

Citadel Art Index set to help define art as alternative asset class

Issued by [Business and Arts South Africa](#)

2 Nov 2011

Private client wealthcare company and Business and Arts South Africa member, Citadel, recently launched the Citadel Art Price Index (CAPI) as a measurable way of tracking the changes in the value of South African art.



A South African first, the CAPI was created in association with AuctionVault and Econex following Citadel's commitment to understanding art at the same level of proficiency as the more traditional asset classes. Its aim is not to value specific artists or artworks, but to create a consolidated view of the industry as a whole and the price fluctuations that occur over time.

"The aim is to help define art as a legitimate alternative asset class by creating transparency, measurability and comparability over time," says George Herman, senior investment strategist at Citadel.

The Citadel Art Price Index is Citadel's first significant project since becoming a Business and Arts South African member.

Says marketing executive Lindy Fenner: "We're excited to be a part of BASA and look forward to the collaborative opportunities that could emerge from the association.

"Many of our clients have an avid interest in the art community, whether as collectors, participants or sponsors. We look forward to engaging with BASA to assess future opportunities within this industry."

Citadel was motivated to create the CAPI after discerning a heightened interest in passion investments (including art) in recent years in South Africa and abroad.

"Many clients and those in our community are avid art collectors who already come to our specialist fiduciary division for advice on the structuring of their art within their estate," explains Citadel fiduciary expert Alfie Bester. "As objective advisors who seek to understand and continually add value to our clients' lives, we wanted to find a means of removing the subjectivity that by nature is prevalent in the art industry and thus attempt to demystify the asset class," he said.

The creation of the CAPI has been welcomed by those in South Africa's art community, including Dr Fred Scott, consultant for Stephan Welz and Co (Pty) Ltd. "The significance of art indices is that the data allows art buyers to understand the monetary value associated with artistic creations. In doing so, it offers collectors a tool to monitor financial performance in the art market," comments Dr Scott.

The CAPI will enable future research into:

- Factors that drive the value of art
- Movement of the value of art through time
- Relationship of art with other traditional asset classes
- Identifying periods of relative over/under valuation

- Creating more participants, interest and liquidity in art
- Providing decision support for investors in art
- Enabling improved, more transparent art market

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