

The Essentials of Building and Maintaining an Art Collection

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Featuring:

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VO [00:00:01] Is your wealth strategy supporting your long-term goals? Welcome to *Your Active Wealth* with BNY Mellon Wealth Management, where we offer insights that can help you move closer to your goals. We'll tackle timely topics through the lens of the five pillars that comprise our Active Wealth framework: Invest, Spend, Manage, Borrow and Protect, and provide guidance on navigating the unpredictable, to help you build and sustain wealth.

Ben [00:00:32] Hi. I'm your host, Ben McGloin, head of advice, planning and fiduciary services at BNY Mellon Wealth Management, and welcome back to *Your Active Wealth*. Today we're going to discuss helpful tips for building and maintaining an art collection that not only speaks to your passions, but has the potential to turn into a sustainable legacy for your future generations. Selecting which pieces go into your collection can be trickier than you think. Because the pieces you purchase could potentially become lifelong assets it is of the utmost importance to have conviction. While the global art market hit a big snag during the pandemic, it has since come back in full force. In fact, aggregate sales jumped 29% from 2020 to roughly 65 billion last year, surpassing pre-pandemic levels¹. Now that the industry is once again flourishing, now may be an opportune time to reconsider the various factors involved in building and maintaining your collection. Today we're speaking with Brian Lang, curator of over 2,500 pieces of artwork in BNY Mellon's corporate collection, who will share some helpful tips for collectors. Brian, welcome to the podcast.

Brian [00:01:30] Thank you, Ben. It's nice to be with you here today.

Ben [00:01:33] So let's go right into it, Brian. I would love for you to share from your experience why you believe it is so important to buy art pieces that speaks to you and your passions.

Brian [00:01:41] Well, I think you said it best a minute ago as you were doing your introduction, Ben. If you're going to live with something, why not have it be something that you enjoy living with? Having something in your collection that speaks to you and your passions will certainly bring you much greater joy over the long term than something that you've bought that may have been a current trend or a piece by a contemporary, trendy artist, so to speak. So I think having things that mean something to you personally, whether it's something that you've identified like landscape or something that speaks to your business interests or your family history, I think any of those things could be a reason why someone would buy a piece of art and have it be with them and have it bring them joy over a long term. When I speak to collectors and talk about collecting and adding things to their collection, the old adage, which I think is so true, is buy what you love and enjoy it, rather than buying something that you feel might be a hot artist or you know, something of the moment, but buy something that you think you want to live with or you believe you can live with over a long term.

Ben [00:02:47] So Brian, what can buyers do to understand the history of a particular piece or the greater category in which it fits to determine if it's right for their collection?

Brian [00:02:54] Do your research. Read as much as you can. Go to galleries, go to museums, go to art fairs, and really research an artist who you're thinking about adding to your collection and see as much work as you possibly can. I often find that when people go to art fairs, let's just take Art Basel, for instance, which is coming up in Miami next month or actually at the end of this month. Buyers are often, you know, feeling a bit pressured when they go to a fair because there's a limited amount of inventory. You might see one piece by an artist who interests you or you might see a couple of pieces. But those one or two pieces don't represent the breadth of the artist's work, and they certainly don't represent the breadth of the artist's history as an artist where their practice has come from, where it might be

going. So I think it's great to review as much work as you possibly can, not be in a hurry. And the pressure of art fairs, the pressure to buy and to not miss something I think is very tempting to many people. But I think if you take a long approach and as I said, see as much work as you possibly can, understand what the artist's work is about and how a particular piece might fit into that body of work, you can best determine whether it fits into your collecting interests and whether you feel it's the right piece by a particular artist for your collection.

Ben [00:04:18] And so you mentioned the art fairs and the upcoming Art Basel. Can you share other areas or other locations where collectors could potentially find fine art?

