young artist and we want him and his prices to grow in tandem.<sup>17</sup>

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<sup>12</sup> Casteel's second auction offering, *Patrick and Omari* (2015) sold for £299,250 (\$393,809) at Christie's London on March 6, 2019 against an estimate of £40,000 - £60,000 (\$52,639 - \$78,959). Earlier that week dealer Casey Kaplan was offering her paintings in the range of \$35,000 - \$50,000 at The Art Show of the Art Dealers Association of America (ADAA) at the Park Avenue Armory in New York.

<sup>13</sup> Josh Liley Gallery (London) sold eight of Fordjour's works at Art Basel Miami Beach in December 2018, priced between \$25,000 - \$60,000. See Goldstein 2018.

<sup>14</sup> Packer is represented by the prominent New York gallery Sikkema Jenkins & Co., which is currently offering her works for up to \$75,000 each.

<sup>15</sup> Self is represented by Pilar Corrias (London) and Thierry Goldberg Gallery (New York). Less than four years after receiving an MFA from Yale University, her work is in numerous significant public collections including the Hammer Museum (Los Angeles), Perez Museum (Miami), and the Rubell Family Collection (Miami). Her auction debut took place on March 7, 2019, when *Lilith* (2015) sold at Phillips London for £125,000 (\$164,236), appreciably above the pre-sale estimate of £40,000 - £60,000 (\$52,555 - \$78,833).

<sup>16</sup> Within a year after receiving his MFA from Yale, Spann, primarily an abstract painter, has had a solo exhibition with Half Gallery (New York), run by influential tastemaker Bill Powers, and has been works purchased by such powerful collectors as the Rubell family and Beth Rudin de Woody. David Castillo Gallery sold a painting by Spann for \$25,000 at Art Basel Miami Beach in December 2018.

<sup>17</sup> As quoted in Henri Neuendorf, "With Back-To-Back Sold-Out Shows, the 28-Year-Old Painter Jonathan Lyndon Chase Is a Young Artist to Watch," Artnet News, June 29, 2018, <https://news.artnet.com/market/jonathan-lyndon-chase-market-1309103>. See also Eileen Kinsella, "Three Museums Rush to Buy Works by Jonathan Lyndon Chase," *Artnet News*, March 6, 2019, <https://news.artnet.com/market/jonathan-lyndon-chase-1482409>. In this article, published on

The market for emerging art is, however, far from a one-way street; prices for works by emerging artists may contract as rapidly as they expand. Dealers' caution in pricing works by emerging artists today may in part be a reaction to a heavily speculated market in the earlier part of this decade, shortly after recovery from the financial crisis and culminating in 2014, after which, in the words of art-market journalist Georgina Adam, "[t]he speculative bubble in emerging artists popped loudly."<sup>18</sup>

In a February 2014 article in *Bloomberg* about speculation on emerging artists, art-market journalist Katya Kazakina identified the trend of putting work to auction early in the artists' careers:

Flipping has picked up as wealthy collectors chase paintings by emerging artists with the goal of reselling them quickly for a profit, a strategy some advisers say may be a sign that the contemporary art market is taking on characteristics of a financial bubble. From 2011 through 2013, the number of works three years old or younger sold at auction topped 7,300 annually, compared with 4,023 in 2007 when the art market was peaking, according to research firm Artnet Worldwide Corp.<sup>19</sup>

The vicissitudes in prices for emerging art during this period are perhaps exemplified by a group of process-based abstract artists, dubbed somewhat mockingly the "Zombie Formalists" by artist-critic Walter Robinson, who gave as examples Jacob Kassay (American, b. 1984)'s canvases covered with silver applied with an electroplating process; Lucien Smith (American, b. 1989)'s "Rain Paintings," in which paint is applied with a fire extinguisher; and several examples of works that resemble paintings

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the occasion of the Armory Show of March 2019, the prices for Chase's paintings were said to be \$20,000 on average, but no source is cited. Collectors were said to include the Walker Art Center; the Institute of Contemporary Art, Miami; Beth Rudin DeWoody, and the Hort family.

<sup>18</sup> Georgina Adam, *Dark Side of the Boom: The Excesses of the Art Market in the 21<sup>st</sup> Century*, London: Lund Humphries, 2018, p. 160.

<sup>19</sup> Katya Kazakina, "Art Flippers Chase Fresh Stars as Murillo's Doodles Soar", *Bloomberg*, February 7, 2014, <https://www.bloomberg.com/news/2014-02-06/art-flippers-chase-fresh-stars-as-murillo-s-doodles-soar.html>

but are made with materials other than paint, such as Chris Duncan’s “ghostly square monochrome whose surface is made from horizontal rows of strapping tape” (illustrated below) and other similar works in a show called “Ain’tings” curated by Ryan Steadman at Robert Blumenthal Gallery in New York (March 20 – April 26, 2014).<sup>20</sup>



Chris Duncan, *FADE #6 (A.I.W.I.L.L.A.B.O.L.T.T.T.P.A.)*, 2014, Strapping tape, glue, plexi, paper, wood filler, matte finish on panel with maple frame, 49¼ by 49¼ by 1⅞ inches (125.1 by 125.1 by 4.76 cm)

At the time of Robinson’s article, roughly the market peak for emerging process-based abstract art, the high auction price for a Kassay was \$317,000, realized at Phillips New York on November 11, 2013 for an untitled 2011 work (illustrated below), far exceeding the pre-sale estimate of \$150,000 -

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<sup>20</sup> See: Walter Robinson, “Flipping and the Rise of Zombie Formalism,” Artspace, April 3, 2014, [https://www.artspace.com/magazine/contributors/see\\_here/the\\_rise\\_of\\_zombie\\_formalism-52184](https://www.artspace.com/magazine/contributors/see_here/the_rise_of_zombie_formalism-52184)

\$200,000. Another untitled Kassay piece (illustrated below) created in 2012 with the same technique and at the same size and similar in appearance sold for only \$47,500 at Christie's Online on December 12, 2018, against an estimate of \$40,000 - \$60,000. The price realized was approximately 15% of the high price realized in 2013.



(l.) Jacob Kassay, Untitled, 2011, acrylic and silver deposit on canvas, 84 by 60 inches (213.4 by 152.4 cm). Sold for \$317,000 at Phillips New York on November 11, 2013.

