



# A PRACTICAL GUIDE TO PLANNING WITH ART AND VALUABLE TANGIBLES

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## 2022 GLOBAL ART MARKET IN REVIEW – HIGHLIGHTS

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- Sales total of \$8 billion, with auctions totaling \$6.4 billion, and private sales totaling \$1.1 billion.
- Named as one of Time's '100 Most Influential Companies 2022' and in Forbes' 'The Blockchain 50 2022'.
- \$922 million achieved for the Macklowe Collection across 2021–22, the auction record for any collection at the time.
- Auction sales in Asia in 2022 brought in \$1.1 billion, making Sotheby's the market leader in Asia for the seventh consecutive year.
- René Magritte's *L'empire des lumières* sold for £59.4 million – the new record for a Surrealist artwork.
- Benefit auctions raised over \$430 million for charitable organizations.
- The 1955 Mercedes-Benz 300 SLR Ulenhaut Coupé sold for €135 million making it the most valuable car in the world.
- A Michael Jordan Chicago Bulls jersey achieved \$10.1 million – the record for game-worn sports memorabilia.



## 2022 GLOBAL ART MARKET IN REVIEW – TRENDS

- 40% of all bidders in 2022 were new to Sotheby's and 50% of all bidders in our luxury categories. 68% of new bidders at Sotheby's in 2022 were from Asia.
- Record number of bidders under 40 years of age.
- In the face of the global pandemic, Sotheby's pivoted quickly to pioneer a new livestream auction format. This technology is now integrated seamlessly with live participation to deliver the most exceptional experience for our clients.
- 26 million auction livestream views.
- 91% of auction bids were placed online.
- Social media has allowed auction houses to reach and engage new demographics.
- Record years for Modern and Contemporary with sales of \$4 billion across auction and private sale channels.
- Luxury sales more than doubled year-on-year, reaching \$2.3 billion in 2022.



## SPECIAL CONSIDERATIONS FOR COLLECTORS

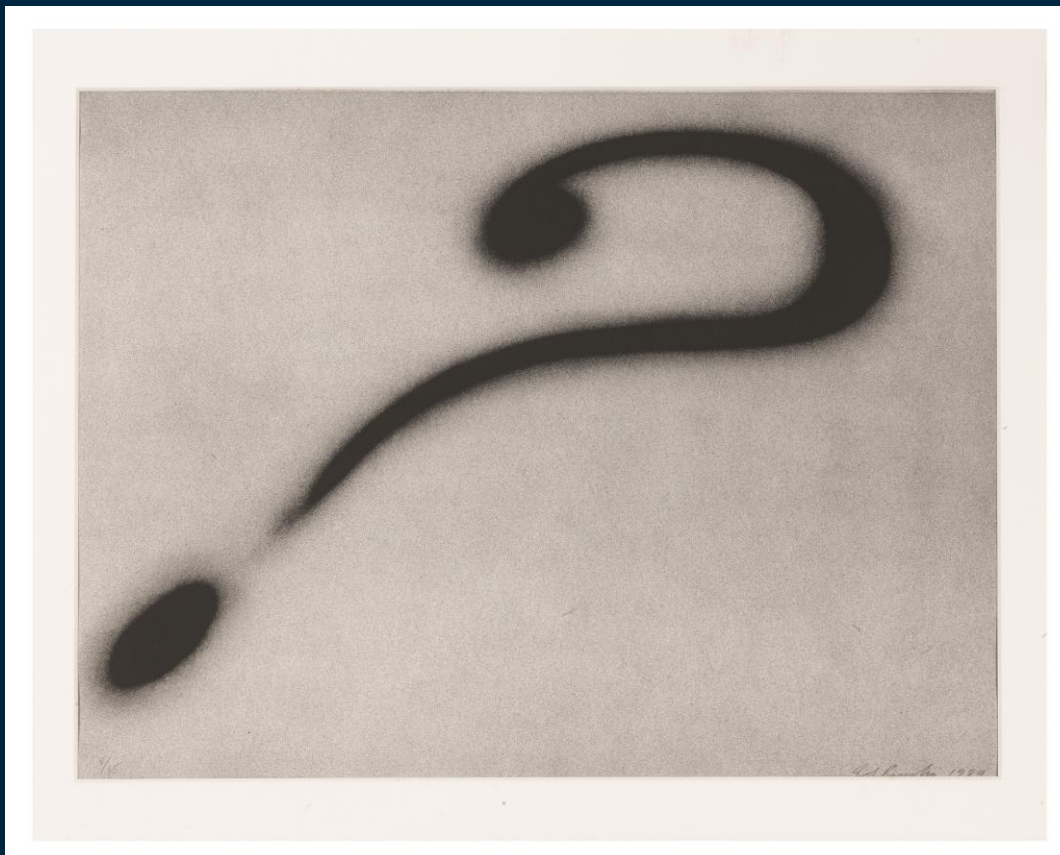
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- I. Holding costs
- II. Tax treatment
- III. Asset class
- IV. Market and value

