Economics study homes in on factors influencing value of great art

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Arzu Aysin Tekindor has never seen "Antiques Roadshow," the PBS television program that routinely subjects artworks and other collectibles to the burning question: What is it worth?

But she has devised an economic model that gets at the underpinnings of the question, breaking down how some paintings sell for astronomical prices, like the record auction price of $120 million fetched by Edward Munch's "The Scream" earlier this week.

It's one thing for a painting to be by a famous artist, or to be representative of an artist's best known period, style or movement. But a work's value really rises when a great artist and style are brought to bear on a subject commonly associated with that artist, be it a paramour or a melting clock.

"The object is more important than style," says Tekindor, an artist, native of Turkey and economics PhD candidate at Washington State University. "Think about it: When we look at paintings, many people cannot say the style maybe, but they can recognize the object."

Tekindor did her analysis with a hedonic pricing model, which is to say she calculated how each of some five dozen characteristics contributed to the overall price. She ranked the auction-house prices of more than 1,100 paintings chosen at random from the lifeworks of 15 great artists, including Pablo Picasso, Gustav Klimt, and Salvador Dali, the three most popular. She also gauged their popularity by counting Google hits on the artists, which corresponded closely with the millions of dollars that their works fetched.

She found that a mere 1 percent increase in an artist's Google hits increases the average price of his or her work by 28 percent. But in looking at the different variables of each work, she found there's more to the value of a piece than the name in the corner.

All other factors being statistically equal, works sold by Sotheby's bring in the most money. Objects go for more in New York than London. February and May are particularly good months to hold an art auction.

Tekindor also found that if the artist gave the painting to its first owner or exchanged it with another artist, its value on average dropped by more than one-fourth.

"If you're willing to give away your painting, it means something," Tekindor says, and buyers take it to mean the artist thought it wasn't worth so much.

And the more a piece became available at auction, the less likely the piece is to appreciate in value. This, says Tekindor, could be a simple function of supply and demand.

But perhaps the most dramatic finding involved matters of style—Picasso's Cubism or Dali's Surrealism—versus substance—the thing they were painting.

To be sure, paintings will differ in a lot more ways. Tekindor controlled for these statistically. Then, when she focused on just style and content, she found a painting in an artist's style but not one of his well-known objects had an increased value of more than one-third. A painting with the artist's object but not his style increased the value by more than threefourths.

Combining both style and object increased the value even more, by 85 percent.

Tekindor's findings can be seen in a comparison of two Picasso paintings that tended to be similar in several other ways, like their size, their medium of oil on canvas and the number of previous owners. A cubist rendering of a coffee pot, "Cafetière et tasse," brought $1,692,288 at auction in 2005. But "Tête de femme," a cubist rendering of a Picasso woman, his mistress Dora Maar, brought $5,616,000 the following year.

The research has implications for both artists and consumers, says Tekindor.

Artists, she says, will do well to keep in mind that their style and the objects they portray can have big impact on their career. Consumers should also bear in mind an artist's style and content, not just his or her name.

And, she adds, "If you have a painting given to you as a gift, it is better not to tell people."

Provided by Washington State University

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