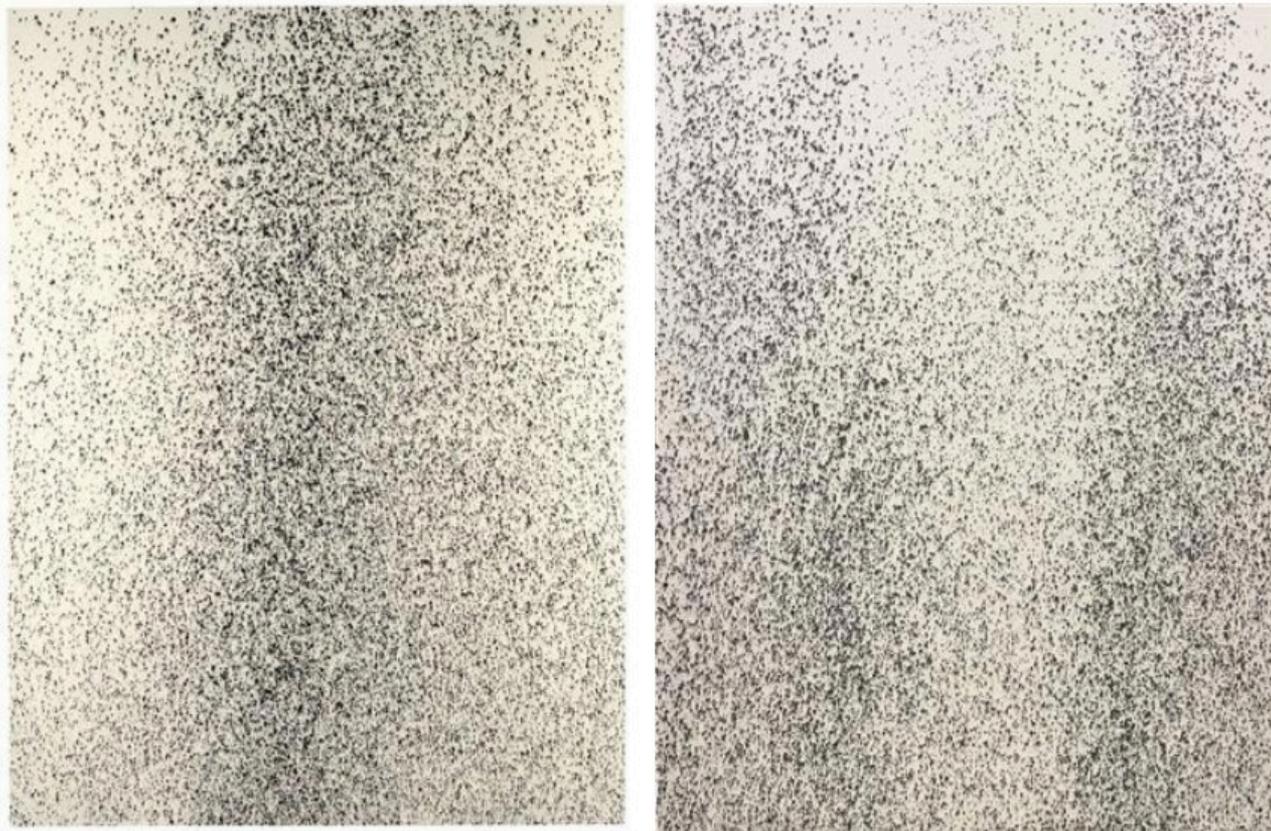
(r.) Jacob Kassay, Untitled, 2012, acrylic and silver deposit on canvas, 84 by 60 inches (213.3 by 152.4 cm). Sold for \$47,500 at Christie's Online on December 12, 2018.

Similarly, at the time of Robinson's article, the high price for a Smith "Rain Painting" was £224,500 (\$372,120),<sup>21</sup> for *Two sides of the same coin* (2012) (illustrated below) at Sotheby's London on February

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<sup>21</sup> Currency conversions used in this article generally follow from those published by the price databases Artnet and Artprice. There are sometimes very minor discrepancies among the published currency conversions.

12, 2014, against an estimate of £40,000 - £60,000 (\$66,302 - \$99,453).<sup>22</sup> A Smith “Rain Painting”, *Close Your Eyes & What Do You See* (2012) (illustrated below) sold for £20,000 (\$26,486) at Phillips London on June 26, 2018 against an estimate of £15,000 - £20,000 (\$19,864 - \$26,486); this work is identical in size, style, technique, and color as the high sale in 2014, but it sold for approximately 7% of the 2014 price.<sup>23</sup>



(l.) Lucien Smith, *Two side of the same coin*, 2012, acrylic on unprimed canvas, 96 by 72 inches (243.8 by 182.8 cm). Sold for \$372,120 at Sotheby’s London on February 12, 2014.

(r.) Lucien Smith, *Close Your Eyes & What Do You See*, 2012, acrylic on unprimed linen, 95<sup>7</sup>/<sub>8</sub> by 72 inches (243.8 by 182.9 cm). Sold for \$26,486 at Phillips London on June 26, 2018.

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<sup>22</sup> At the time of Robinson’s article, another Smith painting, though not a “Rain Painting” had sold for an even higher price. His painting *Hobbes, The Rain Man, and My Friend Barney / Under the Sycamore Tree* (2011) sold for \$389,000 at Phillips New York on November 11, 2013, far above the pre-sale estimate of \$100,000 - \$150,000. That sale, his auction debut, remains his highest price at auction to date.

In a *New York* magazine article of June 17, 2014, art critic Jerry Saltz elaborated upon Robinson's critical address of "Zombie Formalism," identifying a number of specific ways in which process-based abstract art was being made, and observing that certain strategies and effects closely resemble one another in the practices of various artists: He writes:

Edge-to-edge, geometric, or biomorphic composition is de rigueur, as are irregular grids, lattice and moiré patterns, ovular shapes, and stripes, with maybe some collage. Many times, stretcher bars play a part. This is supposed to tell us, "See, I know I'm a painting—and I'm not glitzy like something from Takashi Murakami and Jeff Koons."<sup>24</sup>

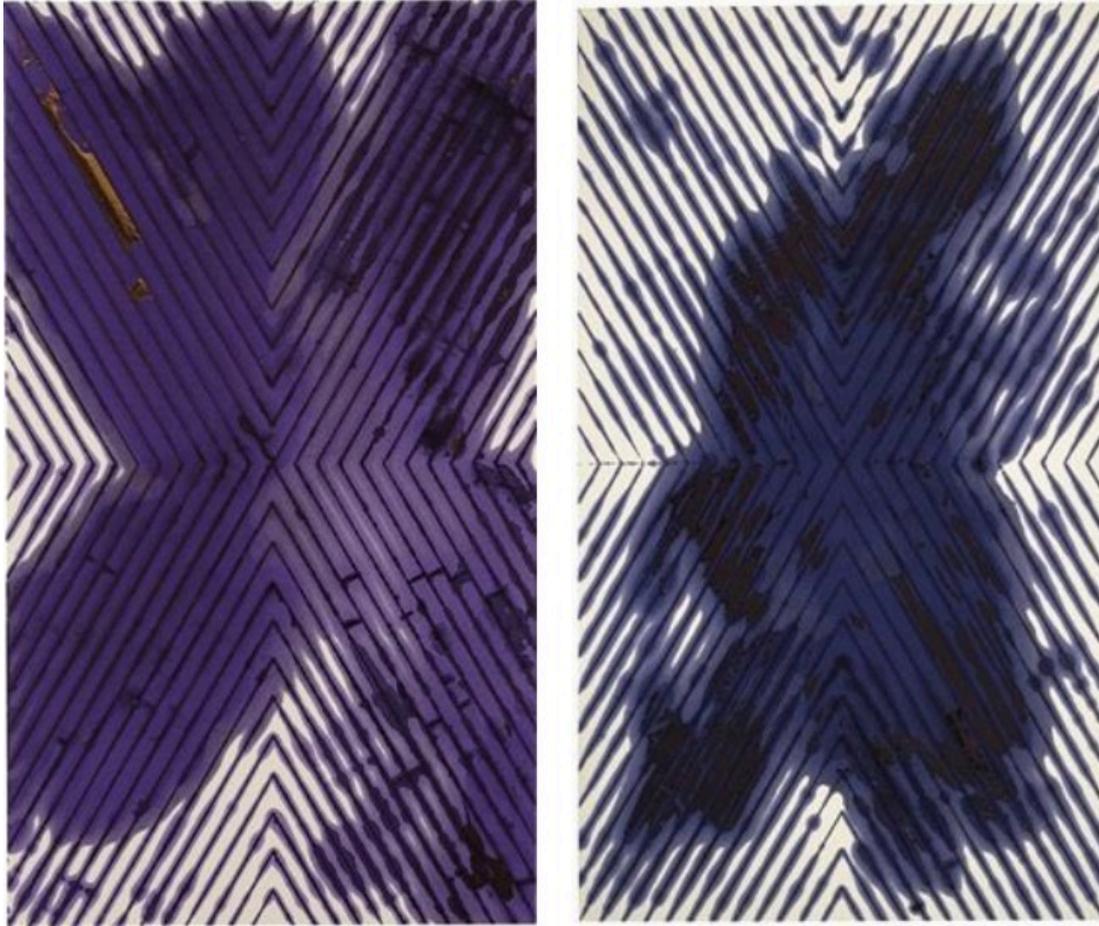
The markets for a significant number of the artists named by Saltz in this article surged and subsequently declined in patterns similar to those of Kassay and Smith. These include (among many others):

- Nick Darmstaedter's (American, b. 1988) oxidized-copper-on-canvas works reached an auction peak when *Suck* (2013) sold for \$149,000 at Sotheby's New York on September 24, 2014, several times above the pre-sale estimate of \$18,000 - \$25,000. *Multiplicity* (2013), which is identical in size, technique, date of creation, and color, sold for just \$21,114 on June 30, 2017 at Phillips London, against a pre-sale estimate of £15,000 - £20,000 (\$19,430 - \$25,907); this is 14% of the 2014 sale.
- Louis Eisner's (American, b. 1988) grid-patterned ink-on-Sheetrock works were temporarily popular at auction. On May 15, 2014, one such work from the "Knucklehead" series sold for \$53,125 at Sotheby's New York. On December 8, 2016, a work identical in technique, style, and size made only £6,250 (\$7,800) at Phillips London, about 15% of the 2014 high price.

