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Art Advisers Roundtable



Photo by Michael Edwards
"Art+Auction" Editor in Chief Anthony Barzilay Freund; advisers Abigail Asher, Allan Schwartzman, Stefano Basilico, and Mary Hoeveler; "Art+Auction" Staff Writer Sarah Douglas

Published: March 1, 2009

Where are we headed? We brought together four of the best art market minds to talk about the advice they give and how the landscape has changed.

START: 01/09/09 10:05 P.M.

NAME OF THE GAME

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SARAH DOUGLAS: What does an art adviser do? Are the terms *art adviser* and *art consultant* interchangeable?

ABIGAIL ASHER: When I hear *art consultant* I break out in hives. Don't you?

ALLAN SCHWARTZMAN: At some point in the '90s, the business cards went from *interior decorator* to *art consultant*.

MARY HOEVELER: As an art adviser, you establish a longer-term relationship. An art consultant is typically more project-oriented.

ALLAN SCHWARTZMAN: I think of myself more as a curator.

MARY HOEVELER: *Curator* isn't exactly accurate either, because there's a lot of knowledge about the market that enables me to do what I do.

ABIGAIL ASHER: Clients are looking for someone with curatorial expertise who is watching their back with investments.

STEFANO BASILICO: When I had a gallery, my clients were my artists. Now my job is to protect my collector clients. But the activity is the same: to make sense of art — in this case, to put together a whole that is greater than the sum of its parts.

ALLAN SCHWARTZMAN: Value in the marketplace is an essential part of the advice. Having said that, I don't think any of us would ever work with somebody whose desire is to be an art investor.

MARY HOEVELER: They do want to make sure the price is appropriate and that we believe there is going to be some future for an artwork.

SARAH DOUGLAS: Mary, you started with the Citibank art advisory. Was there more of an expectation there that art would play an investment role with your clients?

MARY HOEVELER: The assumption was always that because it was within a bank, we were an art-investment

advisory group. We weren't. We made it very clear to prospective clients that this was not about putting together a diversified asset-allocation portfolio. We had clients who would come to us and say, "I'm allocating 2 percent of my portfolio to art. Just buy stuff." We shied away from that. Neither at Citibank nor in my present practice do I take on people with strictly investment mentalities.

SARAH DOUGLAS: In the recent boom, there seemed to be a glut of art advisers. Did this give the profession a bad name?

ALLAN SCHWARTZMAN: Most people who do this are gatekeepers. They know rich people, they have some access to art, and they provide people who may be interested in collecting art with access. Having said that, I believe that whether it's art advisers, dealers, curators or critics, most people in the contemporary-art field are enthusiasts more than experts.

MARY HOEVELER: It's a term people use loosely. I've seen freelance registrars who call themselves art advisers; really they do collection management.

STEFANO BASILICO: The problem with boom times is that you get the list of 10 artists that everyone should have.

TONY FREUND: Have clients come to you in the past decade and actually said, "This is my list. Let's go shopping now?"

MARY HOEVELER: Absolutely not.

ALLAN SCHWARTZMAN: Any collection that was put together by a list, no matter how good the individual artworks, is not a good collection.

LIVING WITH IT

TONY FREUND: Take us through the ideal relationship with a particular client.

ALLAN SCHWARTZMAN: In 1996, Howard Rachofsky had this great house built in Dallas by Richard Meier. When he finished it, he realized it was more than a house; it was a work of art. He decided then that when he died, he wanted the house to become an adjunct facility of the Dallas Museum of Art. He wanted to be more thoughtful about collecting.

TONY FREUND: What did he collect before he built the house and before you started working with him in 1997?

ALLAN SCHWARTZMAN: Mostly it had been a handful of midcentury European masters. He had an Arp, a Hofmann, and he also had large-scale, colorful '80s paintings. But the house undermined large-scale painting. That led us into Minimalism, which was the language that had given birth to the architect. It just so happened that it was a moment when there were great opportunities to buy major Minimalist works. Because he loved American art of the '50s, that naturally led us to Ad Reinhardt. This led us to Italian Art of the '50s, principally to Fontana and Manzoni.

