

# The Death Effect? Not So Fast

**CONVENTIONAL WISDOM** dictates that when a famous artist dies, there is a near-immediate upswing in prices as collectors scramble to snap up remaining available works. The idea is that buyers will want to act fast because, in addition to the certainty that no new work will be created, there is a presumption that an evaluation—or reevaluation—of the existing body of work is imminent. But numerous other factors affect how prices perform posthumously, including overall market conditions, the artist's age at the time of death, how prolific he or she was, and announced plans to manage the estate. Exactly how the variables will interact to determine value is impossible to predict. For instance, scarcity might spark higher prices, or make for a market that sees so little activity the artwork becomes virtually illiquid. This month, we look at what effect the death of an artist has on the price of paintings subsequently sold at auction, examining more than 250,000 auction records from Blouin Art Sales Index auction data from 1980 to 2012. We look at the volume and price of paintings sold at auction for the five years preceding an artist's death and at performance for the five years following. While timing may vary, it seems that true to the adage, the trend in posthumous prices for well-established artists is upward. BY ROMAN KRAEUSSEL

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The death of a famous artist does not necessarily mean a jump in prices. The markets for Jean-Michel Basquiat and Salvador Dalí, whose deaths in the late 1980s came amid the market bubble, kept rising. Prices for Joan Mitchell, who died in 1992 after the art market had already crashed, flattened for several years before starting to climb. Recent strong auction prices include those for Mitchell's *Between*, 1985, pictured above, Dalí's 1943 *Portrait of Mrs. Harrison Williams*, far right, and Basquiat's *Radium 23*, 1982–83, right.

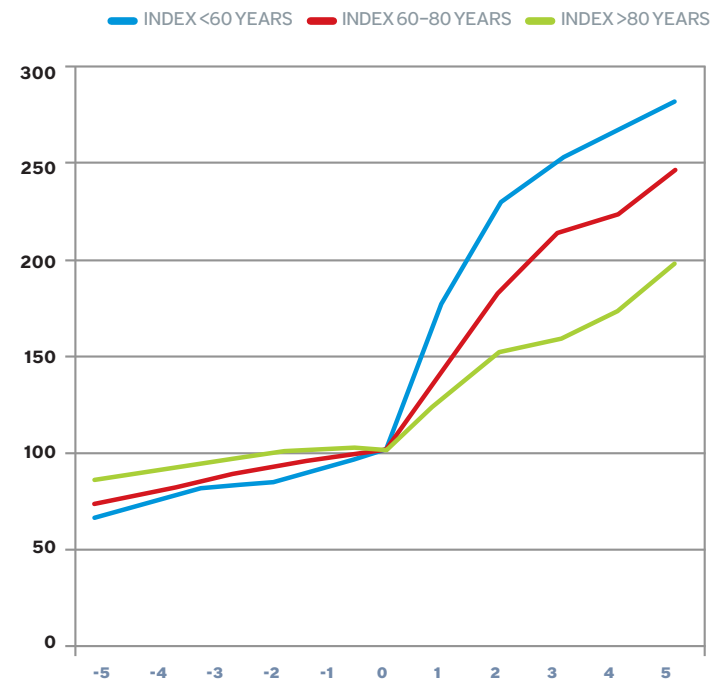
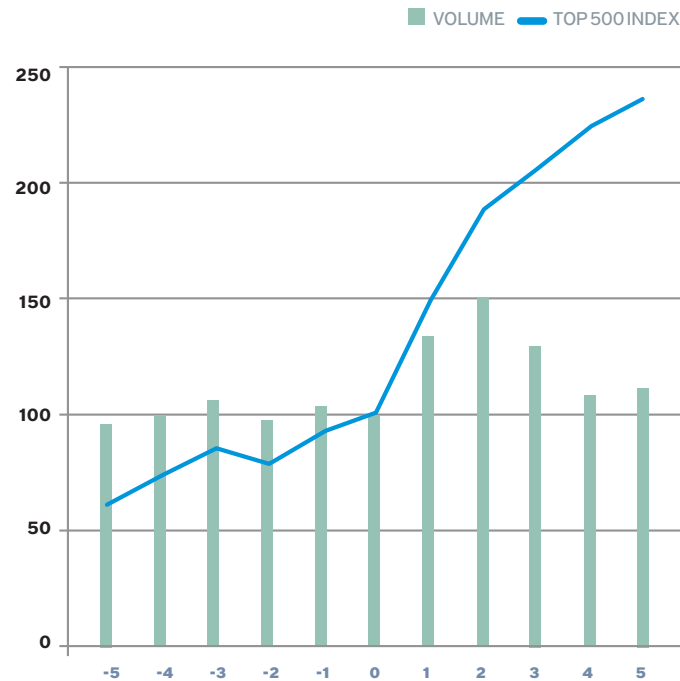


