ALT/FNDATA ACADEMY · STUDENT STUDY SHEET

Study sheet: 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: an auction house league table that ranks salerooms by the value and volume of what they sell, and an artist-level view of demand measured through pricing power and sell-through. The dataset records what buyers actually paid at more than 100 auction houses with history back to the late 1990s, so students can see the secondary market as it behaves, where the estimate meets the hammer, where lots find buyers and where they do not, and how value concentrates among a handful of names and houses. The session builds toward a single question that sits at the center of the trade: what does it mean to run, or to read, the business of a saleroom.

What you should be able to do

1. Explain the auction house's role as intermediary in the secondary market and define estimate, realized price, and sell-through in plain business terms.
2. 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.
3. 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.
4. Measure sell-through for a house or an artist and explain what a high or low clearance rate says about demand and consignment quality.
5. Describe how value concentrates among a small number of artists and houses, and why that concentration matters to anyone running an art business.
6. 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.
7. (Extension) Retrieve house-level records programmatically via the production API and assemble a league-table slice in Python.

Key terms

- **Realized price:** what a buyer actually paid for a lot, recorded in usd_price_decimal, as distinct from any pre-sale estimate.
- **High estimate:** the auction house's own pre-sale price expectation, recorded in sale_estimates_high_usd_price.
- **Pricing power:** the median of realized price divided by the high estimate across sold lots, a measure of whether buyers pay above or below what the house expected.
- **Sell-through:** the share of offered lots, sold and unsold together, that find a buyer.
- **League table:** a ranking of auction houses by realized value or lot count, used to read relative scale in the trade.
- **Consignment:** a seller placing an item with a house to be offered for sale, whose quality shapes sell-through independent of demand.

- **Concentration:** the degree to which total realized value clusters among a small number of artists or houses.
- **Secondary market:** the resale market captured by auction data, as distinct from primary sales through galleries or dealers.

Core sandbox query

The query the module is built around. Run it, then change the brand or category and compare.

```
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;
```

Common mistakes to avoid

1. Ranking houses by realized value alone and missing that a high-value house may sell far fewer lots than a high-volume one, or the reverse.
2. Computing pricing power without the sale_estimates_high_usd_price > 0 guard, letting zero or null estimates distort the median.
3. Reading a high pricing power figure alone as proof of strong demand, without checking sell-through alongside it.
4. Reading the newest quarter's totals as evidence of a rising or falling trend, when the newest periods are still being ingested.
5. Carrying the fine art table's designer-equals-artist, vendor-equals-auction-house convention into another table, where designer and vendor mean something different.
6. Ranking an artist or house on a handful of lots, producing a pricing power or sell-through figure too noisy to support a real conclusion.

Full lesson, more queries, and the homework are in Module 7 at academy.altfndata.com. Questions: info@altfndata.com.