ALT/FNDATA ACADEMY · MODULE 7

The business of the art market

This session treats the art market as a business and uses auction transaction data to study how it works. Rather than reading about the trade in the abstract, students build the two artifacts that art market professionals actually rely on:

90 minutes · sandbox.altfndata.com

SESSION AT A GLANCE

What today looks like

- Length: 90 minutes. A 60 minute and a 110 minute variant are noted under Teaching notes.
- Level: graduate students in art market or arts management programs, advanced undergraduates pairing art history with business, or professional and continuing-education students entering the trade. No finance background is assumed.
- Access: the no-code sandbox at sandbox.altfndata.com, self-registered with a work or school email, auto-approved. An instructor class API key from info@altfndata.com is needed only for the optional code extension, where students retrieve house-level records programmatically and assemble a league-table slice in Python.
- Goal: students leave able to build an auction house league table, compute an artist's pricing power and sell-through, and explain what the secondary-market-only nature and recency of the data mean for any conclusion drawn from it.

OBJECTIVES

By the end of class students can

- Explain the auction house's role as intermediary in the secondary market and define estimate, realized price, and sell-through in plain business terms.
- Build an auction house league table by aggregating realized value and lot counts by vendor, and read it as a picture of relative scale in the trade.
- Compute an artist's pricing power, the median of realized price over the high estimate, and interpret a value above or below 1.0 as a demand signal.
- Measure sell-through for a house or an artist and explain what a high or low clearance rate says about demand and consignment quality.
- Describe how value concentrates among a small number of artists and houses, and why that concentration matters to anyone running an art business.
- Identify the limits of auction data for art market analysis, including that it captures the secondary market only, that unsold lots are retained and marked unsold, and that the newest periods are still being ingested and should not be read as trends.

AGENDA

How the session runs

- 0 to 15 min: The art market as a business. Introduce the auction house as intermediary and the vocabulary of estimate, realized price, and sell-through, and preview the two artifacts the class will build.
- 15 to 25 min: Sandbox orientation. Confirm students can open the fine art data table and locate vendor, designer, usd_price_decimal, sale_estimates_high_usd_price, and status in the data dictionary.
- 25 to 45 min: Guided demo, build an auction house league table by realized value and lot count.
- 45 to 60 min: Guided demo, compute pricing power and sell-through for a single well-known artist.
- 60 to 75 min: Small-group exercise, students pick a different house or artist and reproduce one of the two artifacts.
- 75 to 85 min: Class discussion, groups report what their league table or artist view reveals about concentration and demand.
- 85 to 90 min: Wrap-up and homework assignment.

LIVE DEMO

The in-class walkthrough

- Open sandbox.altfndata.com, sign in, and select the fine art data table from the SQL editor dropdown.
- Open the coverage browser tab and confirm how a major auction house is written in the vendor field, and how a well-known artist is written in the designer field. Spelling matters for exact filters.
- Return to the SQL editor and run the first guided query, the auction house league table, which ranks houses by total realized value alongside the number of sold lots.
- Read the league table aloud with the class. Point out that a house can rank high on total value but lower on lot count, or the reverse, and ask what each pattern suggests about the kind of business a house runs.
- Explain the recency caveat before anyone reads the totals as current standings: the newest periods are still being added to the dataset, so the league table is best read as a picture of relative scale over the long run, not as this year's ranking.
- Run the second guided query, pricing power for a single artist, and explain that a median realized price above the high estimate means buyers consistently paid over what the house expected.

LIVE DEMO

The core query

- Run this in the sandbox SQL editor:

```
SELECT vendor,
       COUNT(*) AS sold_lots,
       SUM(usd_price_decimal) AS total_realized_usd
FROM all_fine_art_data
WHERE status = 'sold'
GROUP BY vendor
ORDER BY total_realized_usd DESC
LIMIT 25;
```

DISCUSS

Questions for the room

- A league table can rank houses by total realized value or by number of lots sold, and the two rankings often disagree. What kind of business does a house at the top of the value ranking run, compared with a house at the top of the volume ranking?
- An artist shows pricing power well above 1.0 but a modest sell-through rate. What might explain the two figures together, and what would you want to know before advising a consignor?
- Auction data captures the secondary market only, not gallery or primary sales. What parts of the art business does this dataset therefore not see, and how would that shape a conclusion drawn from it?
- Why does value in the art market concentrate so heavily among a small number of artists and houses, and what risks does that concentration create for a saleroom's business?
- Sell-through reflects both demand and the quality of what was consigned. How would you separate those two influences when a house's clearance rate falls?

HOMEWORK

This week's assignment

- Each student selects one auction house and one artist represented in the fine art data and writes a two-page art market brief, as if for a gallery director or a saleroom's business team.
- For the house, the brief reports its position in the league table by both realized value and lot count and interprets what that position says about its business.
- For the artist, the brief reports pricing power and sell-through and argues what the two figures together suggest about demand.
- The brief must include the SQL queries used as an appendix, at least one exported table or chart, and an explicit limitations section that addresses the secondary-market-only nature of the data and the recency caveat, and that does not draw conclusions from recent quarter-over-quarter changes.
- Grading criteria:

NEXT

Wrapping up

- Restate the one-sentence takeaway before students leave.
- Point to the facilitator guide for discussion guidance and teaching notes.
- Questions or a class API key: info@altfndata.com