Brian [00:04:27] Sure. Absolutely. And of course, it depends on what exactly you're looking for, whether you're looking for established artists or emerging artists or another collectible, be it coins or cars or NFTs, which I think we'll probably touch on today as well. All of those things can determine where you might find what you're looking for. I love looking at galleries. I love going to galleries as much as possible and trying different galleries that I haven't been to in the past. So not only in New York and Los Angeles, but in other art centers in the U.S., like Chicago, San Francisco, Dallas and Miami, of course, and internationally, the great art centers such as London and Paris. Go to smaller galleries, visit galleries you've never been to before, see what museums are showing. The summertime is a great time to visit group shows at both galleries and museums and see examples by artists who are not necessarily in the mainstream who may be emerging. Maybe a young curator has chosen them for a particular exhibition because they are emerging or upcoming. And of course, online. It's so easy now to access art and artists through gallery websites, through museum websites, and of course, on popular platforms like Instagram or Facebook, for instance. I see so much art on Instagram every day that it amazes me. And it amazes me how much good art I see on online platforms and social media much more than was possible before. So there are so many places where you can have access to art and artists and find new things. Again, you know, it's important to look and look long term and look as much as you possibly can.

Ben [00:06:10] And so, Brian, you mentioned emerging artists. I know there's always a lot of desire for collectors to discover emerging artists or perhaps even less known established artists. Do you have any tips for collectors who are looking to discover those?

Brian [00:06:24] Sure. This is a topic that is on the top of a lot of people's minds, a lot of collector's minds these days. It's become more difficult to find that emerging artist that's a good buy in a timely manner, so to speak. Oftentimes, by the time an artist has gotten representation with a larger gallery, their prices have already gone up. And we see this more frequently now with young artists who are taken on by reputable galleries and better known galleries where they are creating a market almost immediately for these emerging artists. And the prices have gone, you know, almost through the roof overnight. Which is a problem for many collectors, whether you're looking to get that deal on an emerging artist or perhaps buy a work by a more established artist, maybe a work on paper by that artist or something in a different medium where the prices aren't so high. So again, I think finding smaller galleries that have a reputation but are showing newer artists and emerging artists and looking at those artists rather than going to the tried and true more established people, I think is really the way to do that. But as you mentioned, the art market is very strong. Sales have been on an upswing. We saw a little bit of a dip this year as opposed to last year, but there are certain factors involved in that, and I don't think that they may last for very long. So, you know, again, it's trying new places. Don't be afraid to invest in younger artists or an artist that you've never heard of before because those deals, you know, discovering an emerging artist is just much harder to do than it used to be.

Ben [00:08:09] And as one gathers and builds their collection, what are some of the ways that they can ensure that their art collection stands up against the test of time?

Brian [00:08:20] Sure. I think that any collector wants to consider where their art collection will be housed, whether everything that they own will be on display, whether certain pieces may be in storage, whether that be short term or long term, and also the environmental factors that surround the place where you will be showing your collection. Do you live on the West Coast where it's a drier climate but with a lot of sun? Do you live on the East Coast where it might be a more humid climate and there are great variations in the temperature and humidity or in the south where there's a great deal of both, both humidity and sun. So, the locations in your house are really important and the type of media that you're bringing into that environment are really important. So, if you have a house with a lot of sunlight, for instance, works on paper, watercolors, prints, anything with a lot of color that might be fugitive, you need to be careful about where those things are placed within your home or any place else where you place your collection, for that matter. And that could be lending things to a public institution, a museum or university art gallery or other public arts institution. You want to be careful how those things are displayed, what kind of lighting conditions and humidity

conditions they're under. I like to tell people, if you have an indoor pool in your home, you probably don't want to place a wooden sculpture next to it because that humidity is going to affect that wood. So environmental factors are really key and are very good things to think about as you're placing your collection within your home. How is that medium going to react to those conditions.

Ben [00:09:51] That's great. And you made reference to NFTs or non-fungible tokens, but I think given all the chatter that we're hearing around NFTs, do you have any views on NFTs and the function that they serve or potentially could serve longer term in an art collection?