## TIP #1: ASK QUESTIONS AND PRESERVE DOCUMENTATION

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Ed Ruscha, *Question?* (E. 186), 1989

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### New Discoveries



*Property from the  
Collection of Elizabeth Mead Merck*

Magnificent And Rare Large Yellow  
And Green 'Auspicious Emblems' Dish  
Yongzheng Mark and Period

Sold for \$1.16M  
Estimate: \$600,000 – \$800,000  
Sotheby's New York, March 2016



*Property from the  
Collection of Reverend David Rhinelanders  
and Mary Griffith King*

Pablo Picasso, *La Chouette*  
Hand painted terracotta

Sold for \$3.89M  
Estimate: \$1,000,000 – \$1,500,000  
Sotheby's New York, November 2021

## TIP #2: KNOW WHEN TO CONDUCT AN APPRAISAL

Situation	Purpose	Value
If the art is transferred during life to a charitable donee	Income tax (charitable contribution)	Fair market value
If the art is transferred during life to an individual	Gift tax	Fair market value
If the art is owned at death	Estate tax	Fair market value
If determining premium for liability coverage	Property insurance	Retail replacement value

## TIP #3: INSURE ADEQUATELY



Pablo Picasso, *Le Rêve*, 1932

Picasso's <i>Le Reve</i>	
Original Purchase Price (1941)	\$7,000
Value as of October 2006	\$139M
Cost of Restoration	\$90,000
<i>(Post-Restoration Value)</i>	<i>\$85M</i>
<i>(Claimed Loss)</i>	<i>\$54M</i>
Final Purchase Price (2013)	\$155M



## TIP #4: RETAIN A QUALIFIED APPRAISER

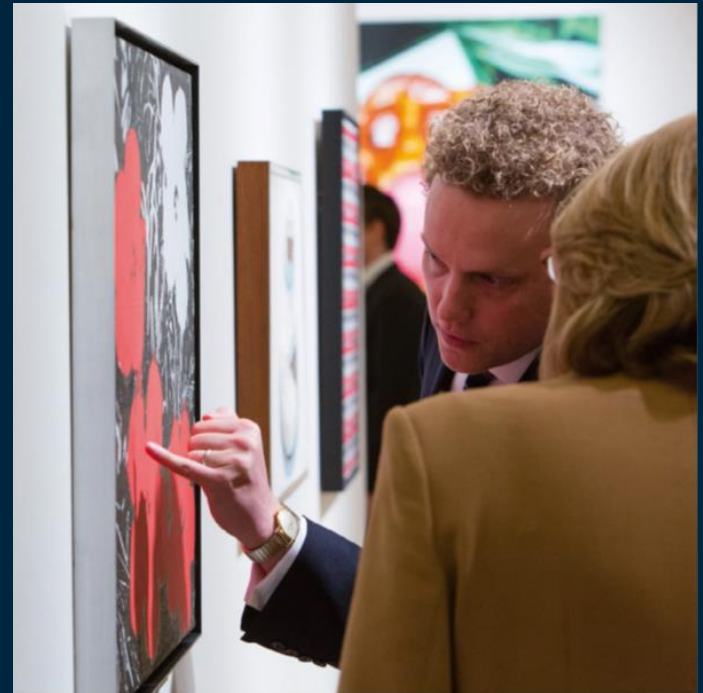
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A qualified appraiser:

- Appraisal designation from a recognized professional appraiser organization (USPAP)
- Regularly performs appraisals for pay
- Education and experience in valuing the type of property being appraised

A qualified appraisal:





- Consistent with the substance and principles set forth in USPAP
- Includes images, condition notes, date of contribution, date of appraisal, description of appraiser's background, method of valuation used, and description of fee arrangement with appraiser



## TIP #4: RETAIN A QUALIFIED APPRAISER

### Sample Valuation

- Name of artist (sculptor, maker, etc.), culture, or origin
- Title or subject matter
- Date created or age
- Medium and support (e.g., oil on canvas)
- Size (cite actual dimensions), or weight, if applicable, for objects made from silver, gold, or other precious materials
- Signatures, distinguishing features, symbols, or labels
- A high-resolution color photograph
- Manner of acquisition, cost, and date
- Provenance and exhibition history

PROPERTY FROM AN IMPORTANT COLLECTION		
1 825r9	<p>BRITISH SCHOOL <i>The First Sweepstakes</i> Oil on canvas 10 1/4 x 14 1/4 inches</p> <p>\$1,875</p> <p>PROVENANCE Sold at Sotheby's New York, November 22, 2014, lot 838, for \$1,875 (including buyer's premium)</p>	
2 826rv	<p>A PAIR OF LOUIS XVI GRAY-PAINTED AND CARVED BERGERES Circa 1780 Height: 36 1/2 inches</p> <p>\$17,500</p> <p>PROVENANCE Sold at Sotheby's New York, November 23, 2014, lot 1109, for \$17,500 (including buyer's premium)</p>	
3 826zo	<p>A MATCHED PAIR OF VICTORIAN BRASS-MOUNTED AND EBONIZED DISPLAY CABINETS Late 19th century Each with a lock stamped NETTLEFOLD'S PATENT A1 Height of largest 58 inches; width 45 inches; depth 26 inches</p> <p>\$17,500</p> <p>PROVENANCE Sold at Sotheby's New York, November 23, 2014, lot 999, for \$17,500 (including buyer's premium)</p>	
4 826zj	<p>A GROUP OF WRISTWATCHES Comprising three gold-filled wristwatches, one with a circular dial completed by a grosgrain ribbon, engraved with a monogram, the interior caseback with a dedication, signed Gruen. Together with a gold-filled wristwatch with personal inscription, signed Witnauer; a gold-filled watch with interchangeable bands, signed Orator; and an 18 karat gold watch, signed Movado. 4 pieces.</p> <p>\$1,000</p>	
<p>Sotheby's 30 January 2015   Valuation Number 70256840   Page 4</p>		

## TIP #5: REGULARLY UPDATE APPRAISALS DUE TO NEW TRENDS & BUYING HABITS



Jean-Michel Basquiat, *Untitled*  
Acrylic, spray paint and oilstick on canvas

Sold for \$19,000  
Christie's, New York, May 8, 1984

Sold for \$110,500,000  
Sotheby's, New York, May 18, 2017

~582,000% increase over 33 years



Helen Frankenthaler, *Royal Fireworks*  
Acrylic on canvas

Sold for \$818,500  
Christie's, New York, November 9, 2011

Sold for \$7,895,300  
Sotheby's, New York, June 29, 2020

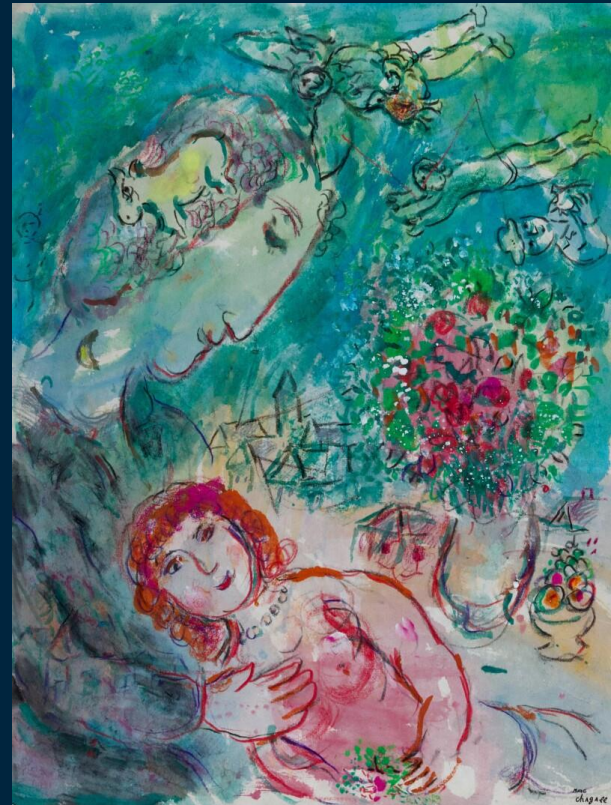
~965% increase over 9 years

## TIP #6: DO NOT ASSUME AUTHENTICITY



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### Authentication Committees



