



## News Bulletin

### In This Issue

Types of Auctions

How to Consign Works of Art and Antiques to an Auction

MIR Appraisal Spotlight

### Our Services

Fair Market Value  
Consultations & Reports

Insurance Coverage & Claims

Charitable Tax Donations

Conservation & Restoration

Consultation: Buying & Selling



### Featured Articles

[Francis Coates Jones](#)

[Victor Higgins](#)

### March 2011

#### Greetings!

This month we at **MIR Appraisal Services** are dedicating this issue to the ins and outs of auctions. Although auctions may be a convenient and quick way to strike a bargain on art, they are not always the best choice for the serious buyer or seller.

With spring just around the corner, and for those who want to get a jump on the spring cleaning or collecting, we have compiled a few articles that might be handy if considering an auction sell or purchase.

We hope that you find this information useful and that you enjoy this issue.

Sincerely,

MIR Appraisal Services, Inc.

**Principal Appraiser: Farhad Radfar, ISA AM**

### Types of Auctions

Although auctions generally offer a wide selection of items and can be a great way to acquire original art and add to your existing collection, keep in mind there is no guarantee for receiving discount purchases or the best return on your valuables if selling. Remember that auction houses want to sell as many items as possible in the shortest amount of time, without researching the items they sell. There are four main types of auctions for purchasing fine art and antiques:

1. *Estate Auctions.* When a residence needs to be cleared out, usually in the case of a death, business closure or divorce, an estate auction is held to sell the contents of the property. This type of auction usually takes place at the residence or property that needs to be cleared. Most items at estate auctions *do not* have a reserve; as the goal is to sell all items regardless of how low the price.
2. *Consignment Auctions.* Most often, consignments come

Charles Deas

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Warner Sallman

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from antique dealers who want to get rid of items that are not selling or people who are in the business of purchasing, "fixing up" and reselling items. Consignment auctions are almost always held at the auctioneer's place of business and there is a reserve placed on the items. Price ranges can vary.

3. *Online Auctions.* **Buyer beware.** Online auctions may make it possible to bid on a variety of items world-wide and range from upscale (gallery or dealer sites) to affordable (Ebay or Amazon) and sites, such as Ebay, can be useful when purchasing prints, reproductions or collectables; however, beware if you are looking to buy original art or paintings by renowned artists. Many sites offer some form of security, since you're buying something you haven't seen, up to a certain dollar amount or for a fee, and most allow you to comment on your experience and rate sellers, so buyers have a way to decide if the deal is legitimate, however, online auctions are notorious for attracting scammers, so beware no matter the deal.

4. *Specialized Auctions.* These types of auctions are held in elegant auction houses, such as, Sotheby's and Christie's, and are for the serious collectors. A list of the pieces being sold may be provided or an illustrated catalogue with detailed notes and photos may be sold at these auctions. The attending patrons are usually buying pieces for private collections, museums and galleries. These auctions are usually held on weekends. Art sold in these auctions are, for the most part, are reliable investments with bids in the three-, four-, five-figure ranges.

## How to Select an Art Piece in an Art Auction

The first step in purchasing art at an auction is to know what kind of art piece you are looking for. Seems obvious, however, for many it is a spur of the moment decision when bidding. Researching and knowing the artist or the type of art you are interested in can help you prepare for an auction buy.

Purchasing the auction catalogue is a great research tool and highlights the selection of pieces that are up for auction. Details such as the artist, title and date of the work, estimate prices, condition, provenance, previous sales or publications of this work are provided in most catalogues. A good way to confirm whether or not you want a piece is to attend the auction preview and see the item in person. Auction houses usually designate times when the works for sale will be displayed and can be viewed by potential buyers to examine. Ask questions at the preview. Experts can give you details on the piece, such as how much interest the item is drawing from potential bidders. Also, keep in mind that it is not uncommon to ask for a condition report on an item that you are considering to buy. Be wary if the auction house can not provide you with this report.

Before bidding, know your limits. It is important to know how much you want to spend on a piece before the auction begins and the adrenaline starts pumping. Learn as much as you can about prior public sales prices for the works of art up for auction. Performing preliminary research on the sales and artist can help you make an educated decision about how much you are willing to pay for an item. Consult with an expert or appraisal company, such as **MIR**, who can provide professional information and quality research on an artist or item. Also, keep in mind that there is always a buyers premium on top of the hammer price, usually 15-30%.

Finally, make sure to register with the auction house in advance so that you get a paddle number. Once the auction day arrives and the bidding begins, make sure the auctioneer acknowledges your bid and if possible, exercise some restraint and patience when bidding; it is a good way to check out the competition. If your bid is successful, the auctioneer will ask to see your paddle and will write down your number for payment purposes. After the auction, all you have to do is pay for the item and arrange to get it home.



