

Rotary
Club of
Charlotte



THIS WEEK'S PROGRAM

January 28, 2025

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Jonathan Justice, Art: The Accidental Asset

by **Rick Handford**

Past President **Edwin Peacock** introduced **Jonathan Justice**, who serves as Chief Strategy Officer for Atelier 4, LLC, an art logistics and services company established in 1989 in New York City and now headquartered in Charlotte.

Prior to Atelier 4, Jonathan spent 25 years in financial and art services. He began his career at Sotheby's auction house in Manhattan and later transitioned to private banking, where he held senior roles at several private banks and trust companies. He is a member of the Estate Planning Council of New York City and the Charlotte Estate Planning Council, and he is an Adjunct Instructor in the Financial Services Institute at Central Piedmont Community College.

Jonathan is an alumnus of Charlotte Country Day School and the University of North Carolina at Chapel Hill, where he was a Morehead Scholar. He earned an AB in English with Honors in Creative Writing, and a Minor in Art History. Jonathan earned a Certificate in Non-Profit Leadership from Rutgers Business School and holds the designation of Certified Trust and Fiduciary Advisor from the American Bankers Association. Jonathan has been named an Accredited Estate Planner® by the National Association of Estate Planners and Councils.

He is an avid skier and trail runner and has competed in a dozen overnight trail races around the country. He lives in Charlotte with his wife, Amy, and their son, who attends Country Day; their daughter attends the University of Alabama.

Jonathan is well informed and a very entertaining speaker. His presentation is excellent and packed with interesting facts and figures, most of which cannot be included here. For a real treat, you should watch the recording, which can be found on the Club's Vimeo site (see the bottom of this email). What is included here is a bare-bones summary.

Why are we talking about art as an asset? Because the Artprice100 index has increased more than twice as fast as the S&P 500 index. *Post-war and Contemporary Art in the period from 1995-2022* rose 12.6% vs the S&P 500 (9.0%), Gold (5.9%), US Corp Bonds (4.9%) and Real Estate (4.9%).

What is art? Andy Warhol said that "An artist is somebody who produces things that people don't need to have." Jonathan went on to describe and show examples of various categories of art: Fine Art (Monet); Furniture and Decorative Arts (designer chairs and silver serving pieces); Ethnographic art and antiquities (Dan Mask from the Ivory Coast and Egyptian Bronze statuary from ~300 B.C.); Collectibles (Star Wars Storm Trooper uniform worn in the filming of episode IV); Jewelry and Watches (Bleu Royal Coloured Diamond and Diamond Ring, Patek Philippe gold chronograph); and digital art in the form of NFTs, in this case Beeple's EVERYDAYS: THE FIRST 5000 DAYS, which sold for \$69 million in 2021 (not a typo).

How is it valued? Jonathan listed ten factors that he considers the most important in valuing a piece of art: 1) *The Artist/Creator*; 2) *The subject* being portrayed; 3) *The Date or Period when the art was created*, relative to their place in the Artist/Creator's Career; 4) *The medium* of the piece—Oil > Pastel > Drawing > Print; 5) *Size*, bigger tends to be more highly valued, but not always; 6) *Condition* of the piece, for example a 'near mint' record album could be worth 3,000-4,000 times more than one that is only in 'very good' condition; 7) *Historical Significance*, Lincoln's opera glasses from the night he was killed sold for \$424,000, where similar items without historical condition might not fetch \$100; 8) *Provenance*, the degree of certainty that the item is what it is represented to be; 9) *Rarity*, in that the fewer that exist the more value each has; and 10) *Trends*, in that value is dependent on perceptions at a given time and place. NFTs peaked in January of 2022, but trading of NFTs subsequently declined by 97%, although it appears to be recovering slowly right now. I wonder how the buyer of the Beeple NFT is feeling about that purchase today.

How does art trade? It trades through private sales using brokers, private sales between individuals without the benefit of a broker, and through auctions. Jonathan describes the art market as being unregulated, inefficient, opaque, conflicted (conflicts of interest by parties to the transaction that may not be disclosed), and not driven by fundamentals.

Why does this matter in Charlotte? It matters because Charlotte is an arts city. We have a lot of art providers/creators and educational facilities and resources to support them. We have a lot of people with disposable income, a lot of which goes for art, and are growing rapidly, which provides support for the arts as well as attracting more art-centered people to the city. The Carolinas are home to over 460 museums, to 5 of the top 10 fastest-growing metro areas in the South, and to several of the world's top art collectors. "Charlotte has the optimal combination of economic and population growth, arts and cultural institutions, colleges and universities (which produce and support artists), independent galleries, and a concentration of wealthy individuals and families.

Why is art an "Accidental Asset"? Jonathan describes it as such because it is impossible to know what it is worth at any given time or to reliably predict what it will be worth in the future. He recommends that you buy art because you love it, and not because it will become more valuable with time. In the end, the only way to value art is to sell it, and the value is not based on what you think it is worth, but on what the buyer is willing to pay. Jonathan owns art, but he invests in stocks.

Jonathan then told us about his firm, Atelier 4, a domestic and international art logistics provider, which is to say that they take down, crate, store (museum quality facility), relocate, uncrate and install all things art. If you are a collector or have a gallery, they will provide whatever services you need to safely handle and protect your art. See atelier4.com for more information.

Thanks to Jonathan for sharing his knowledge in such a fascinating and entertaining way.

A recording of the meeting can be found here:

With Slides: <https://vimeo.com/1051668228>

Without Slides: <https://vimeo.com/1051685971>

The presenter's introduction begins at approximately 26 minutes and 25 seconds.