MARY HOEVELER: You can't buy a work in the abstract unless it's for somebody who has an institutional intention, like the Rubell Family Collection. Otherwise, you have to deal with the fact that your client has a six-by-eight-foot wall.

ALLAN SCHWARTZMAN: A real collector buys beyond the capacity of the house.

MARY HOEVELER: But the reality is that there is a specific environment in which these works of art have to make sense. I have a client who is a Minimalist collector and really wants a Richard Serra prop piece. But he has toddlers and a dog running around, so he can't do that right now.

STEFANO BASILICO: I have clients whose collecting is more adventurous than their house allows. They realize they have to build a new house.

TONY FREUND: As part of your advisory services, have you ever collaborated with the architect to make sure the art would have the right home?

ABIGAIL ASHER: Often you work with an architect from the very beginning, to make sure there are the right walls, lighting and everything else.

SARAH DOUGLAS: Are private museums a big part of what you do?

ALLAN SCHWARTZMAN: That's half my clientele. A project I worked on for years was with Marieluise Hessel, who is the patron behind the Center for Curatorial Studies at Bard College. She engaged me when she decided to create a permanent museum building for her collection. I have a project in Brazil now with the collector Bernardo Paz, a museum that's in its infant stages of being open to the public.

SARAH DOUGLAS: How about inexperienced collectors — what are the challenges of working with someone just starting out?

ABIGAIL ASHER: With someone who has never bought before, who has never looked, it's very different from editing or reeducating.

ALLAN SCHWARTZMAN: I don't work with beginners. The way I work is about figuring out what the priorities are, not coming to the client until I've found the right work for them to acquire.

MARY HOEVELER: Working with new collectors is harder because they are so impressionable. There are a lot of false starts.

ABIGAIL ASHER: It's much more of an education process with a new collector.

MARY HOEVELER: I have also had new collectors who are so decisive and have such a clear vision of what

they want that it's been an absolute pleasure. But I've had whole years of no buying at all, just education.

ALLAN SCHWARTZMAN: It takes a lot of getting to know people to begin to understand what their priorities are. These are usually things they have not articulated for themselves.

SARAH DOUGLAS: Have there been collectors you refused to work with?

MARY HOEVELER: I had to fire a client once because he violated the rules of engagement that we had established. Of course, you don't actually fire a client. You say, "I don't think I can offer you the kind of service you are looking for, and you are going to be better served by somebody else. We're not a good match."

ALLAN SCHWARTZMAN: I was approached several years ago by a rather established collector about working with him. Although he was a member of several substantial museum boards, he was known to be problematic in certain ways. So I went to a dealer whose discretion I trust and asked him what he thought. He said, "You can't bring him up. He can only bring you down." Those words resonate in my head whenever I consider working with someone new.

THE NEW REALITY

SARAH DOUGLAS: How are your clients reacting to what's happening in the art market now?

ALLAN SCHWARTZMAN: Virtually all my clients are collecting art now. The critical issue for them is confidence that a price is an appropriate value. In some instances this does mean adjusting prices. In other instances, it's indicating why prices aren't being adjusted.

MARY HOEVELER: While my clients are waiting for a clear signal from the market on secondary-market material, they are still quite active. Everyone seems to be full speed ahead on the primary market. They recognize that it's a great time to buy art.

SARAH DOUGLAS: Are you talking about established artists or emerging artists?

MARY HOEVELER: Emerging and solid midcareer.

ABIGAIL ASHER: There are opportunities now. In the past few years a lot of people have been feeling shut out. A lot of our clients are feeling that this is a moment in history when they will be able to get truly great things back into their collections. Great things that people are forced to sell are going to be available.

ALLAN SCHWARTZMAN: Primary-market galleries are particularly appreciative of collectors who continue to patronize them during this period, and the goodwill that gets created will perhaps re-position certain collectors who were sidelined.

ABIGAIL ASHER: I feel that the primary market will be slower to recover than the secondary market.