## Consigning Works of Art and Antiques to an Auction

Deciding to sell your items at an auction can be a lively event, but it is important to do proper research on your item so you know how much it should realize. There are a variety of factors, fees and issues which the seller should be aware of before considering consigning artwork to auction. Here are a few basic considerations by the experts:

~ **Venue.** Choose a venue that will attract the most interest for your item. The choice of venue involves the question whether to sell through a big auction house such as Sotheby's or Christie's or a smaller regional auctioneer known for its expertise in a particular sale category or geographical location.

~ **Contract terms.** Prior to delivering the item to the auction house for sale, all terms of conditions should be agreed upon in writing in the consignment agreement. Terms such as fees, the use of the item prior to sale and the wording to appear in the auction catalogue, are more negotiable.

~ **Price.** An auction house will agree with a seller in advance to auction estimates and reserve prices. Although auction specialists generally know their buyers and the market, a seller may negotiate the price if they are unsatisfied with the suggested amount. If the estimate is too high and the item fails to sell, it can affect its value. If the item's estimate is too low, the work may be sold at a bargain. Researching your item and **seeking an appraisal before consigning works of art to an auction is strongly suggested.** The appraisers at **MIR Appraisal Services** offer unbiased opinions on the retail and fair market value and can help in determining the best price for your item when negotiating with an auction house. Reserve prices are also determined in advance between the auctioneer and seller and are based on the market and how badly the seller wants to sell the item.

~ **Fees.** There are a number of costs associated with consigning items to an auction that the seller may wish to negotiate. Generally, the seller will cover the costs for delivery of the item to the auction house and pick-up if the item fails to sell, storage of the item if required, insurance of the item while in the possession of the auctioneer, and photography costs for the item to be featured in the auction catalogue. These fees can be negotiated. Some auction houses will charge a fee if the

item fails to sell and a commission if the item does find a successful buyer. The commission rates depend on the piece and artist, and are negotiable.

~ **Post-Sale Issues.** Often sellers tend not to consider what happens post-auction, regardless of the consignment agreement. Sellers should be aware that auction houses generally will not pay the seller for their sold items until 30 days after or more after the sale date, securing the money from the buyer beforehand. Also, items that do not sell at auction, unless re-offered at another auction, must be picked-up within a short period of time from the auction house, as they are not a storage unit. Lastly, if the item remains unsold, auction house specialists, at the request of the seller, can contact potential buyers in hopes of selling the item in a private sale. A seller should expect a lower price in this situation, as the buyer will be aware that the item did not sell in auction.

## Beware of Online Auctions



Online auctions for purchasing fine art and antiques are becoming more and more popular these days, however, ensuring the quality of said pieces is quite difficult. Beware of scammers. While the Internet can be a good source for purchases in terms of the number of objects available, it does not permit the potential buyer to examine the object except through pictorial representation. In some instances the seller and potential buyer have the opportunity to communicate through e-mail; in other instances this is not an option. Make sure to research the auction site beforehand. Check out the site reviews and contact details, and the history of the seller. **Hire a qualified appraiser or researcher to help you.**

Although online auctions are a good way to check out new and upcoming artists, and if an artist, gain exposure, caution must be taken when purchasing artwork. If you are looking to buy fine art reproductions, then on-line auctions may be the way to go, however, if you are interested in purchasing genuine art, then it's best to stick to more reputable auction houses such as Christie's or Sotheby's, who now offer their own auctions online. In general, internet purchases for art and antiques are best limited to inexpensive purchases or those in which the buyer can return the object if he/she is not pleased with the object upon its receipt.

## MIR Appraisal Spotlight

This month MIR highlights a woodcut on paper by Albrecht Durer and titled *St. John Before God and the Elders* from the *Apocalypse* series. The scene depicts God on his throne surrounded by the elders with St. John before him. A serene landscape of trees and a castle are featured beneath the heavenly scene. This print is matted and housed in a decorative, black wood frame under glass.



Albrecht Durer (1471-1528) was a German painter, printmaker, mathematician and engraver from Nuremberg. He is regarded as the greatest German Renaissance artist. His vast body of work includes altarpieces and religious works, numerous portraits and self-portraits, and copper engravings.

#### **About MIR**

Founded in 1994, MIR Appraisal Services, Inc. works with private clients, academic institutions, insurance companies, non-profits, and arts and cultural organizations nationally and internationally. We are located on Chicago's Michigan Avenue in the Old Republic Building, steps away from Millennium Park and the Art Institute of Chicago. Our team of accredited art appraisers and researchers works in accordance with all professional and ethical standards set forth by the International Society of Appraisers (ISA), the American Society of Appraisers (ASA), and the Uniform Standards of Professional Appraisal Practice (USPAP).