CLOCKWISE FROM TOP LEFT: CHRISTIE'S; SOTHEBY'S; PHILLIPS



## THE IMPACT OF AN ARTIST'S DEATH ON SALES VOLUME AND PRICES AT AUCTION

On the indices below, the baseline value of 100 is keyed to the year of the artist's death. Our sample of 500 top-selling artists at auction indicates that the volume of sales or trading in a particular artist's work following his or her death initially grows faster than price. As time goes on, this trend is reversed: Supply shrinks as prices rise. The table on the right demonstrates that prices escalate more quickly if the artist is younger at the time of death. Older artists with more established, mature markets tend to have less movement in price both before and after their death.



## POSTHUMOUS PRICE PERFORMANCE OF TOP ARTISTS

The older the artist at the time of death, the more subtle the resulting effect on prices, since the market has already had time to mature and settle. The biggest increase is seen for artists who die young, such as Jean-Michel Basquiat, whose prices increased more than 350 percent in the five years after his death at age 27. Warhol was not quite young when he died—he was 58—but his death was nonetheless unexpected, coming as it did after routine gallbladder surgery. Dollar turnover in Warhol works sold at auction increased from \$667,000 in the five years before his death to more than \$3 million in the years that followed. Salvador Dalí's prices and volume at auction were already high at the time of his death in 1989, at age 84, yet the upward trajectory continued, with volume

coasting to \$18 million in the ensuing five years, as compared with \$7.5 million in the five years before. Overall market conditions can also play a major role. For instance, Francis Bacon's death at 82, in 1992, coincided with the market crash of the early 1990s. So while the five years leading up to Bacon's death saw huge price increases for an already esteemed artist, values in the ensuing five years were dictated by the art market correction of the early to mid 1990s. The market for abstract painter Joan Mitchell, who died in late 1992, experienced a similar phenomenon. Marc Chagall, who died in 1985 as the market was still in full-on bubble mode, was affected in exactly the opposite manner: Sales of his work doubled in volume at auction in the years following his death and prices skyrocketed.

AGE	ARTIST	TURNOVER -5 TO 0 YEARS	TURNOVER 0 TO +5 YEARS	VOLUME -5 TO 0 YEARS	VOLUME 0 TO +5 YEARS	AVG PRICE -5 TO 0 YEARS	AVG PRICE 0 TO +5 YEARS
27	Jean-Michel Basquiat (1960–1988)	\$542,000	\$7,116,000	25	98	\$21,670	\$72,610
58	Andy Warhol (1928–1987)	\$667,000	\$3,362,000	17	39	\$39,240	\$86,200
67	Joan Mitchell (1926–1992)	\$7,548,000	\$4,737,000	62	39	\$121,740	\$121,470
73	Roy Lichtenstein (1923–1997)	\$5,359,000	\$7,766,000	50	46	\$107,180	\$168,820
82	Francis Bacon (1909–1992)	\$47,466,000	\$17,723,000	22	21	\$2,157,530	\$843,950
84	Salvador Dalí (1904–1989)	\$7,533,000	\$18,040,000	35	32	\$215,230	\$563,750
90	Joan Miró (1893–1983)	\$1,686,000	\$23,869,000	41	73	\$41,110	\$326,970
92	Willem de Kooning (1904–1997)	\$4,167,000	\$24,253,000	40	55	\$104,180	\$440,970
96	Paul Delvaux (1897–1994)	\$9,270,000	\$11,925,000	11	23	\$842,690	\$518,500
97	Marc Chagall (1887–1985)	\$13,210,000	\$87,121,000	68	137	\$194,270	\$635,920