STEFANO BASILICO: It's an amazing time to do the kind of work we do. It was in the '90s — the bottom of the market — that some important collectors like Si Newhouse and Leonard Lauder built their collections. One conversation I've had with my clients is making it clear to them that masterpieces don't come around every day. Even though you think the market may drop a little bit more tomorrow, this particular work may not be available tomorrow.

ALLAN SCHWARTZMAN: Some of the greatest opportunities I've had in my own collecting have been in the last number of months, when there's been less collecting going on in general — when some of my clients have taken a pause, and I've had the opportunity to buy the things myself.

MARY HOEVELER: I've never heard a collector say that they regretted spending too much for something great. I've heard them say they regretted not buying something.

SARAH DOUGLAS: Are dealers readier to give you discounts these days?

ALLAN SCHWARTZMAN: There's still a lack of clarity as to where prices can and should be. A few have been quick to adapt to the times in both primary- and secondary-market pricing.

SARAH DOUGLAS: Are your clients pressuring you to bargain more as well?

STEFANO BASILICO: I've always seen it as my job to bargain. Sometimes you have to understand what a bargain is. Is the bargain having an opportunity to purchase the work? Or getting a discount?

MARY HOEVELER: If the dealer is asking a fair price for the work to begin with, I really don't have any interest in chiseling the dealer down on it.

ALLAN SCHWARTZMAN: In terms of the overall market, there has been a great disservice in how it has been reported recently. There's been a tendency to look upon it monolithically. This is not one market. It's not gold or pork bellies. In the evening sales, the market decided that there was a certain amount of work it wasn't interested in. I think that true connoisseurship was being exercised in a great way.

ABIGAIL ASHER: Overpriced second-rate works were not selling. That's great for the market.

ALLAN SCHWARTZMAN: I was surrounded at the fall auctions by real collectors, many of whom were probably sidelined in the past few years, who were actively buying. They were sane; they were thoughtful; they knew what they wanted. In two or three days, \$300 million got spent on contemporary art, which is extraordinary.

STEFANO BASILICO: The poster child was the Yayoi Kusama painting at Christie's. It set a record for Kusama, more than \$5 million. It was in great condition and had been owned by Donald Judd. It became about connoisseurship.

MARY HOEVELER: Shows have sold out since September, in both secondary- and primary market material. The market is still quite active — it's just that the urgency is gone and the prices are no longer going sky high.

TONY FREUND: The party is over, but the party isn't what the art market should be about.

ALLAN SCHWARTZMAN: This has been a period in which there's been a confusion between important artists and artists who have performed well in the marketplace.

STEFANO BASILICO: Money became the only barometer with which we evaluated art.

MARY HOEVELER: Wall Street began to take notice of what was happening to prices in the art market. After the softening of the [stock] market in 2002 and 2003, people gravitated toward the art market, which was relatively strong, because they saw the returns that art was bringing. The media fueled that. The feeding frenzy began, and people who were not traditional collectors came in.

STEFANO BASILICO: The same thing happened at the end of the '80s. In 1987 the stock and real estate markets tanked, but the art world kept going strong until about 1990. Money decided that the art world was a safer home. That will happen again at some point.

ALLAN SCHWARTZMAN: You had a new tier of collectors, and they had precipitated a kind of hedge-fund-ification of the art market.

Stefano Basilico: Most collectors haven't been collecting for 10 years; most galleries haven't been around for 10 years. What they know is a fairly hothouse environment.

ALLAN SCHWARTZMAN: The number of committed, substantial collectors is great now — greater than it was 10 years ago. But there will be some interesting shifts, and I think that a lot of this is not totally knowable yet. The '80s began as a period that collected large-scale, brash, ego-driven, ultraconfident painting and ended with intimate, handmade, flawed, inwardly turning, psychological art. No one could have predicted that. We are similarly at a time when there will be a shift in priorities of taste and this will help shift the attention of the market.

PUBLIC VERSUS PRIVATE

SARAH DOUGLAS: Will there be a movement away from auctions and fairs to private transactions? Journalists depend on auctions and fairs to understand what's going on.

STEFANO BASILICO: In the past 15 years, a larger portion of the market has become more public and allowed more people to know, up to a point, what was happening. The Mei Moses indexes, based on auction records, are fascinating, but they represent only 5 percent of all transactions.

