



Iven Orx and Aaron Vinn have run a gallery in Cologne for over ten years

# INVEST IN WHAT YOU LOVE

The art market also thrives on emotional values

**Anyone who invests in art is moving on a difficult terrain. In contrast to shares or gold, the value, or rather the price, of a work of art cannot be read off from stock market prices. And a buyer has to be found first. Someone who sees exactly this one work of art for sale as a valuable investment or someone whose collection the work fits into it.**

There are only a few asset classes in which pricing and sale are as complex as with art. Although there is a real market determined by supply and demand, however, the individual work of art goes far beyond its purely material value. And so the investment risk is high if one looks exclusively at financial parameters. And yet it can be profitable to invest in art.

The motto has to be: buy what you like. If you own paintings that also have an emotional value, that underline your own individuality and that you like to surround yourself with, you will have fewer problems if the desired revenue cannot be achieved immediately. You have to love art – even if you see it primarily as a capital investment.

Now, of course, there is no mind to buy everything just because you like it. There are a few additional strategic and commercial hard facts – also and especially with art. A single painting will hardly work as an investment. If you see art as an investment, you have to

become an art collector who buys something new here and there, but also part with individual works when the time is right. Buying, selling, collecting, expanding ... one has to take care. And not only in the commercial mind, but also organisationally. If you own several paintings, sculptures or works, you have to store them appropriately, insure them to an appropriate level and take care of their substance. Art is something for lovers, also and especially when money is involved. You have to know something about art, have good advisors and commit yourself to a certain direction. A collection should be reasonably consistent, so that as an investor you can react to trends and become an expert in your genre. This is another reason why it makes sense to invest in art to which you have an emotional attachment.

This also includes becoming somewhat familiar with the laws of the art market, which means knowing not only the artworks but also the artists from whom you buy them. Because in the end, it is the artists and their marketing that make art valuable. If the artist is en vogue, present in the media,

represented in museums and hyped by renowned gallery owners, his works are also valuable. If an artist works more as a hobbyist and does not produce new things on a regular basis, the probability that a work of art will increase in value is very low.

Basically, a successful artist is always also a successful entrepreneur. Only those who regularly produce new works have any market value at all and can take place in the art market. Does the artist have a gallery owner? If so, prices rise automatically, because the gallery owner usually takes up to 50 percent extra for his services. In turn, he can only do this if he receives regular supplies from the artist, so that he can also make a regular business, and if he is of the opinion that he can also enforce the corresponding prices. Alternatively, there are producer galleries, i.e. those in which the artists offer and sell their own artworks. All this produces costs – for rooms, staff and materials, which an artist must first recoup. In this respect, artists can be valued in parts like a company. There are costs, turnover and profits, stocks and the value of the artworks. As an art investor, you have to get involved with the artists, with their produc-

tivity, with their style, with their sales channels.

This is especially true for artists who (still) offer their works for prices between 2000 and 5000 euros. In this case, investment art buyers would probably speak of early-stage promotion. If you believe in the artists, their potential and their future, and if you like the works, the possible returns are almost infinite – if you have a little patience and can live with the fact that the paintings may end up decorating only your own four walls. From an investor's point of view, it's venture capital. Here you should make sure that you like what you have. Ideally, as an investor you even work together with the artists and support their market development.

In the league above, individual works of art cost around 50,000 euros. So here you need a thicker wallet as an investor, but you can also be sure that the value will be maintained to some extent if the art market does not completely collapse. However, there is no guarantee of an increase in value here either. However, the probable jump in value from 50,000 euros to 100,000 euros or even 200,000 euros is greater than that from a beginner to the league of the 50,000.


At the top of the hierarchy are the so-called blue chips. Similar to shares, the term describes safe havens. Blue chips are the top 10 international artists such as Andy Warhol or Gerhard Richter. Their works fetch millions at auction, but are also hard to come by – not to mention the costs of purchasing and insuring them.

Basically, the value of paintings is measured according to a formula: Width plus height in centimetres/inches

multiplied by the artist's factor. The artist factor is derived from the market value of the artist. The artist factor is a point scale. A beginner's score is 1 to 10. The higher the artist factor, the more valuable the work of art. This shows again that it is not actually the artwork that determines the value, but the artist. If the artist is marketed well, for example by a gallery owner, his works increase in value. To sum up, the art market is very volatile. There are ups and downs, fashions and trends and no definable value for art objects. If you invest in art, you have to know your stuff and you need good advisors, a team consisting of experts, appraisers and collectors. You have to keep your eyes and ears open and deal with the artists themselves, because the artist makes the value of the painting. You have to be a collector yourself, be interested in art and keep close contact with artists, gallery owners and connoisseurs. And you need patience until an artist develops.

If you take these issues to heart, you can not only earn money with art, but also have a lot of fun. Art as an investment is a risk, incurs costs for storage and insurance, and is time-consuming. That's why you have to love art. If you only buy art for the sake of monetary gain, and otherwise detest looking at paintings and negotiating with gallery owners and artists, you should keep your hands off art as an investment. You have to invest in what you love. Art is an asset class for lovers, for people with leisure and a penchant for enjoyment. Quick money does not beckon here.

Before you get involved, it is worth visiting galleries and museums, art associations or workshops. First of all,

you have to find out what you want and set yourself goals. What are you willing to invest? What are you prepared to lose? Who are possible sellers and buyers? What still has potential for development? Can the money be tied up? If you suddenly have to sell a painting quickly, you are certainly not making a good bargain, especially since the relevant art auctions also follow rules and require a longer lead time, which you should be aware of. 



## About the authors

Iven Orx and Aaron Vinn have been running a successful producer's gallery in Cologne for more than ten years. They create luxury paintings and fine art objects that are considered contemporary masterpieces of modern art. All works of art are certified originals and are handmade from high-quality materials in elaborate processes. The two artists also run the online shop [www.galerie-orx-vinn.de](http://www.galerie-orx-vinn.de).



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