

Where did it come from? How did it start?

Buyer's premium, a fee paid by the winning bidder on top of the hammer price at an auction. Today, buyer's premium is standard practice at many auctions around the world, but it wasn't always that way. Let's take a look at the history of buyer's premium at auction.

The first recorded instance of a buyer's premium being charged at an auction dates back to the early 20th century. In 1909, the American Art Association in New York charged a 10% buyer's premium on all sales. The practice quickly spread to other auction houses in the US, and by the 1920s, it had become a common feature of the American auction industry.

However, the use of buyer's premium didn't become widespread in the UK until the 1970s. In 1975, Christie's introduced a 10% buyer's premium, which was followed by Sotheby's the following year. The introduction of buyer's premium was not without controversy, with some critics arguing that it would discourage bidding and reduce the final sale price.

Despite this initial backlash, the use of buyer's premium continued to grow and became standard practice in the global auction industry. In recent years, the percentage charged as a buyer's premium has increased significantly, with some auction companies charging as much as 25% or more. Some auction houses offer a sliding scale of buyer's premium, where the percentage charged decreases as the final bid amount increases.

Buyer's premium is a fee that has become an established part of the auction industry. While it was first introduced in the US in the early 20th century, it wasn't until the 1970s that it became widespread in the UK and other parts of the world. It is standard practice at many auctions today, although the percentage charged can vary widely. Whether you utilize a buyer's premium or not or agree with a buyer's premium, I just thought some of you might find it interesting that a buyer's premium has been around a lot longer than I previously thought.

Dylan Kallemeyn
MSAA Director
507-236-6223
d.kallemeyn51@gmail.com