



INVESTMENT IN CULTURE





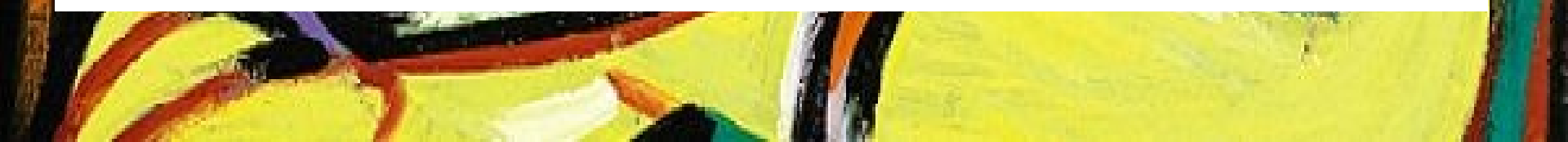
1. INVESTMENT





Investment

Term investment

- Definitions:
 - „the action or process of investing money for profit “(Oxford dictionary)
 - „the act of putting money, effort, time, etc. into something to make a profit or get an advantage, or the money, effort, time, etc.“ (Cambridge dictionary)
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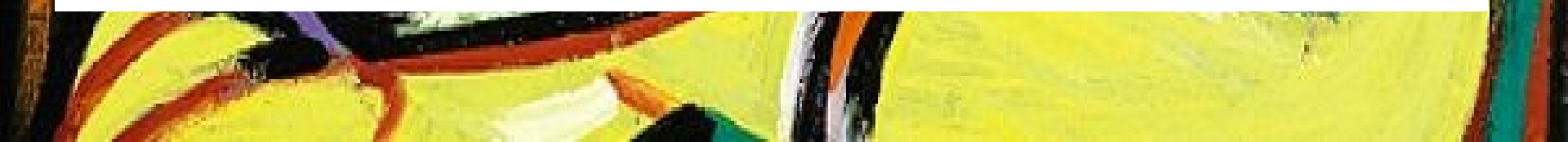
2. LIQUIDITY





Liquidity

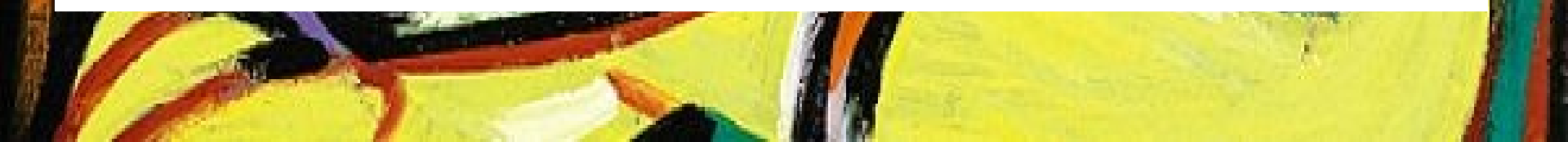
Term liquidity

- Definitions:
 - „Liquidity refers to the ease with which an asset, or security, can be converted into ready cash without affecting its market price“ (Investopedia)
 - „the fact of being available in the form of money, rather than investments or property, or of being able to be changed into money easily“ (Cambridge dictionary)
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Liquidity

