

Paint by Numbers. Art Beat Stocks Last Year. But Will the Picture Change?

by **BILLYE TURNER, Art Consultant**

So reads the headline in a January 30, 2012 TIME article noting that art returned 10.2 percent in 2011, crushing the S&P's zero percent according to the MMAI (Mei Moses World All Art Index).

The MMAI tracks prices at which individual works of art sell over time using repeat sales, similar to the S&P Case-Shiller property index. The index further reports that art beat the S&P in six of the last ten years, with an average annual return of 7.8 percent compared with 2.7 percent for the U.S. stock index.

The TIME article also notes a 16-18 month lag between the time that Wall Street earns the money and then buys art. The art of focus, of course, resembles Christie's top sale in 2011 of Roy Lichtenstein's Pop-art *I can See the Whole Room!*...And There's Nobody in It! at \$43 million. The focus is contemporary masters.

But has the lag between the financial gain and purchases caught up with the Bend market where the housing market was hardest hit?

Good news in the real estate market comes from Romy Mortensen, vice president of sales and marketing for Brooks Resources, who reports with cautious optimism. "We have seen a small surge of activity in all of our real estate developments from Madras to Bend. It feels like consumer confidence is growing and is much more positive than it was in the fall. This year seems to be starting out steady and with great activity, which is not what we anticipated a few months ago. It is exciting and rewarding to see this!"

Mortensen's expertise in economic indicators draws upon broad community experience as board member of Art in Public Places, High Desert Bank, West Bend Property Company and Oregon Public Broadcasting (OPB).

Neal Huston of Neal Huston and Associates, Inc. in Bend echoes this positive note. "After several years of exceedingly sparse project opportunities we began to see an increase in private sector activity this last spring, particularly in the commercial realm. I pondered as to whether this activity was simply an uncharacteristic blip on the radar or perhaps a slow ramp-up in activity which, would ultimately lead to the welcome albeit slow economic recovery we've all been awaiting. At present we can report that project opportunities have indeed maintained and perhaps even increased...and our project pool encompasses the most residential work we've seen since 2008."

Huston's elegant news gives us all reasons for glee, but does this trickle-down to art sales in Bend, another hard-hit luxury? Are there parallels?

Shelley Hall, owner of Art Appraisal Resources LLP of Bend, a full service appraisal and advisory firm and an accredited member of the International Society of Appraisers, concurs with the TIME article noting, "Among high net worth collectors, there is no slow down in the market, and in fact, it is a great time to buy."

But, Hall also notes her conviction that contemporary art will make a major comeback in the art market in the coming decade as there is always a market for the "ART OF OUR TIME." She states that the art market is unlike any other for art's intrinsic worth does not always translate into monetary value. She adds that art will continue



to be a valid investment category with increasing segments of the financial community starting to take a serious look at art in its portfolio.

And what does local art have say? A survey of art business in various city locations supports optimism.

Pat Clark, owner/director of Bend's Atelier 6000 (A6) studio workshop and presentation

gallery in the Old Mill, notes, "Our paradigm differs from traditional galleries in that we offer, to the general public, not only exhibitions but education in creating and collecting fine art prints and hand-made books." She continues that A6 experienced steady growth since 2009 with 2010 and '11 particularly strong as measured by sales in these markets and growing community support.

Beginning the sixth year in business, A6 continues to offer instruction and facilities for printmaking and book arts. She anticipates expansion in this area due to their new status as a 501c3 with related grant development possibilities for artists to pursue their work. This designation also creates additional opportunities with other local non-profits such as their continuing work with The Nature of Words literary program and a new alliance with the High Desert Journal, the literary and visual arts magazine.

Jim Peterson, owner/director of Mockingbird Gallery, reports increasing confidence in the local art market. With wife Nathalie, Peterson counts 20 years in the art business in Scottsdale, Arizona before assuming ownership of the downtown Bend gallery in 2007.

