

# Your Rights

## Appreciating Art:

*Know the value of your paintings*

By Chris Balicki

*In this last of a three-part series on appraisals, good times talks to art appraisers about valuating artwork.*

**I**n your dining room, just above the potted fern on the pedestal, that's where it hangs – the painting your mother chose to pass on to you. You remember it hanging in your childhood home, but you're not sure how or where your parents acquired it. Your daughter is convinced it came from England because it looks just like a 19th-century painting of the English countryside she saw on "Antiques Roadshow." It could be worth a small fortune, too, she says. Is that remotely possible, you wonder?

Certainly. A few years ago, a "long-lost" oil sketch by Group of Seven painter Tom Thomson was discovered hanging above the television in a New Hampshire home. The painting, originally a gift from Tom Thomson himself, had been passed down in the family for three generations, and the latest owner was oblivious of its value. The painting consequently sold at Heffel Fine Auction House in Vancouver for \$194,500 (including commission fees and taxes).

In the course of appraising estate collections, art consultants do sometimes find a particular piece to be of exceptional value, much to the shock of the family. But other times, prized "originals" that have been in the family for generations are found to be fakes.

Shawne MacIntyre, who owns and



operates Vancouver-based MacIntyre Appraisals, has found that, generally, there are distinct differences in the knowledge levels of those who collect art and those who inherit. Collectors "have done their research" and are well informed about the art and artist(s) in their collection, and about the art market, she suggests. But those who inherit pieces, while they may still feel an emotional attachment to the work, tend not to know as much about what they have. However, with the popularity of televised antiques shows, more people are realizing the importance of learning about items they've inherited.

However, Andrew Gibbs of Ottawa-based Gibbs Appraisals Ltd. does encounter couples of retirement age who, after years of informed art buying, are still unsure about what they own. Gibbs has nearly 20 years of international experience as an art

and antiques appraiser, and also serves as a consultant to Heffel's Fine Art Auction House and American Appraisals Canada, the largest independent valuation consulting firm in the world. Over the years, he has not seen significant changes in the number of estate appraisals being done, which surprises him. Taking time to have an estate appraised, he notes, would result in less resentment – and fewer surprises – down the road.

Shawne MacIntyre, who also gives seminars on appraisals to the insurance industry, advises that according to the Art Loss Register (the world's largest private international database of lost and stolen art and antiques) 54 per cent of art thefts are from domestic dwellings. So it's important that art pieces and collections be properly appraised and that concise, detailed descriptions be part of those appraisals.



## Prices are increasing

That painting you received as a wedding present 40 or 50 years ago may be worth more than you think! Our experts report that both the international and Canadian art markets continue to see steady price increases, providing more reason for you to learn about the art you own.

Changes in the Inuit art market are especially notable. MacIntyre says Inuit art, which was once mainly sold as souvenirs to tourists, is now a highly valued commodity. A recent auction of Inuit art in Toronto had total sales exceeding \$1 million. (MacIntyre's areas of expertise include Canadian art, Inuit and First Nations art and European fine and decorative arts.)

Before you do anything with your art – be it to insure it, repair it, allocate it, sell it, donate it or move it to your new condo (possibly damaging it in the process) – you need to know what you have and what it's worth. An art professional will tell you whether an appraisal is even warranted. If it is, the appraisal can help determine the best action to take, not only with your collection as a whole but with each individual piece.

## Selecting an appraiser

The appraiser you select should belong to an appraisal society that has a code of ethics and requires its members to conform to the Uniform Standard of Professional Appraisal Practice (USPAP). Developed by a committee of representatives from leading appraisal organizations in the U.S. and Canada, USPAP was copyrighted by The Appraisal Foundation (authorized by U.S. Congress) in 1987. Adherence to USPAP guidelines is now also required in applications to the Canadian Cultural Property Export Review Board (for those looking to donate cultural property for tax credit) and in Wills drawn up in Canada.

There's a wealth of art experts out there – appraisers, gallery owners, dealers, auctioneers, scholars and

artists – says MacIntyre. Gallery owners may be particularly knowledgeable about a specific artist. Auction houses might offer complimentary or reduced rates on appraisals of art destined to be sold at their auctions. Independent art appraisers should be able to provide what their title states: an arm's-length third-party appraisal. Different art professionals have their own areas of expertise and interest, adds MacIntyre.