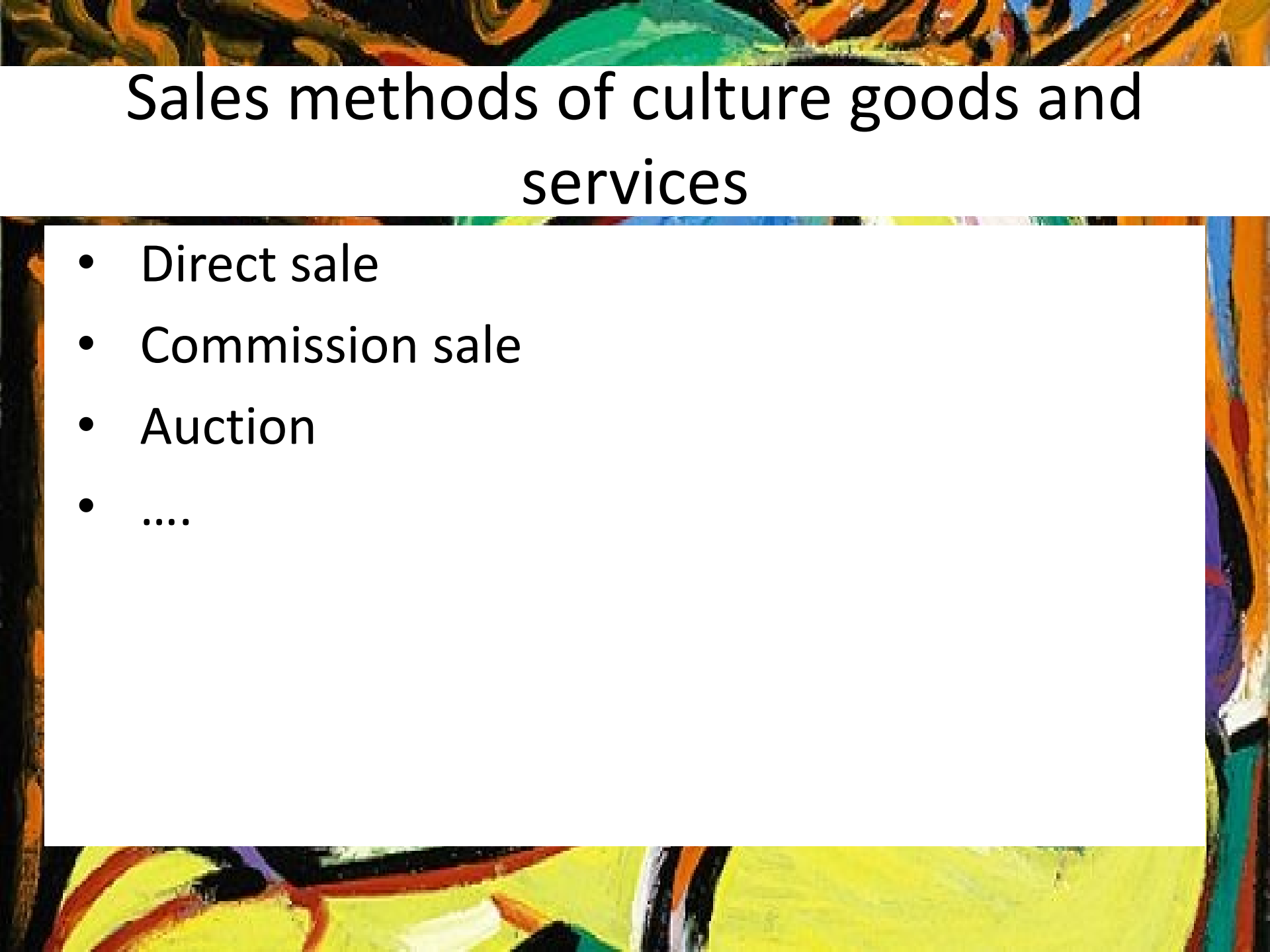
Liquidity of culture goods

- In general the culture goods has low liquidity
 - The time between the decision of capitalization the culture good and real sell can be affected by:
 - Physical characteristics of culture good (size, weight, material...)
 - Specific market (specific group of buyers)
 - Time to care about the culture good and its valuation by professionals
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3. SALES METHODS





Sales methods of culture goods and services

- Direct sale
- Commission sale
- Auction
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Sales methods of culture goods and services

- Primary market
 - Culture goods are sold by artists
 - » Production for potential buyers
 - » Culture goods and services are created on the basis of current demand
- Secondary market
 - Culture goods are sold by owners
 - » Market with culture goods that have been produced in past and are sold again