Brian [00:10:06] You know, NFTs are such a fascinating topic and have been for several years now. There are certainly many people who aren't familiar with NFTs, non-fungible tokens, which is basically a digital asset on the blockchain that represents an artwork and it has been a growing industry. There have been several weeks over the past few years that have seen billion-dollar sale markers for the NFT market. And that could be in a variety of areas, not just artwork, but in gaming, in snippets from sports games. All kinds of things have been tokenized into NFTs. But for the NFT art market, there have been some very volatile conditions recently. So just within the past year, from this time in 2021 to now, the NFT market is actually down by almost 90%, most of which has happened just recently in the past couple of weeks. Could be a normal ebb and flow like in any art market. And I don't expect that the NFT market is going to continue to go down long term. I think it will rebound. I think it's a big blip on the radar, but it's a blip nonetheless. There has been so much interest and so much money invested in the NFT market that it is bound to come back.

Ben [00:11:17] And so, Brian, we've obviously talked about researching and identifying pieces, acquiring them and handling them over time. But when one comes to planning to sell a piece, what are the things that they really should keep in mind?

Brian [00:11:30] I think that anybody who's collecting a work of art or a particular artist who has an established market or is establishing a market should watch the market, should pay attention to where the prices are for those artists, where they've been, where they're going, where they are currently, and make a decision that's based on strong knowledge and data from what's currently going on in the market. So just like stocks and bonds, the art market has ebbs and flows. Prices go up and down. Think about opportune times to sell something, whether there's been a lot of activity in the market for a particular artist's work, whether there's a greater demand for it, and whether prices are higher or lower. Of course, there are many reasons why people or collectors may want to sell something. It could be for personal reasons, or it could be for market reasons. So be aware of what the market's doing for that particular artist. And unless you absolutely have to, you probably don't want to sell something when the market for that artist is down, so to speak, or whether there may be a lot of things available on the market. So prices are depressed at that very moment. But also think about what the tax implications for that will be, especially if you're going to sell something where there's been a market increase in the value of the artwork. You want to think about what your cost basis is, what your capital gains might be, and what the tax implications will be on the gain or the loss of that artwork. I think all of those things factor into reasons why someone might want to sell something or what happens when they do sell something. And I think that we'll probably touch on, you know, longer planning for collections as well. But I think that in general, just be aware of what's happening in the market and find the best resources for whatever action you want to take. If you want to sell something and you want it to be exposed to the largest market, think about which auction houses might be the best avenue to sell a piece of art. Or if you'd like to do something more privately, you may want to speak to a private dealer or an art gallery about handling something for you privately if the sale is in something that you want your name to be associated with. And there are benefits, pros, and cons to both avenues. These are the two most popular ways for selling things, whether it be auction or privately through a gallery or a private dealer. There may be cost benefits to both, depending on the popularity. The artists you made have an amazing result at auction. Or if it's a more rarified market, you may have better luck going through a private dealer who knows that market, who has the clients ready and interested in purchasing something that you have.

Ben [00:14:06] Well, that's great. And you're talking about valuation throughout that thread. Appraisers obviously have a critical role. So how would one go about choosing an appraiser and are there critical steps to determine or lock in the value of an art collection?

Brian [00:14:21] There are various ways that someone can go about finding an appropriate appraiser. And in general, I think this is a very important topic for people to think about. Just buying works of art and building a collection is really not enough. Long term care and safeguarding of your collection. We've already talked about how you might care for and maintain your collection and the environmental factors involved in that. But financially, you also want to safeguard your collection and having works appraised on a regular basis, depending on who the artist is and how

