Notes on Pre-Auction Estimates

Pre-Auction estimates seem to be one of the most misunderstood facets of the auction industry. Everyone seems to want to see them published, but very few serious buyers pay much attention to them. The one exception is that they often indicate the reserve price on an item, especially at auction houses that generally sell with reserves. Major international auction houses typically have reserves on almost everything sold, and the reserve is usually a figure at or just below the item's low estimate.

Gold Leaf Gallery generally does not accept reserves. Therefore, the pre-auction estimates are just a general guide to what an item might sell for, based on previous sales of similar items. However, market conditions can change rapidly. Every auction is different, with different buyers and different market influences at the time. In reality, no two items are identical in the antique field. There are always some differences in condition, provenance, size, age, etc. These may not be readily evident to the casual observer.

Many people see an item sell for two or three times the high estimate and think either the auction gallery didn't know what it was doing setting the estimate, or someone must have badly overpaid for the piece. Remember, however, an auction is the truest form of competitive bidding, and it takes at least two people bidding on an item to determine the final price. Just because an item sells above the high estimate does not mean it was a bad buy. In fact, winners of these items are usually thrilled to have purchased them at that figure and often say they would have happily paid more. Conversely, an item that sells for much less than the low estimate is not necessarily a good buy. There is usually a very good reason it sells at the level it does. The market sorts it out through the bids of many buyers, based on current market conditions and the item's individual characteristics.

Remember, you, the bidder, need to decide for yourself what an item is worth to you. The pre-auction estimates are general guides set by the auction house, often weeks or months before the auction. Just because an item has what you think is a very high estimate doesn't mean it will sell at that level. Just as what you perceive as a very low estimate does not mean it will sell at that level. Every

serious bidder has their own idea of an item's true value to them, and the auction house can never know that figure in advance. If they did, the pre-auction estimates would be right on the mark every time!

If you have a specific question about pre-auction estimates, feel free to ask one of the auction staff.