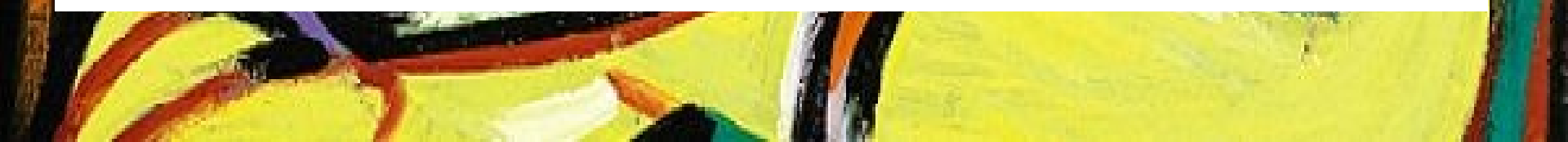


4. AUCTIONS





English auction

- Most common form of auction
 - Price starts low and increases as buyers bid for the item
 - Until one buyer is left willing to pay a certain amount and a higher bid isn't received during the given time period
 - The auction is overseen by an auctioneer who announces prices and makes sure all bidders have the opportunity to increase the price
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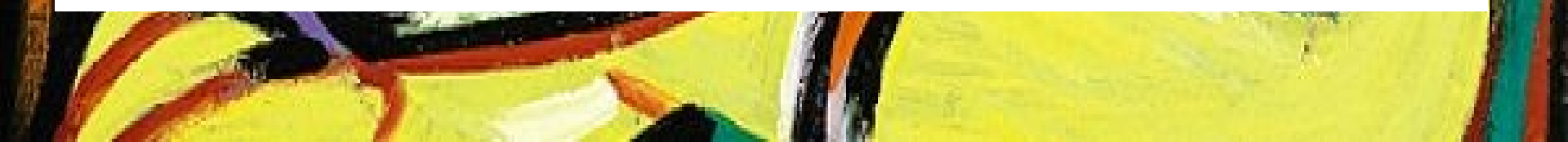


Dutch auction

- An auction process where the auctioneer or seller starts with a high asking price
- Type of auction in which the price of an item is lowered until it gets a bid
 - First bit win
- Relict of auction of tulip in Dutch
 - In general perishable goods

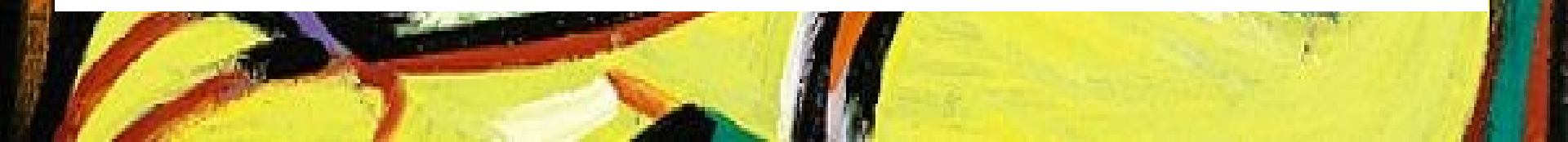


Envelopment auction

- Bids are submit in envelopments
 - Bids aren't known for others buyers
 - Motivation for giving higher bids
 - Highest bid win
- 