Following USPAP guidelines results in common practice methods and standard points being included in an appraisal, whether the items being appraised are antiques, jewelry, art or other valuables. However, there are some issues of special interest to art collectors. In this article, *good times* looks at those issues.

## What to expect

USPAP guidelines state that all appraisals should include: the purpose of the appraisal, the value of the items, the type of value being used, the methods used to arrive at the value, a description of items being appraised and the qualifications and signature of the appraiser. It's also important to clearly differentiate between "interest" and "vested interest" – any present or future conflict of interest that the appraiser might have.

Art appraisers should also incorporate Object ID™ into their reports. Initiated by the J. Paul Getty Trust in 1997, it is used as the international standard for describing cultural objects by all professionals within the field – and as an instrument to combat art theft worldwide. In the form of a checklist, it stipulates that descriptions of cultural and art objects should include photographs and details regarding: the object "type;" materials and techniques used in production; measurements; inscriptions and markings; distinguishing features; its title; the subject depicted; date or period the

## Does medium matter?

An artist will likely tell you that working with oil paints is more labour-intensive than other media. But are oils more valuable than watercolours or pastels?

Oil paintings tend to be bolder and more impressive when hanging on the wall, says Andrew Gibbs. Watercolours and pastels are more likely to fade over time. And oil paintings are easier to clean, touch up or repair if they are damaged or deteriorate. But Gibbs emphasizes that some artists are better known for their watercolours; purchasing one of their works done in another medium might not be the best value for your money.

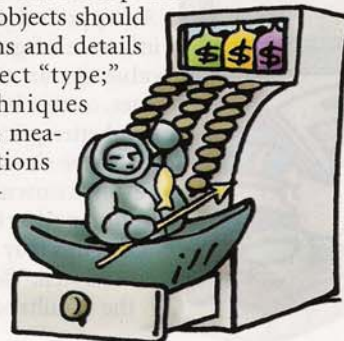
In the end, it's a matter of personal taste. So if you're thinking of buying your just-out-on-her-own granddaughter that watercolour you know she admired . . . go ahead! It'll make a great housewarming present and she'll love you all the more for remembering.

piece was made; its maker, and any other information which helps identify the piece.

## Determining a value

The purpose of the appraisal – whether it's being done for insurance purposes, division of an estate or in anticipation of a quick sale – determines the type of value that will be arrived at. "Insurance" valuation is the highest, as it is comparable to the retail replacement value; next is "fair market value," which is used to value an estate or to determine the worth of charitable donations for tax credit (as discussed in detail in the November issue); the lowest valuation is "liquidation" or cash value.

Gibbs adds that when he prepares insurance value appraisals, typically the replacement value is based on one of three premises: replacement cost new, replacement cost comparable and reproduction cost new:



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- **Replacement cost new** refers to the value of replacing an item with an identical or almost identical piece. For example, some editioned prints are still held by the galleries that represent the artist; a new one could replace one lost or stolen.

- **Replacement cost comparable** refers to the replacement of an item with one that is comparable with respect to age, quality, condition and utility. A painting could be replaced by one of the same style and period by the same artist.

- **Reproduction cost new** refers to items deemed to be of such a unique or site-specific design that replacement is not possible. For example, an art piece of specific dimensions or subject matter may have been commissioned for an office, home or garden. In this case, the appraiser receives quotes for replicating the original item from artists or craftspeople who are able to use the same materials and design methods.

Most antiques and older art are appraised at “replacement cost comparable,” Gibbs says. All appraisers should use “comparables” in determining value; for art appraisals this typically means comparing the work with other works produced by the same artist. “Most artists have a par-

ticular period in their career when they were at their height,” says Gibbs, “or when they painted in a particularly appreciated style.” Works from these periods may be of greater value than works from earlier or later periods. An experienced appraiser who is familiar with the artist’s work should not have any difficulty in determining “the value of that artist’s work, the range within which his/her pieces normally fall and whether the particular piece being appraised is at the top or bottom of that range.”

Gibbs says one aspect of appraising art that makes it especially enjoyable for him is the wealth of research information available: photographs of artists’ works, databases, books, indexes, catalogues, as well as scholars, curators and other experts in the field. When appraising works of living artists or other contemporary works, the appraiser should speak to gallery owners who know the artists and their art, and who can explain where a specific painting fits.