active their market is, I think will determine how frequently you might want to have something appraised. But certainly, for insurance purposes you want to think about the value of your collection every year. If you're buying something that is at the top of the market like an Andy Warhol painting, you might want to be watching that market a little more closely. And there may be events that happen in the market that would cause you to have your work appraised more than once a year. It depends on the work of art, of course, and the market for the works in your collection. But I think one of the best things that you can do is when you're purchasing a work of art, where you're purchasing that work of art from can be an invaluable resource to you. So when you purchase something, ask who you're purchasing it from, whether it be a gallery or an auction house, who the best person is that you should work with for appraisals and insurance valuations going forward, they'll probably know because they're working with that artist's work. So auction houses will be quick to tell you, Oh, we should do the appraisals for you. And that's certainly one avenue. Both Christie's and Sotheby's offer appraisal services. For them, that's one way of keeping track of what's in the market and knowing what's in your collection. Some collectors want to do things more privately and may not want auction houses having that sort of access to their collection and their assets. So you may want to go to a private appraiser or someone who is independent in the field, independent of an auction house. There are many resources out there. I belong to a professional organization called the Association for Professional Art Advisors. The APAA and the APAA has a number of members who are private advisors and private appraisers who work in particular areas, whether that be contemporary art or renaissance art or even modern work or 19th century painting. So it's good to find someone who is specialized in the type of work you have. There are plenty of generalists out there, generalists, appraisers, who can probably appraise anything within reason, of course. But finding someone who's specialized in the field, in the work, and perhaps in the artists that you have in your collection, will certainly bring you the most accurate result in an appraisal. And appraisals, as I said, are an important part of being a collector and maintaining a collection. Should something happen to your residence or even your yacht, for that matter, where someone might have artwork, it's always good to know what the current appraisal is and have something that have at least been done within the last 1 to 2 years.

Ben [00:17:27] That's terrific insights there. Before we wrap things up, I'd love for you to speak perhaps to your role as BNY Mellon curator. What does that process look like and how do you choose the artwork for a corporation?

Brian [00:17:38] Sure. I mean, this is something I love talking about, Ben, so thanks for asking the question. I've been with the corporation for quite some time. I've been on board as curator and managing the corporate art collection for 26 years now, building and developing a collection that has varied areas from British watercolors from the 1700s to the 1900s, American 19th century painting and contemporary art, as well as a few other areas where the corporation has collected over time. And first and foremost, when we think about developing our collection, our employees around the globe and also our clients who are coming into our offices are our primary audience. And those are the people that we think about when we're building the collection and selecting works of art. So we are currently working on our contemporary art collection, and it's the one part of the collection that we've been working on for a long time, since really the mid-1980s. So it has evolved over time and continues to evolve. But what we really like to think about in building our collection is how does this collection speak to the corporation and its values, who it employs and who it serves around the world? So having the collection be a representation, a visual representation of our employees globally, but also our clients and who we do business with around the world, is key for us. So we have a very diverse collection. Within our contemporary collection, we have artists from over 30 countries, 30 distinct cultures, which is not unlike who we are as a corporation and who comes together under our roof globally every day to work together. So diversity is, you know, a really important aspect of what I do for the corporation in ensuring that the collection, what we hang on our walls and what people see when they walk into our offices is reflective of who we are as a company, how it represents our values, and how it speaks to how we view the world. So that's the one thing that I would point out. You know, just having the collection represent who we are as a company and be as diverse as we are as a company.

Ben [00:19:49] Terrific. Thanks for sharing, Brian.

Brian [00:19:52] Thank you for having me, Ben. This has been nice.

Ben [00:19:54] To learn more about building and maintaining an art collection that can meet your needs, I encourage you to reach out to a BNY Mellon wealth manager or visit bnymellonwealth.com. I'm Ben McGloin, thanks for joining us and we'll see you on our next episode of *Your Active Wealth*.

VO [00:20:09] Thank you for listening to this episode of *Your Active Wealth*. Be sure to subscribe to this podcast on Apple Podcasts, Spotify, Google Podcasts or Stitcher and visit bnymellonwealth.com to view the latest insights on the subjects that matter most to you.

1: Barron's Penta, [Global Art Market Soars 29% in 2021 to Reach \\$65 Billion in Sales](#)

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