Vickrey auction

- Bidders submit written bids without knowing the bid of the other people in the auction
 - The highest bidder wins
 - The price paid is the second-highest bid
 - Motivation for giving higher bids
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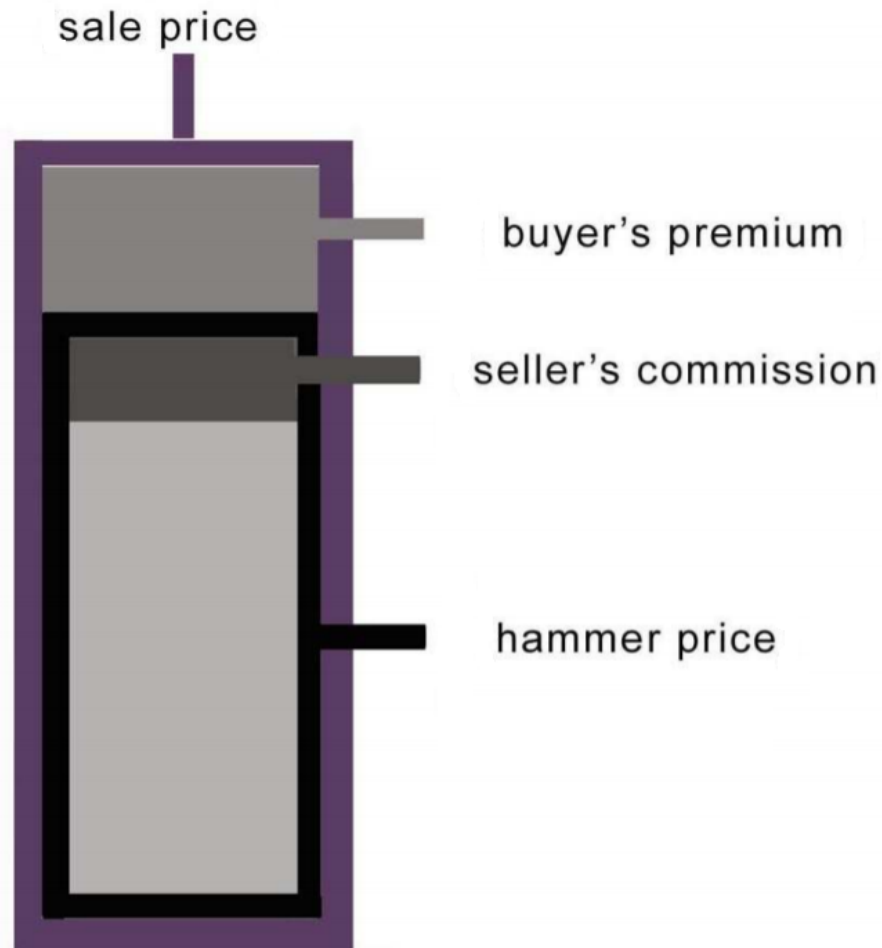
5. FINAL AUCTION PRICE



Final auction price

- Hammer price
 - The winning bid for a lot at auction. It is the price upon which the auctioneer's hammer falls, determining the sale price, but does not include the buyer's premium
- Buyers premium
 - The amount above the hammer price that is paid as part of the total purchase price
 - Often between 5 % -25 % of hammer price
- Sale price
 - Total price which consist hammer price and buyers premium
- Sellers commission
 - A commission paid by the consignor to the auction house, which is deducted from the hammer price

Final auction price



source: Hasoňová, S.,2010.

Final auction price

COMPLETE BUYER'S PREMIUM SCHEDULE FOR VARIOUS CURRENCIES (Effective 11 September 2017)