Generally speaking, Gibbs has found that when appraising contemporary art, the works will not have increased in value as much as the owners expected, whereas older pieces of art have often increased in value by more than expected. If you

bought a piece by an established, respected artist and from a well-regarded gallery, your chances are greater that the work will be a good investment. But like most investments, it takes time for a piece of art to appreciate in value, Gibbs adds.

## Other factors to consider

An appraisal should also note the influence of geographic location on value. As an example, MacIntyre notes, certain West Coast art will garner a better price locally, because the art may be site-specific or the artist is better known there. With more renowned artists, such as Emily Carr, this may not be an issue.

As well, “flooding the market” – the simultaneous appearance of a

large number of pieces by a specific artist – may result in the value of that art being discounted, says MacIntyre. With large estates, it’s best to work with an auction house where pieces can be spread over a number of sales.

MacIntyre adds that the issues relating to art appraisals are similar to those of antiques. In both cases, extensive research of the marketplace and of comparable pieces is essential. And in both situations, issues that need to be addressed include authorship, authenticity, ownership, provenance and the condition of the piece.

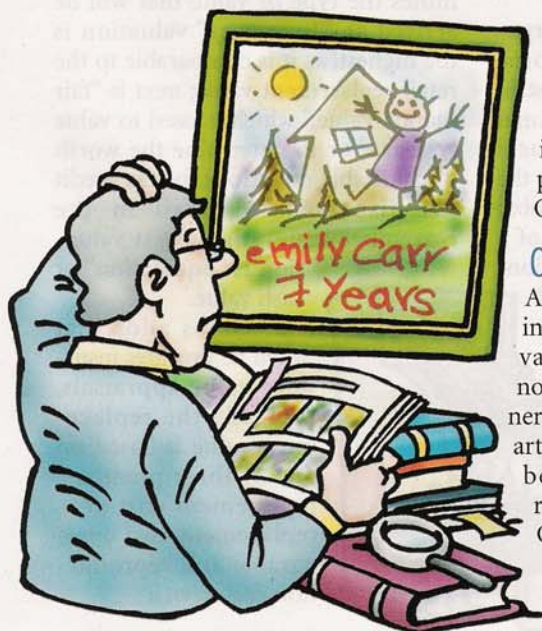
However, the elements focused on in antique and art appraisals may differ. For example, an antique appraisal might note the type of wood being used; the art appraisal will note the medium. In valuing antiques, it is not unusual for an appraiser to determine that a piece has been altered over time. While such concerns typically do not arise when appraising art, a painting may have been cut down – sometimes cutting off the artist’s signature – to accommodate a space, or for some other reason.

Conversely, signatures may have been added “after the fact” with the intent to deceive and increase the value. Adding a signature to a work of art or changing it is one of the most common ways of attempting to defraud. MacIntyre emphasizes that an appraisal is not a statement of authentication. Any expectations should be clearly discussed at the onset of an appraisal.

## Know your artwork

Keep your paperwork in order, our experts urge. This facilitates in the progress of appraisals, the disposition of insurance claims and the division of an art collection, whether the plan is to sell, donate, hand down or otherwise divide up or dispose of that collection.

And proof of ownership is required in order for a piece to change hands. If you’ve bought from a gallery, ensure the gallery label remains on the piece. Keep your bills of sale, receipts



for restoration work (or copies of them), catalogues and other pertinent documents in a secure location.

An artwork's provenance – its history of ownership – can also greatly enhance its value. A prestigious history, having a past owner or collector who was well known or respected, can add to the value of a piece, says Gibbs. As can its exhibition history – a work of art purchased from an esteemed gallery or a piece that has been part of a public gallery collection might also be more highly valued, adds Gibbs.

### Buyer Beware: Original Prints vs. Reproductions

A distinction must be made between "original prints" and "reproductions." The Art Dealers Association of Canada, in its *Collector's Guide*, defines an original print as "an image that has been conceived by an artist and is executed as a numbered and limited edition of multiples signed by the artist." The artist decides on the number of prints and the colours to be used. Each is an "original": it is created by re-inking the plate, stone, screen, woodblock or other template – created especially for that purpose – after each "original" is printed. Prior to the mid 19th century, such prints were not signed or numbered, but this is the practice today; sequential numbering provides an account of the number of prints in the edition.

