BY MARGERY GORDON

Artistic endeavors

How to get creative with your investments

Patricia Bair of the Rotary Club of Ogden, Utah, USA, began collecting fine art in 1970 after studying art in college. On a tight budget, she focused on original serigraphs and lithographs printed in limited editions, numbered, and signed. They proved an affordable way to acquire works by masters such as Alexander Calder, Salvador Dalí, Francisco de Goya, and Édouard Manet.

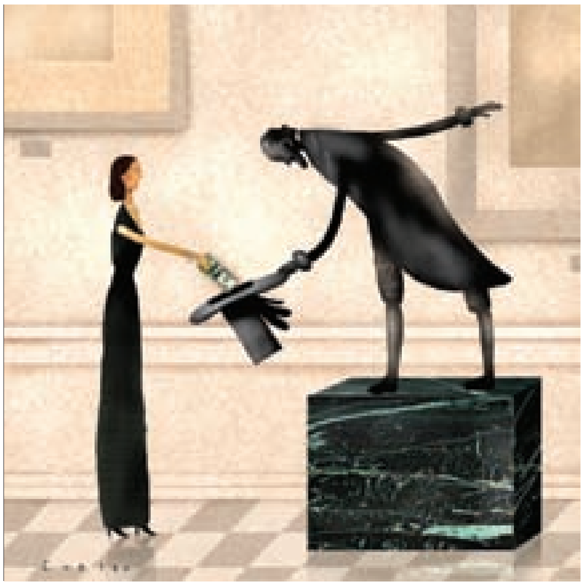
She recalls a particularly lucky find: "My husband had the good fortune of encountering at a little gallery in New York City a print signed and numbered by Picasso, *Pounding Swords into Ploughshares*. He offered the lady $1,000. He came home carrying this piece, and just by looking at it, I said, 'We can't afford it.' When he told me what he paid for it, I said, 'Lock the doors and pull the shades because the police will be here soon, because you just stole this.'" She adds, "We recently had it appraised at $12,000."

Bair, executive director of the Boys and Girls Clubs of Weber-Davis, estimates that the works in their collection originally cost $15,000 and are now valued at $150,000.

Before you start browsing galleries and bidding at auctions, though, consider some advice.

"You should buy art because you like the art, and then you won't have any regrets," Bair tells beginning collectors. "If it turns out to be a good investment, that's great. It shouldn't be the other way around because it is highly speculative. I wouldn't bank on it for your retirement. It's not as liquid as if you had a money market account."

Jon Bourassa, senior art adviser for the Citigroup Private Bank Art Advisory Service, adds that because so many variables influence the price of art, predicting which purchases



will pay off can be more difficult than picking stocks, bonds, or real estate. "There are other vehicles that are more likely to give you guaranteed returns than art," he says.

Still, Bourassa says, "art can become a good investment if you take a long-range strategy and are happy to have art on your walls." Conventional wisdom has been to hold on to a work for at least 7 to 10 years, he explains. "You don't want it to come up [for sale] so quickly that people ask what's wrong with it," he says. "The longer one waits, the fresher it is in the market and the more desirable it is, and the chances of it doing well are greater." One exception is the current market for contemporary art, which can reward a more rapid turnover of three to five years or less, he says.

You don't have to spend vast sums on masterpieces to make money, says Michael Moses, a professor at New York University's Stern School of Business and a principal of Beautiful Asset Advisors. "Our studies have shown that low-priced fine art tends to outperform high-priced art," he says. "Art is democratic: There are lots of good investment opportunities for middle-class people who are willing to spend less than $25,000 for an object."

Just ask Jim Hicke of the Rotary Club of Royal Oak Centennial, B.C., Canada, who has collected traditional art of the Pacific coast since 1979. Now retired, this former civil servant quit smoking and put the money he saved into paintings, prints, and woodcarvings, most bought directly from artists on Vancouver Island without the 50 to 60 percent markup that some dealers charge. In 1995, he paid George Gilken, a Canadian artist, C$400 for a painting that would've sold at a gallery for $4,000 then and $8,000 now. The highest price Hicke has paid

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for art was $1,700 for a carved cedar box, but he estimates that his collection of more than 100 pieces is now worth $250,000.

Mindful that the value of reproduced works decreases with the size of an edition, he has protected his investment by avoiding editions of more than 200 and by not allowing his original works to be copied. "I won't buy them if they're not signed and numbered," he adds.

Bridgette Rene McCullough, founder of BRMC Art Advisory in New York and Chicago and an instructor at the School of the Art Institute of Chicago, counsels clients to buy at the lower end of the first print run (for example, the 3rd instead of the 87th print from an edition of 100). "Theoretically, you're getting closer to the way an artist created it," she says. "Ultimately, when you take it to the resale market, you're going to do a lot better with a piece at earlier numbers rather than later numbers."

"I generally steer new or emerging collectors to photography because it's untapped, affordable, and growing," McCullough says. "Over the next 10 years, it will really increase, and people will see a return on their investment."

She also emphasizes the importance of concentrating on a particular collecting field, specializing in a certain period, medium, style, or subject. "Without a focus, you can become overwhelmed quickly," she says, adding that a focus makes collections more cohesive and valuable.

But narrowing acquisitions too much can be dangerous. "It's deadly to focus on one particular artist," McCullough says. "There should be at least four different artists, though they can be from the same time period and movement."

Of course, art assets can pay off beyond the potential financial benefits. "Nothing lasts forever, [but] the value of good art comes pretty close to lasting forever," Moses says. "It's a little less liquid than other investments, but it's a lot more enjoyable to hold. It's a lot easier to wrap your heart around a Monet than a barrel of oil sitting in your living room." ■

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