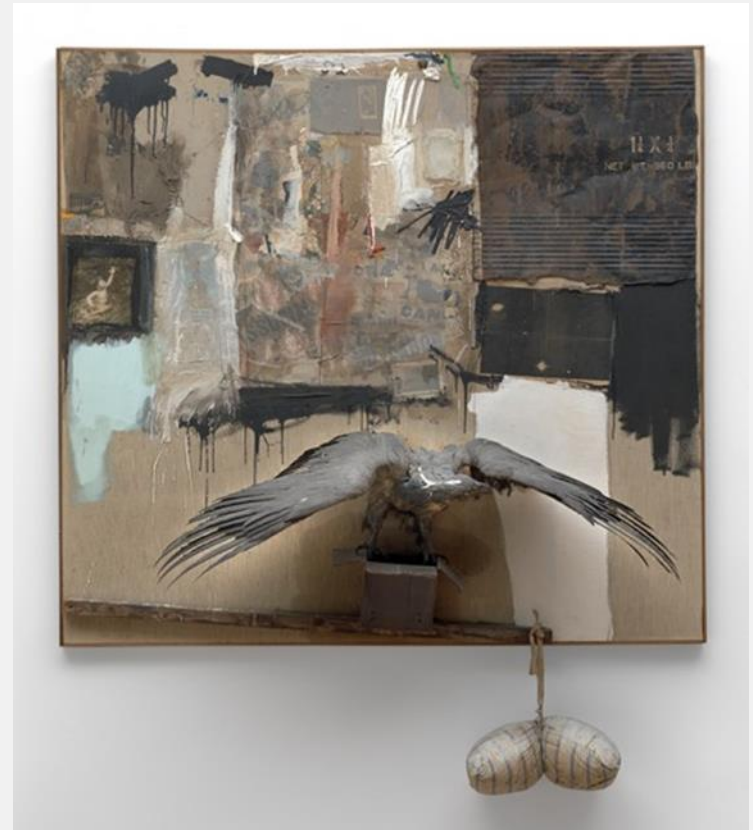
Marc Chagall, *Grand profil et nu rose*, ca. 1977



## TIP #7: IDENTIFY THE TYPE AND ORIGIN OF MATERIALS

*Estate of Ileana Sonnabend v. Commissioner*

Robert Rauschenberg, <i>Canyon</i>	
Taxpayer Claimed Value	\$0
IRS Original Claimed Value	\$15M
IRS Revised Claimed Value (Penalties)	\$65M (\$29M)



Robert Rauschenberg, *Canyon*, 1959

## TIP #7: IDENTIFY THE TYPE AND ORIGIN OF MATERIALS

### Stolen Art & Objects



*Property from the Collection of Johanna Margarete  
and Siegbert Stern*

Wassily Kandinsky, *Murnau mit Kirche II*, 1910  
Oil on canvas

Sold for: £37,196,800  
Estimate: In the region of \$45,000,000  
Sotheby's, London, March 1, 2023



*Property Restituted to the Heirs of Ilse  
Hesselberger, Sold to Benefit New York Charities*

Bronzino, *Portrait of a young man with a quill and  
a sheet of paper, possibly a portrait of the artist*

Sold for: \$10,665,500  
Estimate: \$3,000,000 - \$5,000,000  
Sotheby's, New York, January 26, 2023

## TIP #8: PLAN AHEAD FOR LIQUIDITY ISSUES

- Appreciating value of art resulting in higher proportion of art in HNWI's assets
- Collectors more comfortable with leverage, especially in the U.S.
- Asset-rich clients with limited cash flows looking for liquidity
- Consider term vs. bridge loans
- Loan to value ration generally 40 – 60%





## TIP #9: KNOW WHO TO CALL





QUESTIONS?