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<sup>24</sup> Jerry Saltz, "Zombies on the Walls: Why Does So Much New Abstraction Look the Same?" *New York*, June 17, 2014, <https://www.vulture.com/2014/06/why-new-abstract-paintings-look-the-same.html>.

- David Ostrowski (German, b. 1981) became known for casually-styled white near-monochrome abstractions with collaged elements and lacquer. His auction record for one such work was set when *F (Gee Vaucher)* (2012) sold for £170,500 (\$292,653) at Phillips London on July 2, 2014. *F (Jet Grill)*, which is identical in style, technique, and size, and similar in quality sold for £37,500 (\$51,982) at Phillips London on March 9, 2018, about 18% of the high 2012 price.
- Ned Vena (American, b. 1982) is known for paintings in which two canvases are stretched over the same support, and both are flooded violet Garvey ink, which is normally used in supermarket price markers. The market for these paintings, which allude both to Frank Stella's paintings from the 60s and Andy Warhol's Rorschach paintings, peaked in 2014 and has subsequently crashed. The high price at auction for one such painting was \$125,000, realized on November 12, 2013 at Phillips New York; a similar painting at the same size sold for £6,250 (\$8,870) at Sotheby's London on April 11, 2018, about 7% of the high 2013 price. These works are illustrated below.



(*l.*) Ned Vena, Untitled, 2012, Garvey ink and acrylic in canvas, 84 by 48 inches (213.4 by 121.9 cm). Sold for \$125,000 at Phillips New York on November 12, 2013.

(*r.*) Ned Vena, Untitled, 2012, Garvey ink and acrylic in canvas, 84 by 48 inches (213.5 by 122 cm). Sold for £6,250 (\$8,870) at Sotheby's London on April 11, 2018.

One might opine on the role that negative press may have in scaring the market, particularly when coming from such a critic as popular as Saltz. Or, perhaps more compellingly, one might observe changing tastes. Given the strong market interest in recent years in art that treats issues of identity (often taking the form of figurative representation), it might stand to reason that non-objective process-based abstract painting would fall out of favor in proportion with raised interest in other forms of expression.

Diminishing prices are significant to appraisals in several ways. Whereas collectors are generally eager to update their insurance policies when they buy artists whose markets are rapidly expanding, insurance companies issuing scheduled policies may encourage collectors to have their policies updated so that scheduled values reflect market realities, such that in the event of a loss, the carrier would not be liable for paying beyond the true value of the work. Also, some collectors may wish not to pay excessive premiums for unwarranted coverage. Additionally, lenders using emerging art as collateral may wish to structure loans such that the appraisals are re-visited more frequently than they might be when lending against art in other, less volatile, market sectors, so that lenders do not find themselves extended beyond what is possible to recover if they need to take possession of the art and then try to sell it.

In analyzing emerging art, it is important to consider the discourse that articulates the meaning of the art, as this may affect demand and consequently value. Works that share certain aesthetic and/or structural similarities may be considered very different in the minds of collectors, and thus may have very different values – and value trajectories.

As a counterpoint to the Zombie Formalists, one can consider the example of Theaster Gates (American, b. 1973), a Chicago-based multi-media artist known for repurposing and reconfiguring objects, particularly those related to African-American history. Gates's first solo show, which took place at Kavi Gupta Gallery (Chicago) in April 2011, sold out, with prices ranging from \$20,000 - \$50,000.<sup>25</sup> Most of the works in the exhibition included decommissioned fire hoses, referring to police hosing of

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<sup>25</sup> Katya Kazakina, "Fire Hoses for \$39,000 Bring Fame to Theaster Gates: Hot Art," *Bloomberg*, August 16, 2011, <https://www.bloomberg.com/news/articles/2011-08-16/fire-hose-art-for-39-000-brings-fame-to-hot-urban-recycler-theaster-gates>. In addition to making objects, Gates is the founding executive director of the Rebuild Foundation, which according to the mission on its website, "collaborate[s] to extend the social engagement of Gates' studio practice to the South Side of Chicago and beyond." (See: See: Rebuild Foundation, <https://rebuild-foundation.org/our-story/>)

civil-rights demonstrators in 1963 in Birmingham, Alabama.<sup>26</sup> In 2018, a Gates flattened-fire-hose piece, *A Flag for the Least of Them* (illustrated below), sold for \$807,000 in the (RED) auction to fight AIDS in Africa, held in Miami by Gagosian and Sotheby's and curated by Gates himself (who recently signed with Gagosian) along with architect David Adjaye. The price, Gates's new auction record, soared above the pre-sale estimate of \$450,000 – \$500,000, and above his previous auction record of \$459,000, also for a flattened-fire-hose work, *Stars Over Harlem*, which sold at Sotheby's New York on May 17, 2018 against an estimate of \$250,000 - \$350,000. These fire-hose pieces, his most sought-after works, are essentially paint-less monochromatic abstract paintings. As such, they have both material and aesthetic affinity with many of the process-based abstract works maligned as “Zombie Formalism,” differing hardly at all in any structural way but rather in the discourse of social and political engagement that has been attached to them. Appraisers of emerging art must be keenly aware of the narratives that articulate individual artists' practices and even individual works of art, as visual affinity may deceive and in many cases has little or no relation to market patterns.

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<sup>26</sup> This narrative about the meaning of the fire hoses has been reiterated widely, including in web text used by the Brooklyn Museum (<https://www.brooklynmuseum.org/opencollection/objects/197576>) and the Tate (<https://www.tate.org.uk/art/artworks/gates-civil-tapestry-4-103666>).



Theaster Gates, *A Flag for the Least of Them*, 2018, decommissioned fire hose, 59<sup>7</sup>/<sub>8</sub> by 84<sup>5</sup>/<sub>8</sub> inches (152.1 by 214.9 cm). Sold for \$807,000 in the (RED) auction, held in Miami by Gagosian and Sotheby's in December 2018.

The advent of social media has altered the environment by which artists publicize their work. Stefan Simchowicz, who is known for flipping works of emerging art, has commented:

[I]n 2006 you have the emergence of what is essentially the mainstream social media [...] More people see the art, more people can consume it and engage with it, and, more importantly, many more people have started taking and sharing photos and describing what they're seeing. [...]

In this way, the curator, the critic, and the context become fragmented, and we go from a hierarchical system that's controlled from the top to a system that's more like a beehive [...]

This is changing the way culture is distributed and marketed and thought about, which I think is pretty radical.<sup>27</sup>

Some artists have used the direct-marketing capacity of social media to create markets outside the traditional gallery structure, one example being C.J. Hendry (Australian, b. 1988), who has used Instagram to generate tremendous market demand for her precise color-pencil drawings of objects. In the book *Art Collecting Today*, art economist Doug Woodham observes that Hendry, obscure only a few years earlier, had 265,000 followers on Instagram as of November 2016, then the fifth-highest Instagram following for an artist, after only Banksy, JR (French, b. 1983), Shepard Fairey (American, b. 1970), and KAWS (a.k.a. Brian Donnelly, American, b. 1974), and ahead of major mainstream artists, in this order: Ai Weiwei (Chinese, b. 1957), Takashi Murakami (Japanese, b. 1962), Jeff Koons (American, b. 1955), and Damien Hirst (British, b. 1965). By November 2016, Hendry's prices were as high as \$80,000 per work. As of December 5, 2018, when a profile on her was published in *Artnet News*, Hendry, who did not go to art school, still sold most of her work directly through Instagram, not through a gallery; to date, her work appears to have no auction history. Consequently, an appraiser valuing a work by Hendry would find the highest and most appropriate comparable sales data in the social-media market.<sup>28</sup>

For other artists, social media has enabled entrance to the mainstream gallery system through encounters that would otherwise be difficult or impossible to obtain. One such example is Genieve Figgis (Irish, b. 1972), whose Twitter posts of her macabre cartoonish paintings caught the attention of Richard Prince (American, b. 1949), who purchased one and helped her gain access to the art world.