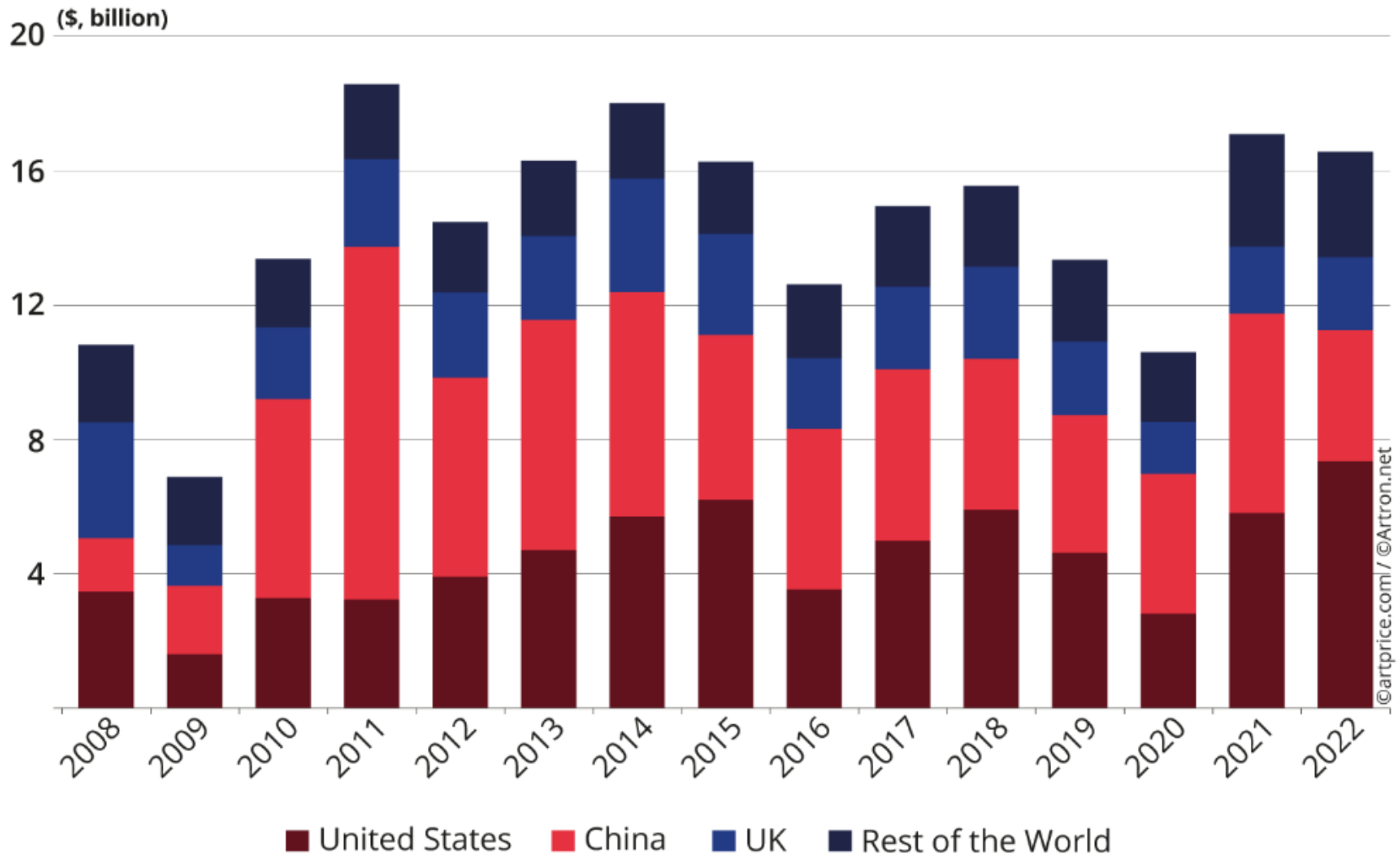
Christie's Buyer's Premium Schedule for All Collecting Categories Except Wine

For online sales, the New York Buyer's Premium rate will apply for USD sales, the London rate for GBP sales, and the Hong Kong rate for HKD sales.

Sale Site	Rate	Threshold
London	25.0% 20.0% 12.5%	Up to £175,000 £175,001 to £3,000,000 £3,000,001 and Above
New York	25.0% 20.0% 12.5%	Up to \$250,000 \$250,001 to \$4,000,000 \$4,000,001 and Above
Dubai	25.0% 20.0% 12.5%	Up to \$250,000 \$250,001 to \$4,000,000 \$4,000,001 and Above
Hong Kong	25.0% 20.0% 12.5%	Up to HK\$2,000,000 HK\$2,000,001 to HK\$30,000,000 HK\$ 30,000,001 and Above
Shanghai	20.0%	No Threshold

