



Pictures Worth a Thousand Words and Thousands of Dollars

Art Meets Commerce as Shows Proliferate and Collecting Explodes in Popularity

By CHARLES HERMAN
ABC News Business Unit

April 14, 2007 —

From black-and-white landscapes by Ansel Adams to William Eggleston's early color photographs to the muted nudes of contemporary artist Mona Kuhn, the annual photography show in New York showcases some of the most evocative and moving images taken by photography's top artists.

Sponsored by the Association of International Photography Art Dealers, the show brings together more than 90 fine art galleries along with museum curators and collectors from across the United States and elsewhere.

"It's the show of the year for us U.S. photography dealers," said Peter Fetterman, a gallery owner based in Santa Monica, Calif., whose booth featured massive black-and-white images of Antarctica by the Brazilian photographer Sebastião Salgado.

And while strolling through the show in the Park Avenue Armory in New York's Upper East Side is reminiscent of a visit to a museum, it's also a place where art meets commerce. Every image is for sale, with prices for prints ranging from a few hundred dollars to several thousand.

Art for Art's Sake

As art shows and auctions have exploded in popularity, they have become big business and, in turn, another form of investment like the stock market or real estate.

Michael Moses, a professor at New York University's Stern School of Business, and his colleague Jianping Mei have studied the art market, and together they developed an index of 10,000 works of art that have sold at auction at least two times.

"It looks a lot like a stock market, but it just doesn't quite have the same trading frequency," said Moses.

According to their findings, art had an 8.5 percent annual rate of return over the past 10 years, slightly ahead of the return on stocks over the same period. And while art can be riskier over the long run, Moses found that it can be a part of a balanced investment strategy.

"It tends to reduce risk of a well-diversified portfolio without substantially reducing the return," he said.

Their index, however, does not include photographs because there can be multiple prints of the same image and the quality of each print can vary, unlike one-of-a kind paintings and sculptures.

But that hasn't stopped the photography market from becoming a lucrative form of investing.

"When I started 30 years ago, you could buy anything in the world for not a lot of money and there wasn't a lot of competition and now it is the complete opposite," said Fetterman, who just bought a picture for \$20,000 that he said he could have purchased for \$5,000 several years earlier.

So can anyone participate in the art market or is it restricted to millionaires and museums? The easiest answer is yes.

For the average art enthusiast who is interested in collecting, there are some simple things to keep in mind.

Hold it: For a painting or a photograph to increase in value, a collector will usually have to hold onto the object for a length of time. It's not something that usually increases (or decreases) in value with the same speed as, say, the stock market.

Time to Sell: Also, collectors have to remember that selling a work can take time. It's not as simple as calling a stock broker and telling them, "Sell."

"You can't have all your money in art and then assume you can sell it the next day to go and buy lunch," said Moses. "It's like real estate. You are not going to be able to turn your house tomorrow."

Love it: But most important, stress art dealers and experienced collectors, only buy what you love.

"It's not the investment -- it's the aesthetic value," said collector Timothy Childs at the photography show. Childs had just purchased a photograph. "We see something we love it, we buy."

Fetterman agreed. "Only buy what you love and buy something that moves you, that's going to enrich your life," he said. "Trust your instincts."

If you do, art can give something few other investments can provide: Something beautiful to enjoy and share with others. Does anyone ever hang their stock certificates and Treasury bonds on the living room wall and look longingly at them?

(The Photography Show '07 runs through Sunday, April 15, in New York City.)

Copyright © 2007 ABC News Internet Ventures