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<sup>27</sup> Interview by Andrew Goldstein, "Cultural Entrepreneur Stefan Simchowicz on the Merits of Flipping, and Being a 'Great Collector,'" *Artspace*, March 29, 2014, [https://www.artspace.com/magazine/interviews\\_features/how\\_i\\_collect/stefan\\_simchowicz\\_interview-52164](https://www.artspace.com/magazine/interviews_features/how_i_collect/stefan_simchowicz_interview-52164)

<sup>28</sup> See: Doug Woodham, *Art Collecting Today*, New York: Allworth, 2017, p. 18. See also: "In the Studio with Cj Hendry," *Artnet News*, <https://news.artnet.com/in-the-studio/go-inside-artists-studio-cj-hendry-watch-make-viral-photorealistic-drawings-1404796>. See also: "Australian artist CJ Hendry tries New York on for size," November 3, 2016, <https://www.theguardian.com/artanddesign/2016/nov/04/australian-artist-cj-hendry-tries-new-york-on-for-size>.

Figgis has since had solo exhibitions at such noted galleries as Half Gallery (New York) and Almine Rech Gallery (Paris and Brussels).<sup>29</sup> Figgis's work debuted at auction on July 18, 2018, when her painting *Downstairs* (2014) sold for \$20,000 at Christie's, First Open Online: Post-War and Contemporary Art, considerably above the pre-sale estimate of \$8,000 - \$10,000.

Artist Brad Phillips (Canadian, b. 1973), who is well known for his Instagram account, observed in a 2016 article about Instagram and the art world:

How would I, they, anyone, have found a way to connect with Richard Prince before Instagram? An earnest letter and a CD of images? I can guarantee that even if someone were able to track down Prince's home address, such a package would have been immediately thrown in the garbage by his assistants.<sup>30</sup>

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<sup>29</sup> See Dominique Mucols, "Geneive Figgis," *Flaunt*, January 11, 2016, <http://www.flaunt.com/content/art/geneive-figgis>. See also: "An Interview with Geneive Figgis," *Purple Diary*, <http://purple.fr/diary/an-interview-with-geneive-figgis/>

<sup>30</sup> Brad Phillips, "How Instagram Is Changing the Art World," *Vice*, May 18, 2016, [https://www.vice.com/en\\_us/article/zn8ezy/how-instagram-is-changing-the-art-world](https://www.vice.com/en_us/article/zn8ezy/how-instagram-is-changing-the-art-world). As noted above Figgis was discovered on Twitter, not Instagram.



Genieve Figgis, *Downstairs*, 2014, acrylic on panel, 24 by 26<sup>3</sup>/<sub>8</sub> inches (61 by 67 cm), sold for \$20,000 at Christie's, First Open Online: Post-War and Contemporary Art on July 18, 2018

Although examples such as Hendry and Figgis are tantalizing Cinderella stories of the democratization of opportunity for emergence, the advent of social media has also created an infinitely expanding data set that has the potential to be harvested and quantified for speculative purposes, which may work against many emerging artists, with those in its possession favoring what is already proven to be in fashion.

Among the products available in the advisory market for emerging art is Carlos Rivera's ArtRank (formerly called Sell You Later), a website that began in 2014 with the following categories: "Buy Now < \$10,000," "Buy Now <\$30,000," "Buy Now <\$100,000," "Sell Now/Peaking," and "Liquidate." In the Q3/2015 report, the category of "Liquidate" was replaced with the more benign-sounding

category of “Undervalued Blue Chip.” ArtRank is freely available to general users, and available to early-access subscribers for \$3,500 per quarter, whose purchase gives them earlier information about which artists to buy and which to sell.

Georgina Adam interviewed Rivera, who explained his motivations behind the website:

“I wanted to know what makes a Christopher Wool worth \$15 million and when I looked into the art world there were no metrics at all,” he says. He wanted to find the variables in other artworks that matched up to the nine he had identified.<sup>31</sup>

Adam observes that Rivera, working with a financial engineer and a scientist, created rankings through an algorithm comprising diverse data including “the number of hits on Instagram and other social media, auction results, market saturation and support, and museum representation.”<sup>32</sup>

The outcomes of ArtRank’s predictions have varied. Rivera, as cited by Adam, identifies Njideka Akunyili Crosby (Nigerian, b. 1983) as an example of the success of his predictions, given his categorization of her in 2015 as a “buy” at \$50,000<sup>33</sup>. Crosby, who is known for large-scale works on paper depicting intimate spaces, which often include self-portraits with her husband, and incorporate photo transfers of Nigerian advertisements, has emerged rapidly as a major figure on the international scene. Her auction debut was in September 2016, when a fairly small untitled work sold for \$93,750 at Sotheby’s New York against an estimate of \$18,000 - \$25,000. Her next auction sale and first of a major work, *Drown*, took place less than two months later, immediately after her first solo show at the noted gallery Victoria Miro (London), and it fetched slightly under \$1,092,500 at Sotheby’s New York on November 17, 2016, far above the pre-sale estimate of \$200,000 - \$300,000. Less than four months

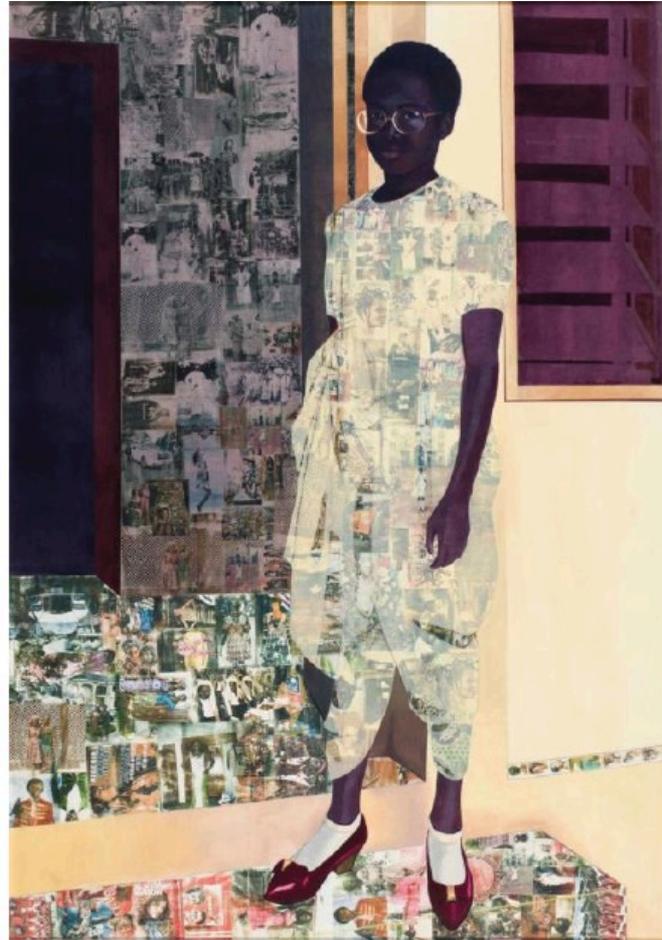
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<sup>31</sup> As cited by Adam 2018, p. 159.

<sup>32</sup> Adam 2018, p. 159.

