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BREAKING NEWS

Asset Classes: New Index Helps Protect Your Art Investment

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(Miami) (<http://blogs.reuters.com/global-markets-forum/2014/09/03/dont-cry-over-chipped-paint-index-guards-against-faulty-art-investments/>)



One thing has proven clear since the Financial Crisis—the art market is hot, and the idea of art as an asset class is not going anywhere anytime soon. Valuations have soared to record highs, particularly in contemporary art, but interestingly, there have also been some spectacular meltdowns in the sector as not all pieces are made with the same caliber of materials. According to a new index company, called the Art Preservation Index (APIx), this has led to shockingly poor longevity in many pieces, such as frequent chipping, cracking, and fading in Francis Bacon’s work, which has sold for as much as \$142.4m. APIx, like its established financial peers Moody’s and S&P, rates existing art pieces using a complex system developed by art conservators. The rating it gives corresponds to the art’s longevity, helping insure an art investor’s confidence in the piece they are buying. The company hopes its new index will become an industry benchmark for the art world. APIx is launching its offering in the US, and as a partner to SourceCulture, a luxury lifestyle site offering art and handmade products, in the UK.

OxWFD: This is a brilliant idea, as despite the fact that valuations have soared in the space, there is little transparency into the durability of pieces. Sure, a Francis Bacon may be worth \$140m today, but it would be hard to fetch that price again should the painting fall apart because of fragile materials. This company might have cracked the issue as it helps buyers protect themselves.

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