MARY HOEVELER: Even in the boom day of auctions, you had only a tiny piece of the story. The art market is so hard to analyze. The same work of art has to come back to auction several times for you to see any kind of pattern.

ABIGAIL ASHER: In an economic downturn, people prefer to buy in private.

MARY HOEVELER: The brilliance of auctions is the competition they create, adding 20 to 30 percent of value to something because of that extra bid. A lot of collectors didn't want to get caught up in that, and they are now quietly coming back into the market.

ABIGAIL ASHER: We've all bought at auctions. They've served an amazing purpose in bringing works in a democratic way to the market.

MARY HOEVELER: Yes, they remain an unparalleled source for material. They're also a place where a lot of new buyers feel comfortable.

STEFANO BASILICO: And an art adviser does incredible work at auction. I've found myself in one specific instance saying to a client during the sale, "That's enough. You shouldn't bid any higher." It was too high a price.

MARY HOEVELER: The auction house strategy is typically to get as low an estimate as it can on something. It has to deal with consignor greed, obviously. But its interest is going to be to try to get the estimate as attractive as possible to generate competitive bidding. So most people realize that estimates are a marketing tool more than a guideline as to what you should be spending on the piece.

ABIGAIL ASHER: There were so many other factors that came into play that would lead to the houses having to do estimates that weren't necessarily reflective of value.

TONY FREUND: Primarily their competition to snag consignments.

ABIGAIL ASHER: But an innocent buyer doesn't necessarily know or understand that!

MARY HOEVELER: In the past, if you had anything of remotely commercial value, you would put it up at auction. It was a seller's market.

ALLAN SCHWARTZMAN: And the auction houses were giving guarantees way in advance of perceived value, so there was no risk involved.

MARY HOEVELER: It no longer is necessary to sell at auction. Dealers get to come back into the picture. The dealers know the work as well as or better than the auction houses do.

ABIGAIL ASHER: When you go to look at something privately, you like the idea of having time to spend with that object. Maybe you live with it for 10 days; 15 or 20 years ago that was the norm, a much slower process.

FAIR GAME

TONY FREUND: Speed has been the name of the game, particularly at fairs.

MARY HOEVELER: Collectors have been a bit bullied by the market. The one-hour reserve — all of that is over, and people have the luxury now of being able to reflect on their purchases. That's very welcome. There is going to be a level of client service that we haven't seen in the past five years. Collectors will demand it.

SARAH DOUGLAS: During the boom, you had huge growth in art fairs.

ABIGAIL ASHER: It was fair overkill, and the quality suffered. There's a limit to how many great secondary-market things any dealer can get during the year.

MARY HOEVELER: From a professional standpoint, my sense was always that fairs were a bit of a farce, because you were sent jpegs weeks before, and many of the deals were done before the fair.

ABIGAIL ASHER: Our job is to filter that for clients so that they don't have to walk into a fair and be overwhelmed. The pressure is taken off them.

STEFANO BASILICO: It's not an ideal way to look at art. A spectacular fair booth doesn't compare to a good exhibition.

MARY HOEVELER: My clients actually love fairs. I am much less enamored of them because I feel like everything is degraded — it just looks like so much merchandise. You have no context in which to make assessments of new work.

ALLAN SCHWARTZMAN: Fairs are dangerous for developing collectors. It's like when you go on vacation and you have a certain budget you are prepared to spend, and then you spend money you wouldn't spend otherwise. For me, the fairs are useful. Every year at Basel I see something that I didn't know to look for. And it's a great opportunity to interact with a wide range of dealers.

SARAH DOUGLAS: What changes did you observe in Miami this time?

ABIGAIL ASHER: People were more interested in looking at art than worrying about the silly social things. The mood was strange.

MARY HOEVELER: It felt more like a cultural event than a marketplace. People were looking more than buying.

ALLAN SCHWARTZMAN: It was depressing. I saw a lot of younger galleries that made a big effort and sold nothing.