<sup>33</sup> In ArtRank’s online archives, she first appears in the Q1/2016 report under “Early Blue Chip.”

later, her auction record crossed the three-million-dollar mark, when, on March 7, 2017, *The Beautiful Ones* (2012) (illustrated below) sold for £2,517,000 (\$3,072,884), dramatically surpassing the pre-sale estimate of £400,000 - £600,000 (\$488,340 - \$732,511).<sup>34</sup> Victoria Miro has a long waiting list for her works, with primary-market sales largely reserved for museums,<sup>35</sup> and mega-gallery David Zwirner has recently announced co-representation of her work. So, by any measure, Rivera's prediction of her success was accurate, as her market has, so far, gone only in one direction – up.



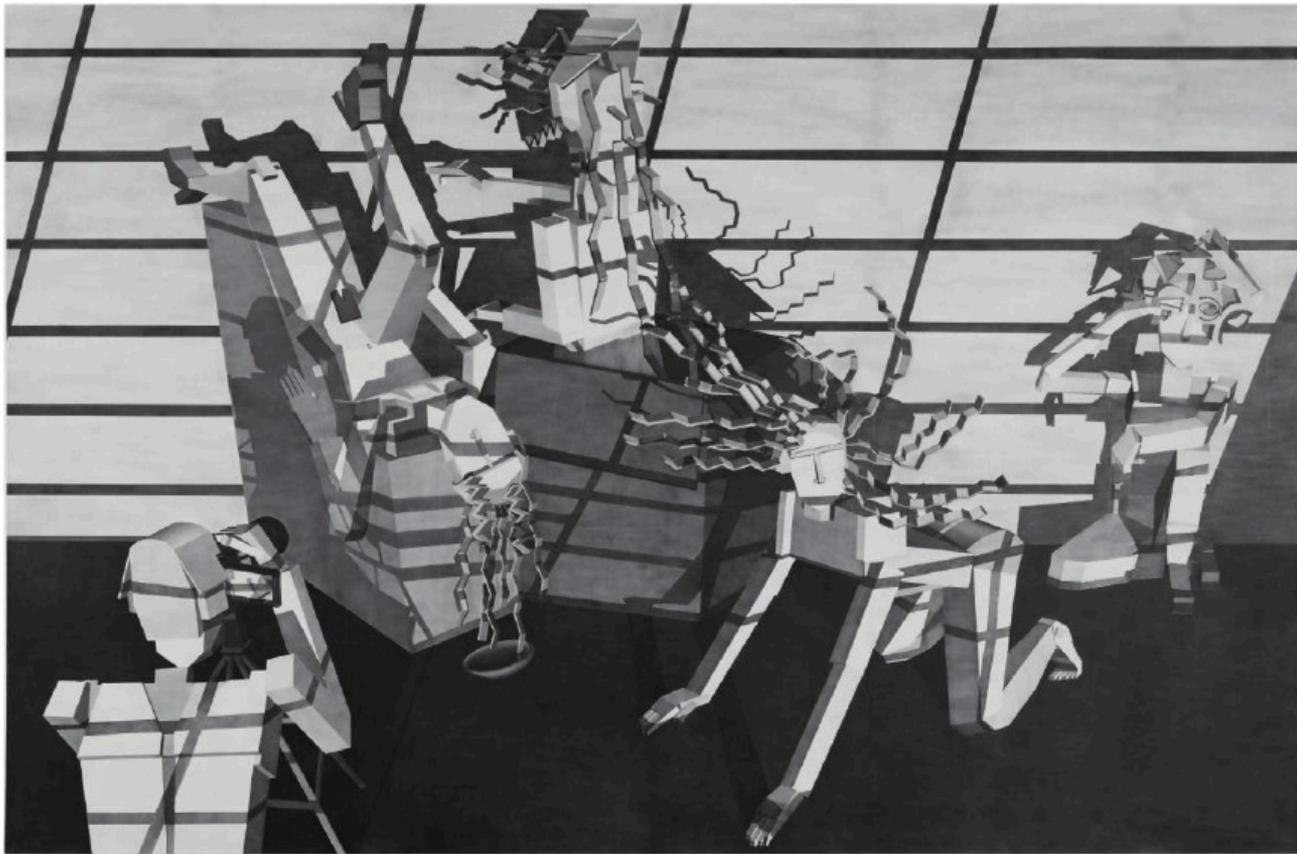
Njideka Akunyili Crosby, *The Beautiful Ones*, 2012, acrylic, pastel, color pencil, and Xerox transfer on paper, 95<sup>5</sup>/<sub>8</sub> by 66<sup>7</sup>/<sub>8</sub> inches (243 by 170 cm). Sold for £2,517,000 (\$3,072,884) at Christie's London on March 7, 2017.

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<sup>34</sup> Crosby's current auction record is \$3,375,000, set at Sotheby's New York on May 16, 2018 for *Bush Babies* a significantly smaller work with no figures, which carried a pre-sale estimate of \$600,000 - \$800,000.

<sup>35</sup> Matt Carey-Williams of Victoria Miro communicated this at Art Basel Miami Beach in December 2018. At the fair, the gallery sold a secondary-market work lacking figures, *Tea Time in New Haven, Enugu*, for \$2,200,000; the piece had previously sold for 7,020,000 HKD (\$990,819) at Sotheby's Hong Kong on May 27, 2017, against an estimate of 6,200,000 – 9,400,000 HKD (\$795,595 - \$1,206,226). Carey-Williams observed that Crosby's most sought-after works contain figures.

Another example of an accurate prediction on ArtRank is Avery Singer (American, b. 1987), who is known for grayscale paintings of mechanamorphic figures. She topped the “Buy Under \$100,000” group in Q2/2015 and Q4/2015, and was #2 in that category in Q3/2015. She has subsequently become an unqualified success at auction, with four auction sales over \$300,000 in 2018, including a high price of \$735,000 for *Fellow Travelers, Flaming Creatures* (illustrated below) at Sotheby’s New York on May 6, 2018, many multiples above the pre-sale estimate of \$80,000 - \$120,000. Singer is now represented by a major gallery, Gavin Brown’s Enterprise (New York) and will be included in the upcoming exhibition at the Venice Biennale 2019, “May You Live in Interesting Times.”<sup>36</sup>



Avery Singer, *Fellow Travelers, Flaming Creatures*, 2013, acrylic on canvas, 86 by 132 inches (218.4 by 335.3 cm). Sold for \$735,000 at Sotheby’s New York on May 6, 2018.

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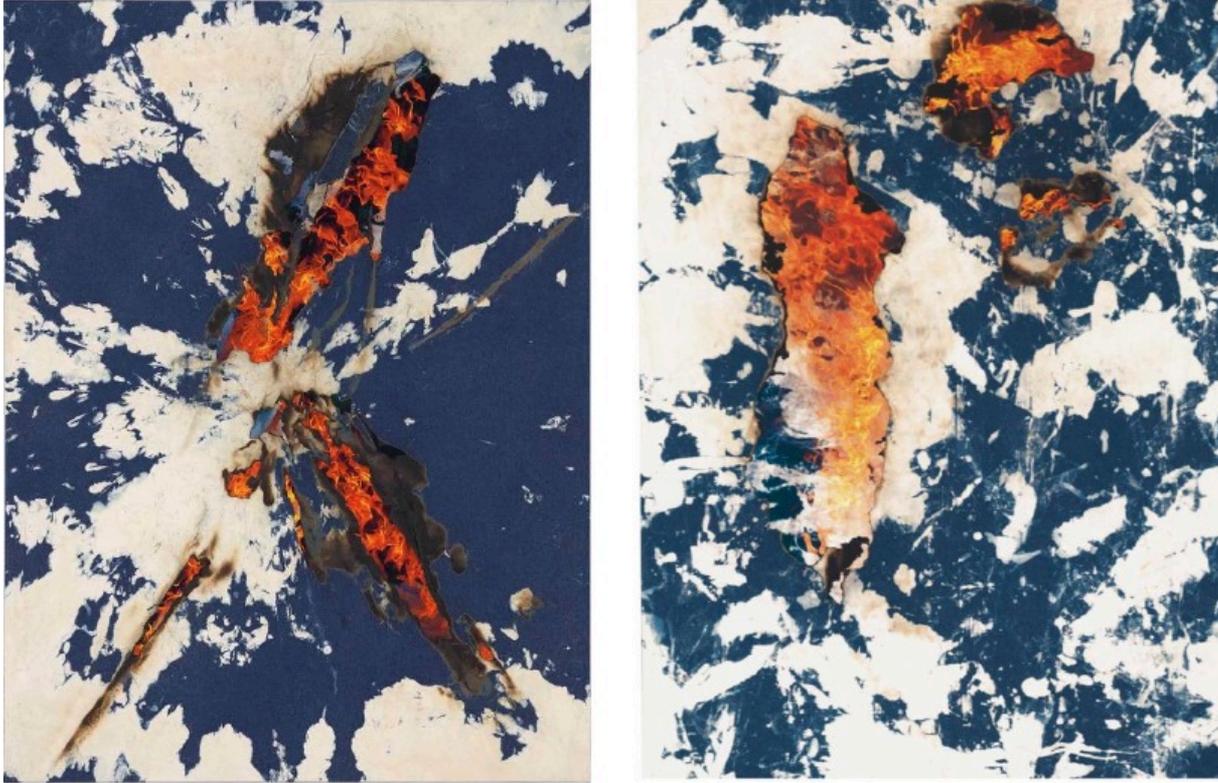
<sup>36</sup> The list of artists included in the Venice Biennale exhibition is here: <https://www.labiennale.org/en/art/2019/artists>