The owners enjoyed record sales that year and favorably note that increases in 2010 and '11 raise business to near the pre-recession levels of '07, justifying future optimism. Local collectors' and tourist purchases plus sales to other areas of U.S. at an impressive pace characterize this growth. A strong web presence and monthly email newsletters to collectors aid the effort.

However, Peterson stresses gallery visits as preliminary to customers' comfort with future online business as well as critical to the significant sales of fine art sculpture. He also credits the extensive blend of traditional, representational art by regionally and nationally established artists as important to sales, landscapes remaining the strongest category, understandable in the beauty of Central Oregon.

Owen Dearing, owner of Mug Revolution in Bend, an entirely web-based company, notes a 15-20 percent increase last year. This continues his 10-15 percent growth rate of the past four years also impressively defying the local trend.

Dearing attributes this astounding growth not only to his unique, quality hand-made mugs but to the web-optimization class of Andre Jensen, Andre the Search Giant, taken five years ago at Central Oregon Community College. Applying Jensen's expertise (recognized nationally for his skill), Dearing pops up on the first page of handmade mug web-search. He also credits other social media, Facebook and Twitter, as bolstering his success - local clients purchased after reading a testimonial on Facebook from the owner an Australian coffee shop, a web customer.

For the past six years, Mug Revolution has been Dearing's sole occupation. He builds the popular "Bend" mug and other novelty items such as mugs for paw prints

of beloved pets and the classic scrolled heart mug (think Valentine's Day). Approximately 20 percent of his product sells to Bend clients with the remainder going to locations as far away as Finland and France.

The Old Ironworks complex, an emerging art district on SE Scott Street, is home to CinderCone Clay Center (a clay co-op), the popular Sparrow Bakery showcasing art, Studio J photography, Stuart's of Bend and soon The Cube with other boutiques.

Stuart Breidenstein, owner of Stuart's of Bend, a contemporary jewelry design and sales business, specializes in unique pieces made from non-precious materials. The artist lists four plus years in business and one and a half as a "brick and mortar business" in the Old Ironworks.

He indicates, "I had a better year financially in 2011, but I can attribute that partly to the fact that more people know where to find me now." He also notes that jewelry sales, while greater overall, supported faster local sales of less costly items and more sales of high ticket items in larger cities such as San Francisco and Seattle, other retail locations.

Breidenstein reports optimism for the future, noting the positive response to the expansion of his new art space opening next month (same location).

Tumalo Art Company in the Old Mill shopping district, celebrates its tenth anniversary this year. With roots in Tumalo and then Bend, the artist-run collective moved to the present location in 2009.

Owner Susan Luckey Higdon reports a great holiday season. "We felt our message to

'give art' really connected with our local customers who found art that fit their budget. Also, recently we note a resurgence in out-of-town collectors furnishing second homes here and choosing local artists. Not as common in recent years, this is very encouraging."

Overall Higdon feels that the public is purchasing art again. Selective and careful, clients buy art they love for special places in their home, some saving for large pieces and others enjoying the hunt for small, special pieces.

And this reporter? As an art consultant with exhibitions at Sunriver Resort Betty Gray Gallery, Franklin Crossing - Art Walk, and Pronghorn Clubhouse, I too experienced the sting of the market downturn but happily report a gain in the last half of 2011 and a record setting January 2012 (historically slow in the Bend market). Although the economy still struggles to rise above dismal reports, we have reason to hope (does one dare use this term in political times?) in the field of art.

The MMAI quoted earlier also notes that art as an asset also provides pleasure other than financial gain: the emotional appeal of the visual object, the enjoyment from acquisition (acquiring knowledge, socializing with other collectors, meeting the artist) and, the longevity of the art and its possible financial performance.

Art has been appreciated throughout millennia and my advice to those purchasing, "A thing of beauty is a joy for ever." (Keats). Few will buy contemporary masters anticipating monetary gains, but purchase what you love and you'll always find pleasure in its presence.

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