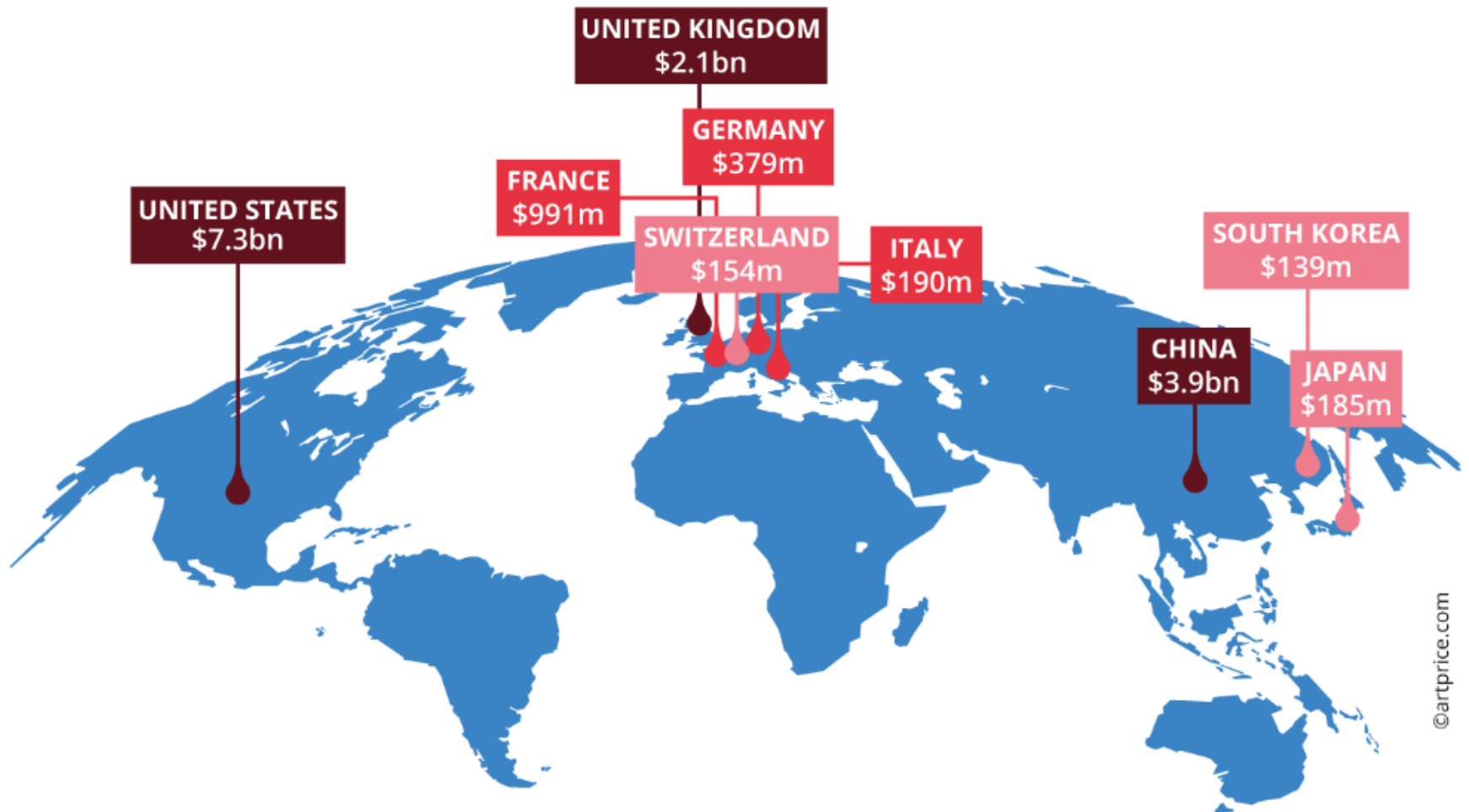
Turnover and market share in auctions

Evolution of Fine Art and NFT auction proceeds (2022)