In other cases, the accuracy of ArtRank's buying advice depends on the time horizon. One can look to the example of Korakrit Arunanondchai (Thai, b. 1986), a cross-disciplinary artist best known for his painting-like compositions of irregular patterns of blue and white made from bleached denim with collaged photographs of fire; these works gained significant market attention shortly after Arunanondchai received his MFA from Columbia University. Arunanondchai is included in the "Buy Now < \$100,000" group in ArtRank's reports for each of the four quarters of 2014 (#7 in Q1, #1 in Q2, #4 in Q3, and #2 in Q4). His work debuted at auction during that time: a mixed-media painting *Untitled (White Temple Painting)* sold for \$53,125 at Sotheby's New York on May 15, 2014, far above the pre-sale estimate of \$12,000 - \$18,000. The following year, another work in this style, *Untitled (History Painting)* (2013) (illustrated below), sold for £96,100 (\$148,371) at Christie's London on October 17, 2015 against an estimate of £30,000 - £40,000 (\$46,317 - \$61,756), setting a record that stands, by far, today.

On September 28, 2016, less than a year after ArtRank's publication of the advice to buy Arunanondchai, a work that is identical in size and style, *Untitled (History Painting)* (2013) (illustrated below) sold for about half the price—\$75,000—at Christie's New York, against a pre-sale estimate was \$40,000 - \$60,000, indicating the auction house's understanding that the market had already contracted significantly. As of February 2019, works by the artist were on offer from the gallery Carlos/Ishikawa (London) in the range of \$60,000 - \$100,000. However, Arunanondchai was announced for inclusion in both the 2019 edition of the Whitney Biennial and the Venice Biennale 2019 exhibition, "May You Live in Interesting Times," both of which will open in May. So, Arunanondchai's market may be poised for a new surge, as collectors often pay close attention to such prestigious exhibitions.<sup>37</sup> So the advice on ArtRank may have been good for the short-term speculator, bad for those with a medium-term horizon, and possibly sound for those with a longer-term horizon.

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<sup>37</sup> The full list of artists to be included in the 2019 Whitney Biennial (May 17 – September 22), curated by Jane Panetta and Rujeko Hockley is included on the museum's website. See: <https://whitney.org/exhibitions/2019-Biennial>. See also: Alex Greenberger, "Here's the Artist List for the 2019 Whitney Biennial," *ARTnews*, February 25, 2019, <http://www.artnews.com/2019/02/25/heres-artist-list-2019-whitney-biennial/>. In the *ARTnews* article on the artists selected,



(l.) Korakrit Arunanondchai, *Untitled (History Painting)*, 2013, burnt bleached denim, 86 by 64 inches (218.5 by 162.5 cm). Sold for £96,100 (\$148,371) at Christie’s London on October 17, 2015.

(r.) Korakrit Arunanondchai, *Untitled (History Painting)*, 2013, denim, inkjet print and canvas 86 by 64 inches (218.5 by 162.5 cm). Sold for \$75,000 at Christie’s New York on September 28, 2016.

ArtRank’s advice for selling has also been of mixed utility. In some cases, the advice to sell would be proven wrong if one were to consider a horizon of a few years, as opposed to months. One such example is that of KAWS (Brian Donnelly) (American, b. 1974), who is known for works in a variety of media that draw inspiration from graffiti and cartoons. Artrank listed KAWS as #4 in the “Sell/Peaking” group of their Q1/2014 report, which was released to “early access” subscribers on February 28, 2014. At that time, KAWS’s auction record stood at \$293,000, set for *Untitled* (2008) (illustrated below) at Sotheby’s New York on November 14, 2013, above its pre-sale estimate of

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Arunanondchai, despite his recent market downturn, is singled out along with Elle Pérez (American, b. 1989), Paul Mpagi Sepuya (American, b. 1982), and Martine Syms (American, b. 1988), as one of “today’s most closely watched emerging artists.”

\$100,000 - \$150,000. Perhaps at the time, it seemed that the market for this kind of work was not poised to develop in the short term, and in fact in 2014, there were only two higher auction sales for KAWS's work, both for larger sculptures,<sup>38</sup> and in 2015 there were no KAWS auction sales above the 2013 sale.

However, in the past year, the market has grown precipitously for KAWS's work. As of January 2019, his top 21 auction prices were realized in 2018, topped by the sale of *Untitled (Fatal Group)* (illustrated below) for \$3,495,000 at Phillips New York on November 15, 2018, far above the pre-sale estimate of \$700,000 - \$900,000. Among the 35 KAWS works that sold for more than the 2013 record at the time of ArtRank's Q1/2014 report, 25 took place in 2018 (five of which made over \$1 million each), and seven more took place in 2017. The retail market has been favorable too: KAWS is now represented in the United States by Skarstedt gallery, which states that prices for new paintings are in the range of \$300,000 - \$900,000, but as of January 17, 2019, the gallery had none available. As reported by *Artnet News* following Art Basel Miami Beach 2018, an edition of 100 silkscreens by KAWS sold out at \$65,000 each.<sup>39</sup> KAWS's profile has also been raised by his associations: There has been publicity about hip-hop music mogul and art collector Kasseem Dean (a.k.a. Swizz Beatz) collecting KAWS's work, including a colossal 19-foot wood sculpture of a lamenting Mickey Mouse, titled *At This Time* (2013).<sup>40</sup> KAWS's name recognition has also been strengthened by a number of commercial collaborations outside the art world such as those with Nike for Air Jordan sneakers, and Sesame Street for an apparel and toy line marketed by Uniqlo.

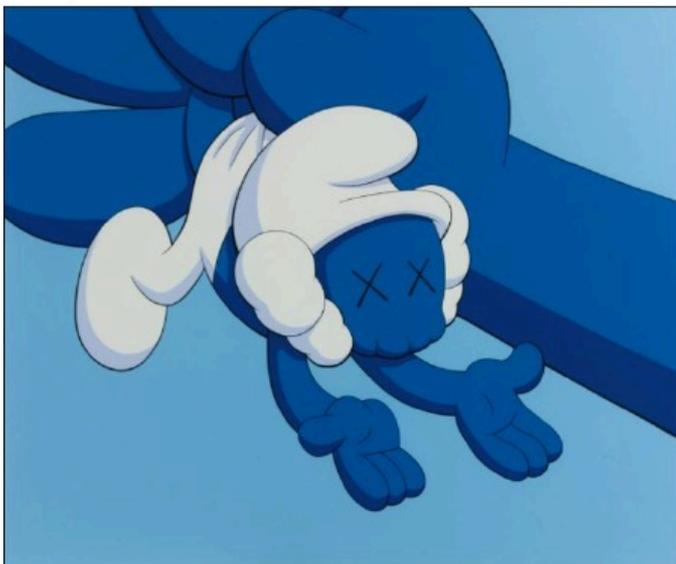
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<sup>38</sup> One *Accomplice* sculpture sold for £266,500 (\$425,243) at Phillips London on October 15, 2014, and another sold for \$305,000 at Sotheby's New York on May 15, 2014.