STEFANO BASILICO: I think there is a difference between art-fair art and exhibition art. Art-fair art is sort of filler.

ALLAN SCHWARTZMAN: There's a fallacy that people discover artists at fairs. The only time I've discovered an artist at a fair is when a dealer is taking me by the hand and saying, "Here's an interesting artist. I'd like to show you her work." Which makes it a great opportunity for collectors who are just getting grounded. How many people walk into Pace and ask a price and have Arne Glimcher come out and tell them?

MARY HOEVELER: But you get saturated after one aisle. That's the other thing that puzzles me about people's passion for art fairs. They're physically, mentally, intellectually exhausting.

ALLAN SCHWARTZMAN: I have a rule for fairs. For the first few hours, I run around, engage in as few conversations as possible. If I see something for a client, I put it on hold. To have that clarity of scanning at the beginning is essential.

TONY FREUND: Do you think the Art Basel Miami Beach phenomenon will continue in the current economy?

STEFANO BASILICO: Yes. The 110 other fairs next to it, I don't think so.

ALLAN SCHWARTZMAN: It's a totally unnecessary fair. Somehow Basel underattended is an opportunity, whereas Miami underattended is depressing.

LOOKING FORWARD

SARAH DOUGLAS: What do you predict will happen in the art market over the next several months?

ALLAN SCHWARTZMAN: There will be a process of natural selection. The market will sacrifice a certain number of artists and galleries. What will result is a greater preservation of prices for a large number of artists.

STEFANO BASILICO: Or everything could more or less stop for a period of time, like in the '90s. The market is behaving reasonably at the moment. But that's not a guarantee that it will continue to do so.

ABIGAIL ASHER: There's going to be a shift toward seeking out top-quality, rare things.

ALLAN SCHWARTZMAN: Certain price levels will be particularly vulnerable. The low-seven-figure range is problematic at this point. And the upper level — the \$40 million, \$60 million, \$80 million range — seems to have taken a vacation.

MARY HOEVELER: All the conventional wisdom was defied in the past market. I hope we are returning to some semblance of rationality in terms of understanding value.

SARAH DOUGLAS: How do you provide context for prices and value for your clients right now?

MARY HOEVELER: You have to bring it down to the micro level, object by object. Why is this appropriate? What gap does it fill in your collection? Opportunities don't happen that frequently. My client has a good expression: "Are you jumping up and down?"

TONY FREUND: And how do you think emerging artists' work will fare in these days of uncertainty?

ALLAN SCHWARTZMAN: There are different levels of emerging art. For the emerging artists whose prices got pushed, after one show, to the \$30,000 level, there might be a lot more thought that goes into buying them. One of the vulnerabilities in this market is that in the past year or two there was an acceleration of raising primary-market prices to the secondary-market level.

SARAH DOUGLAS: What do you say to a client who is holding on to some works by an artist whose prices have become significantly inflated?

ALLAN SCHWARTZMAN: Art has never been a highly liquid asset. To look upon it in terms of three-month, six-month, even one-year projections in value is dangerous and inappropriate. Most collectors, except for a handful who entered in the past year and a half, will find that over a 10-year period, if they bought art wisely, they will have done better with their art than they did with their stocks. And as I kept hearing in the '90s, "at least it's something I love and believe in, and I can enjoy it."

ABIGAIL ASHER: In boom times the herd mentality is dominant. What we learned from the '90s was that you had to be looking at things as an individual, not just do what everybody else was doing.

ALLAN SCHWARTZMAN: In the past decade, emerging collectors have had a much higher level of knowledge.

MARY HOEVELER: The legacy of the '80s was that the market got democratized. That was part of the auction house legacy. But I do think people are much more sophisticated as collectors now. That's why this crash hasn't been as extreme.

STEFANO BASILICO: In the '80s, informed collectors didn't have advisers. Now they do, because we bring something to the table that is valuable to them.

END: 01/09/09 2:35 P.M.

"Art Advisers Round-Table" originally appeared in the March 2009 issue of Art+Auction. For a complete list of articles from this issue available on ARTINFO, see Art+Auction's [March 2009 Table of Contents](#).

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