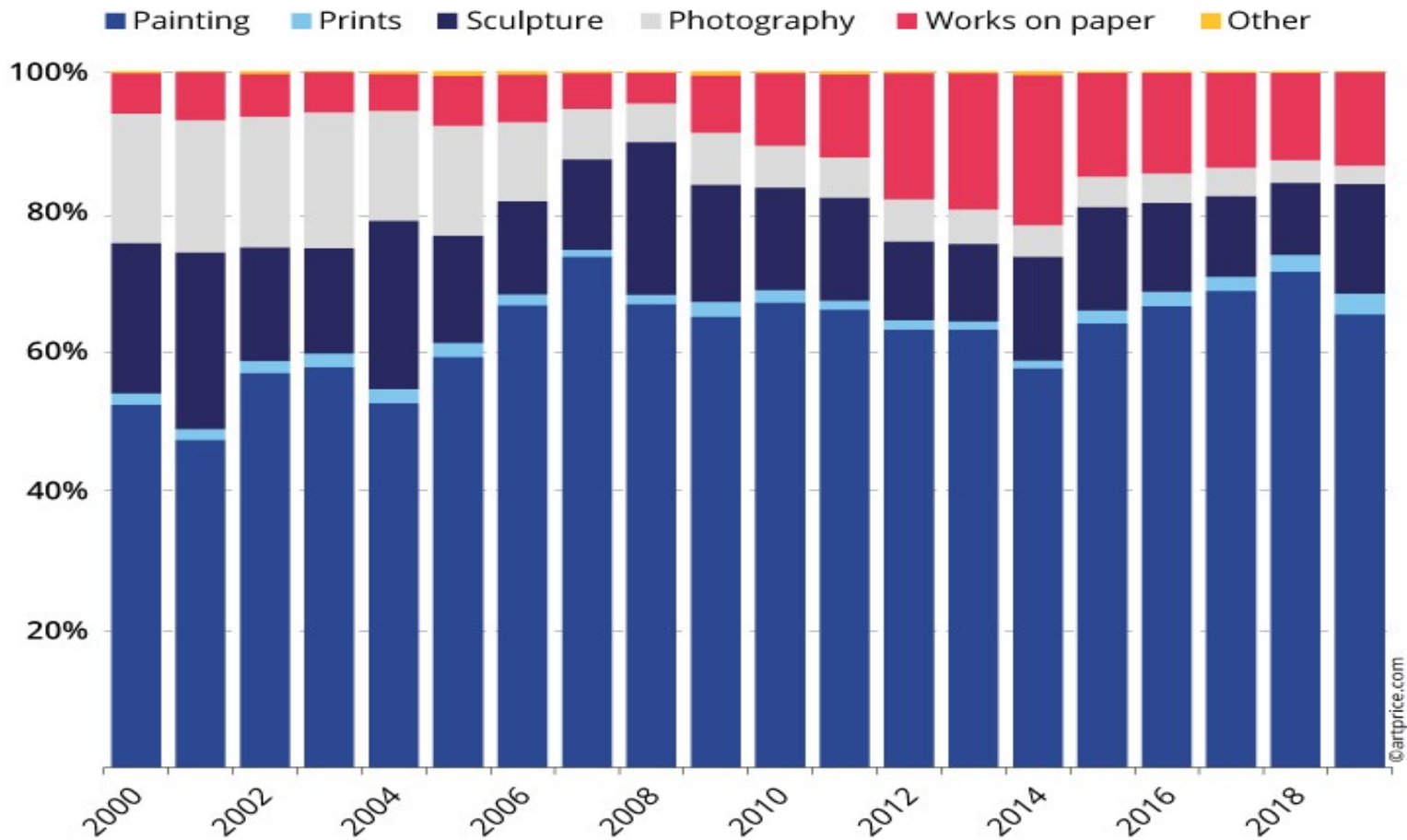


Turnover and market share in auctions

Top countries by Fine Art and NFT auction turnover (2022)