<sup>39</sup> Goldstein 2018.

<sup>40</sup> See, for example: Benjamin Sutton, "Swizz Beatz Has a KAWS Colossus at His House," July 29, 2014, <https://news.artnet.com/art-world/swizz-beatz-has-a-kaws-colossus-at-his-house-68965>. For a recent treatment of this connection, see: M.H. Miller, "How Swizz Beatz Bridged the Worlds of Hip-Hop and Contemporary Art." *The New York Times Style Magazine*, February 13, 2019, <https://www.nytimes.com/2019/02/13/t-magazine/swizz-beatz-art.html>. In that article, Swizz Beatz, who is also on the board of the Brooklyn Museum, is pictured seated next to KAWS, along with three other emerging artists whose work he collects.

So, a collector relying on ArtRank’s Q1/2014 recommendation to sell KAWS at that time would have almost certainly done so to his or her detriment, missing a period of tremendous market growth three to four years later. This example shows the lack of reliability of forecasting in the field of emerging art, as markets for individual artists often defy prediction, even when those predictions are made by experienced professionals using a robust data set.



(l.) KAWS, *Untitled*, 2008, Acrylic on canvas, 50 by 60 inches (127 by 152.4 cm). Sold for \$293,000 at Sotheby’s New York on November 14, 2013.

(r.) KAWS, *Untitled (Fatal Group)*, acrylic on canvas, 68 $\frac{1}{8}$  by 68 $\frac{1}{8}$  inches (173 by 173 cm). Sold for \$3,495,000 at Phillips New York on November 15, 2018.

Another data-driven project seeking to track the emergence of artists is that of Samuel P. Fraiberger, Robert Sinatra, Magnus Resch, Christoph Reidl, and Albert-László Barabási, published last year in the article “Quantifying reputation and success in art” in the journal *Science*<sup>41</sup>. A dataset collected by one

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<sup>41</sup> Samuel P. Fraiberger, Robert Sinatra, Magnus Resch, Christoph Reidl, and Albert-László Barabási, “Quantifying reputation and success in art”, *Science*, <http://barabasi.com/f/972.pdf>

author's firm, Magnus,<sup>42</sup> was created based on "information on artists' exhibitions, auction sales, and primary market quotes."<sup>43</sup> The authors acknowledge: "Given the fragmented and often secretive nature of transaction records, quantitative analyses of the art world have been difficult." Indeed, as stated above, dealer representations are frequently hard to verify because their sales are confidential, as protected by the provisions of the Gramm-Leach-Bliley Act (GLBA) in the United States. Furthermore, as discussed above, primary-market quotes are generally not to be considered reliable data for purposes other than assessing Retail Replacement Value, because there is no guarantee that these sales will be realized at or near the levels of primary-market asking prices; many works are discounted heavily, and many others do not sell at all.

Despite the admitted limitation of data, the "Quantifying reputation" team used the above data as the basis for interpreting career paths of artists, centering their analysis on the relative prestige of the institutions at which they exhibited, underlined by a truism:

Prestigious institutions have access to well-regarded artists, and influential artists in turn tend to seek out prestigious institutions.<sup>44</sup>

Although the authors of the "Quantifying reputation" article acknowledge that "institutional prestige is also highly subjective," they rate the institutions on a scale of "A" (highest) through "D" (lowest), based on factors including "longevity, the artists exhibited, size and quality of exhibition space, and art fair participation."<sup>45</sup> Analyzing art careers, artists were assigned high initial-reputation rankings if their works were exhibited in the top 20% of institutions, according to their rankings. Their key conclusion was:

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<sup>42</sup> Magnus offers an eponymous mobile application that uses image-recognition software to allow users to photograph works of art and submit them for identification. It is marketed as "Shazam for Art" due to its similarity to the app Shazam, which recognizes and identifies musical tracks.

<sup>43</sup> Fraiberger, et. al. 2018, p. 1

<sup>44</sup> Fraiberger, et. al. 2018, p. 1.

<sup>45</sup> Fraiberger, et. al. 2018, pp. 1-2.

Overall, initial reputation (first five exhibits) [*size*] predicted success across a variety of measures. [...] [A]rt careers were characterized by a strong path dependence; artists starting in high-prestige institutions [...] showed a lower dropout rate and tended to maintain their status.<sup>46</sup>

Certain findings from their study include:

- High-initial reputation artists had twice as many exhibitions as low-initial reputation artists.
- The work of a high-initial reputation artist was traded 4.7 times more often at auctions than that of a low-initial reputation artist, at a maximum price that was 5.2 times higher.
- The average maximum price of high-initial reputation artists was \$193,064, compared to \$40,476 for low-initial reputation artists.

In their view, this model attempts to “codify the stratification of the art world, which limits access of artists to institutions that would be beneficial to their career.”<sup>47</sup>

Some of these findings are self-evident. One would hardly need an algorithm on institutional prestige to observe that Matthew Barney (American, b. 1967), with solo exhibitions at Barbara Gladstone Gallery and the San Francisco Museum of Modern Art (SFMOMA) just two years out of Yale, was on a promising path to continue exhibiting at top institutions throughout his career.

On the other hand, even the most sophisticated computational technology used by the most experienced appraiser, advisor, or dealer might not predict much of the dynamic movement in the markets

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<sup>46</sup> Fraiberger, et. al. 2018, p. 2.

<sup>47</sup> Fraiberger, et. al. 2018, p. 3.

for contemporary artists. In 1981, when Basquiat's works were selling for \$5,000 at Annina Nosei Gallery, and works by fellow neo-Expressionist painter Julian Schnabel (American, b. 1951) were selling at Mary Boone Gallery for \$40,000 – up considerably from \$3,000 - \$3,500 just two years earlier, it might have been difficult to predict that at the time of this article in 2019, Basquiat would hold the record for a work of American art at auction with a sale for \$110.5 million, which is about 76 times the highest price paid at auction for a work by Schnabel.<sup>48</sup>

Unlike other, more quantifiable fields, such as sports, in which early performance can predict career outcomes with relative reliability,<sup>49</sup> career paths in fine art depend on a wide range of shifting variables including many that are exogenous to innate ability and early institutional affiliation.

In recent years, there has been significant market attention on a number of older female and non-white artists who were lesser known for much of their careers. Markets for these artists have risen precipitously in patterns that one might more typically associate with younger artists, complicating what it means to be an “emerging artist” and certainly defying predictions that might have been made with a mathematical model emphasizing the importance of early-career institutional affiliations.