Original prints can be valuable. Gibbs says that woodblocks by Canadian artist W.J. Phillips, regarded as the best in that medium, have sold for \$20,000. MacIntyre adds that authorship and authenticity issues do occur. For example, prints can be produced after an artist's death, some authorized by the artist's estate, some not. Then there was Salvador Dali, who prior to his death sold sheets of signed art paper, which were turned into 'prints' after his death.

A reproduction, on the other hand, is not likely to appreciate in value, even though you may have purchased it from a commercial gallery. A reproduction is a photo-

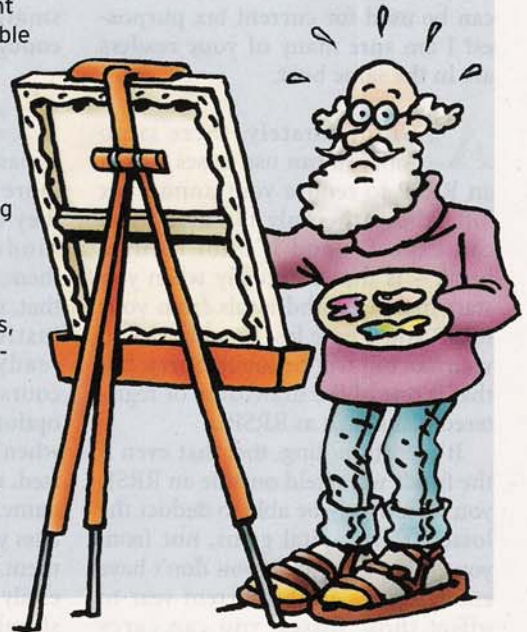
## Wanted: Dead or Alive?

Are artists' works worth more once they've died? Perhaps – if the work is by Picasso or Chagall. But even in such cases, there are a lot of other factors involved.

Art created by a well-known, recognized artist typically goes up in price before (s)he dies, suggests Andrew Gibbs. Generally, artists who die later in life haven't been producing their best work for a while. But it's the recent works that are most accessible to "amateur speculators," who then flood the market with them on the artist's death. An exception, Gibbs says, might be an up-and-coming artist who dies young and leaves the art world wondering what else (s)he might have produced.

Shawne MacIntyre agrees, citing as an example French-Canadian artist Jean-Paul Riopelle, who died in 2002. Riopelle produced his most valued work in the 1950s; in later years he focused on prints and lithographs. MacIntyre suggests it's also

possible the market may become saturated with the works of artists who've led long and prolific lives. She adds it isn't only the work of deceased Canadian artists that has jumped in value: a work by West Coast artist and living legend E.J. Hughes recently sold for just under a million dollars – \$920,000 to be exact!



mechanically reproduced copy of an artist's work, and should never be confused with an original print. Signed, limited reproductions are still just reproductions. And while they bring esthetic pleasure to the owners, there is a high supply of them, and they also tend to fade over time.

With so many terms being bandied about – "signed limited edition print," "litho-print," "fine art print," to name but a few – it's possible to be confused. Check with a reputable art dealer or other art expert if you're uncertain.

### A Final Word

As our experts have clearly told us, there's a series of factors at play when it comes to appraising art, just as there are different purposes for an appraisal. An appraisal of your collection or of specific pieces can help you distribute your estate more equitably. Or you may decide to sell it to defer the cost of insurance on other

pieces, or to donate a significant piece in return for a tax credit. An appraisal can also help you appreciate more fully the pieces you own.

MacIntyre adds that most clients are interested in having art appraisals done in order to have their pieces insured. These include folks in their 50s and 60s, semi-retired or retired, who are not only keeping, but adding to their art collections. And since our Canadian winters keep us inside much of the time, why not make the view indoors more pleasant by collecting some pieces you truly appreciate. ■

### For information:

[www.macintyreappraisals.com](http://www.macintyreappraisals.com)  
or (604) 790-7017;

[www.gibbsappraisals.com](http://www.gibbsappraisals.com) or  
(877) 230-1888;

Art Dealers Association of Canada:  
[www.ad-ac.ca](http://www.ad-ac.ca) or (416) 934-1583