Goods sold in auction according categories



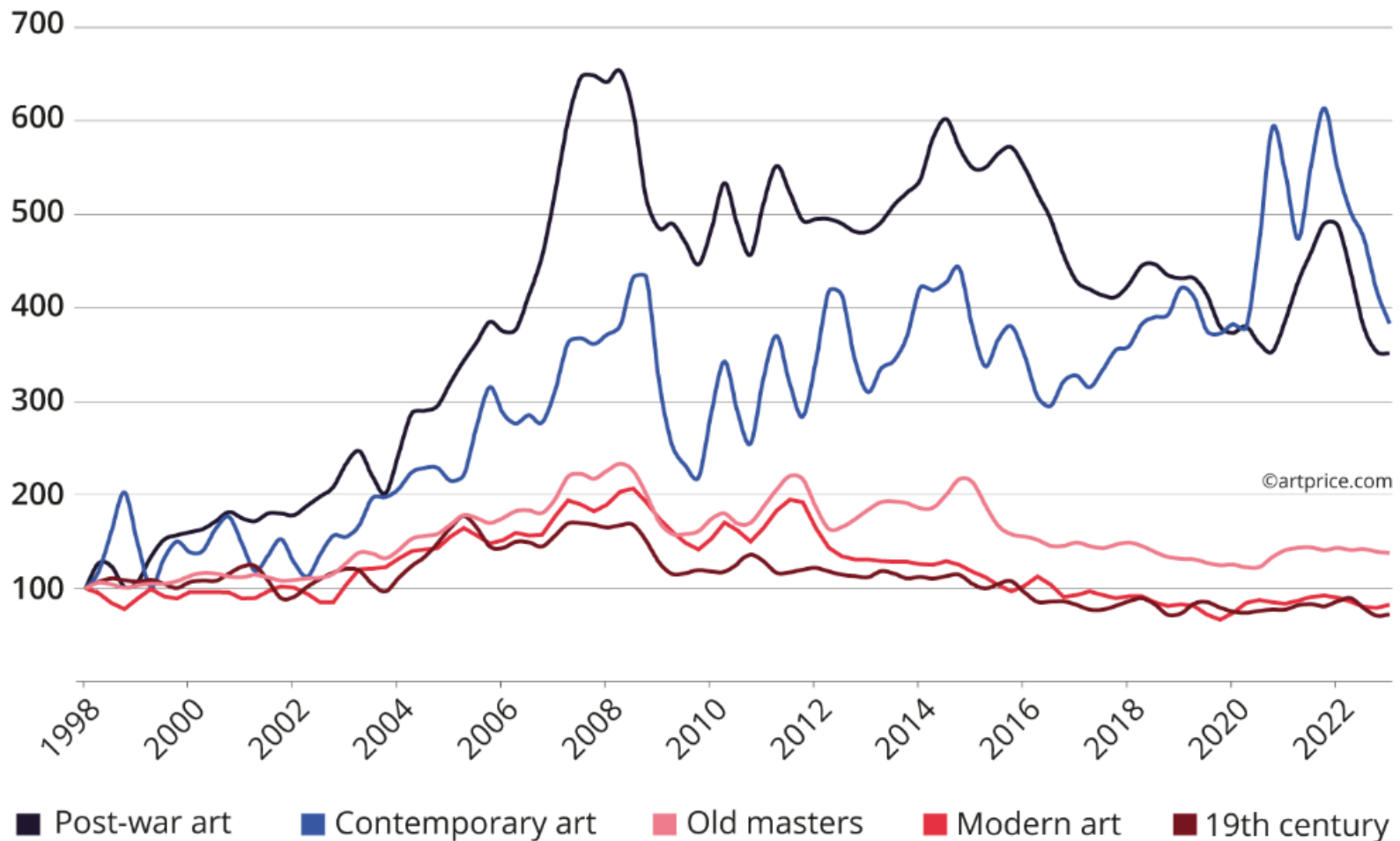


7. Investment in culture



Investment in culture goods in USA

Evolution of price indices for each period of creation





CONCLUSION



Conclusion

- Investment in culture goods is specific kind of investment
 - In general it is long term investment
- Profitability of investment depend on the characteristics of culture good
 - Durability of culture goods (material, age, condition,...)
- Culture goods has low liquidity
 - Because of
 - Specific of objects
 - Specifics of market
 - Specific of sales method
- Auction is popular kind of sales method of culture goods
 - It exists several types of auctions
 - In auction is not the hammer price the final price for buyers and sellers

Use full links

– <https://www.artprice.com/>