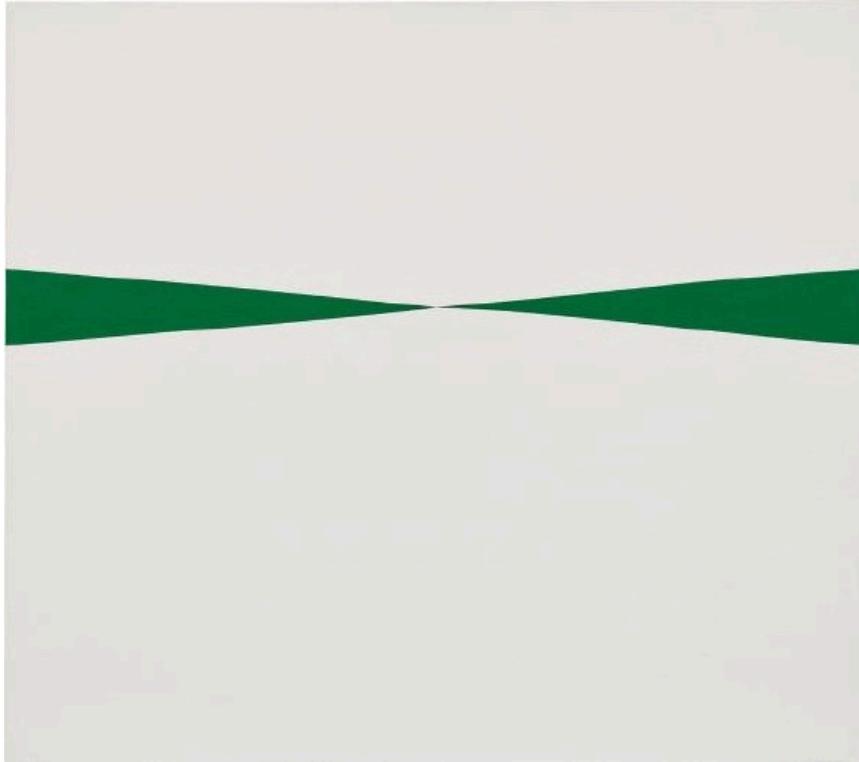
One can look at the example of Carmen Herrera (Cuban-American, b. 1915), who worked in essential obscurity for decades, only emerging in the last two decades of her life. Herrera is now represented by a major gallery, Lisson. Her auction record was set when *Blanco y Verde* (illustrated below) sold for \$2,655,000 at Phillips New York on November 15, 2018, exceeding the pre-sale estimate of \$1,000,000

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<sup>48</sup> See: Nate Freeman, “The Rise and Fall of Mary Boone,” *Artsy*, <https://www.artsy.net/article/artsy-editorial-rise-fall-mary-boone-revolutionary-art-dealer-going-prison-tax-fraud>. See also: Scott Reyburn, “A ‘Small, Untrained Talent’ Becomes America’s Most Expensive Artist at Auction,” *New York Times*, May 26, 2017, <https://www.nytimes.com/2017/05/26/arts/basquiat-auction-untitled.html>.

<sup>49</sup> For example, North Yard Analytics, led by economist Daniel Altman, uses proprietary algorithms to forecast outcomes for soccer and other professional sports players, based on past performances. See: <https://www.northyardanalytics.com>

- \$1,500,000. As a demonstration of the rapidity with which her market developed late in life, her auction record just ten years ago was \$30,000, about 1.1% of her current record.



Carmen Herrera, *Blanco y Verde*, 1966, acrylic on canvas, 40<sup>1</sup>/<sub>8</sub> by 45<sup>1</sup>/<sub>4</sub> inches (101.9 by 114.9 cm). Sold for \$2,655,000 at Phillips New York on November 15, 2018.

As another example, one can look at the African-American painter Stanley Whitney (American, b. 1946), who also joined Lisson gallery fairly recently, and whose abstract paintings and drawings have recently risen enormously in value. Whitney's work was not traded at auction until April 2013, when one of his signature colorful grid paintings, *Light Rain* (illustrated below), sold for approximately €13,446 (\$17,664) at Boetto (in Genoa, Italy), above the pre-sale estimate of €9,852 - €10,903 (\$9,809 - \$10,856). Less than six years later, on November 25, 2018, his current auction record was set when *Queen of Hearts* (illustrated below), which is similar in size, style, and date, sold for 1,750,000 HKD (\$223,665) at Sotheby's Hong Kong, above the pre-sale estimate of 800,000 – 1,200,000 HKD (\$102,246 - \$153,370).



(l.) Stanley Whitney, *Light Rain*, 2006, oil on canvas, 53.9 by 53.9 inches (137 by 137 cm). Sold for €13,446 (\$17,664) at Aste Boetto on April 16, 2013.

(r.) Stanley Whitney, *Queen of Hearts*, 2004, oil on linen, 54 by 60 inches (137.2 by 152.4 cm). Sold for 1,750,000 HKD (\$223,665) at Phillips Hong Kong on November 25, 2018.

One can see similar significant retail gallery attention late in life for a number of other African-American artists, such as McArthur Binion (American, b. 1946),<sup>50</sup> Frank Bowling (American, b. 1934),<sup>51</sup> Ed Clark (American, b. 1926),<sup>52</sup> and Fred Eversley (American, b. 1941).<sup>53</sup>

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<sup>50</sup> Binion, represented by Lehmann Maupin Gallery, is known for all-over patterned abstractions. His work had not been traded at auction until 2018. His work *DNA: Sepia: VIII* (2016) sold for \$106,250 at Sotheby's New York against a pre-sale estimate of \$50,000 - \$70,000. Binion was profiled, among others, in Hilarie M. Sheets's recent *New York Times* article "Discovered After 70, Find Success, Too, Has Its Price," which stated that he "had been creating art almost completely under the radar for four decades." (See: <https://www.nytimes.com/2019/03/23/arts/design/black-artists-older-success.html>)

<sup>51</sup> The current auction record for abstract painter Frank Bowling was set when *Morning Light* sold at Swann (New York) for \$161,000 against an estimate of \$60,000 - \$90,000. Before 2016, his auction high was \$50,000, and before 2013, his auction high was \$7,800. Perhaps more astonishingly, Michael Rosenfeld Gallery is reported to have sold a Bowling painting for \$500,000 at The Armory Show in March 2019.

<sup>52</sup> The auction record for Clark, an abstract painter, is \$198,000, set at Phillips New York on September 21, 2018 for an untitled painting with a pre-sale estimate of \$80,000-\$120,000. Before 2018, his auction high was \$30,000. Before 2015, no work by Clark had sold for over \$7,000 at auction.

<sup>53</sup> Known for abstract translucent cast sculptures, Fred Eversley is represented by David Kordansky Gallery (Los Angeles). His auction record was set on February 17, 2019, when *Untitled (Lens)* sold for \$281,250 at Lama (Van Nuys,

In assessing value trends, one may look to various data, including auction sales (when they exist), dealer prices (when they are communicated), and retail asking prices (with the caveat that they may never be realized). One can also look at influencing factors such as the nature and extent of press coverage, institutional affiliations, and variously quantified attention on social media. Assessment of value of works of art by emerging artists may require analysis of a range of data, and one must be aware that even those values ascribed following rigorous and complex analysis may be subject to significant and rapid change in either direction. One must similarly be aware that when acting in an advisory capacity, neither connoisseurship-based interpretation nor computationally-derived trend-forecasting tools nor any combination of the two can reliably predict future markets for emerging artists.

In consideration of these facts, it is advisable that values for works of emerging art should be reviewed with great frequency. Although the market for each emerging artist is unique, and the purpose of a valuation assignment may dictate specific terms, it is wise to consider that the review of values of works of emerging art should ideally take place biannually, and no more infrequently than annually.

### **About the author**

David Shapiro is a Senior Art Appraiser and Advisor with Victor Wiener Associates, LLC (New York). He contributed to the valuation of the collection of the Detroit Institute of Arts (DIA) in connection with the 2014 Detroit bankruptcy trial, as well as the art fraud case, *United States v. Luke D. Brugnara* (2015). He is an Accredited Member of the Appraisers Association of America (AAA) and an Individual Member of the New Art Dealers Alliance (NADA).

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California) against an estimate of \$30,000 - \$50,000. No work by Eversley had sold at auction until 2016. By comparison, in May 2012, two works by Eversley, each only slightly smaller than the recent high sale, failed to clear low estimates of \$1,500 at Bonhams Los Angeles.

David Shapiro

Mr. Shapiro has lectured on art appraisal and the art market for Sotheby's Institute of Art, the New Art Dealers Alliance, The New Art Academy, and St. John's University. He has been quoted in the *New York Times* about art appraisals and IRS regulations for charitable donations. Mr. Shapiro is the founding editor of the online contemporary art publication *Museo* and has published interviews with artists including Vanessa Beecroft, Elizabeth Peyton, Shirin Neshat, and Jeff Wall, the latter in two books, *Jeff Wall: Selected Essays and Interviews* (Museum of Modern Art, 2007) and *The Education of a Photographer* (Allworth, 2006).

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