

COMMENTS ON THE ART MARKET

VOLUME 132

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Web Site Update

We recently made a small change to our web site. Now, when you look at an image, if there are alternate images (framed, verso, etc.) they will show up, below the main image, as thumbnails. All you need to do is click on any of these images and a new window will appear ... you can then scroll through all of the additional photos just by clicking the right or left side of the image. We hope you find this to be a more 'user friendly' feature.

Stocks

Well, the story is getting pretty old by now ... it goes up, it goes down, and we are all disgusted by the whole show. At this point my portfolios are not looking very pretty ... unless red is your favorite color. A majority of my individual gambles ... sorry, investments ... are blinking red. My best performing stocks are currently Vodafone and Altria ... so I guess the world is spending a great deal of time smoking, drinking and talking on the phone. I would go a little more in-depth, but this month's Art Market news took up a lot of space.

The Sales

Well, once again, November proved to be a very eventful time in the art world. The action started the first week with the New York Impressionist / Modern and 19th century sales. As has been the case the past few years, the good did really well and the 'stuff' found little interest ... the market is still very selective; which, from my point, of view is very good.

The Impressionist/Modern Sales

Both main salerooms did their best to source good material and while there were some really nice works, there was still a good deal of filler. Taking top honors this week was Gustav Klimt's *Litzlberg am Attersee*, a beautiful landscape, which brought \$40.4M (est. in excess of \$25M); in second was Picasso's *L'Aubade* at \$23M (est. \$18-\$25M) and in third was Caillebotte's *Le Pont d'Argenteuil et la Seine* at \$18M (est. \$9-\$12M) – this same painting was sold back in 2008 for \$8.4M ... nice return and one of my favorite works offered. Rounding out the top five were Max Ernst's *The Stolen Mirror* at \$16.3M – trouncing its \$4-\$6M estimate and Brancusi's *Le premier cri* at \$14.9M (est. \$8-\$10M). And now for the specifics:

First up was Christie's and from the catalog (I never had a chance to view the sale), it appeared that they had the weaker offerings this time around ... and the results confirmed this. Their evening sale featured 82 works (still a lot in my opinion) of which 51 sold (62%) generating \$140.7M (including commissions); top lot was the Ernst at \$16.3M. The following day, they offered another 269 works, sold 194 (72%) and brought in \$29.7M.

When the two sales are combined, Christie's offered 351 works, sold 245 (69.8%) and grossed \$170.5M – not bad for a couple of days work, but far from what the competition did.

Next came Sotheby's (which I did view) and some of the top lots were very impressive, they even had a nice selection of works that were being sold by the MFA, Boston (accounting for more than \$18M of the final total). The top three works of the week (mentioned above) came from this sale and the evening

results were far stronger than the competition's combined evening and day sales. To begin with, this sale was slightly smaller, 70 works, and the overall quality was a bit better, which helped them achieve an 81.4% sell-through rate (57 works sold) and a \$199.8M total. The next day they presented 276 works, of which 180 sold (65.2%) and garnered \$29.9M. Top lot in this sale was an ok Fantin-Latour titled *Lilas* (1872) that brought \$1.37M (est. \$600-\$800K) – not one of my favorite. Here is an interesting side note: this same painting was sold back in 2004 for \$904K (est. \$400-\$600K) ... so the seller was ready to take a big loss, but in the end, they made money.

In the ended, Sotheby's had offered 346, sold 237 (68.5%) and grossed \$230M; not too bad, but when compared to previous years, not the best – in 2010 they grossed \$267M.

When we total all the sales, we find that 697 works were offered, sold 482 (69.1%) and the total take was \$400.2M – a long way to go from the go-go days of 2006 & 2007 – see below:

2010 – 661 lots offered, 525 sold, sell-through rate of 79% and a grand total of \$534.7M
2009 – 557 lots offered, 425 sold, sell-through rate of 76% and a grand total of \$301.1M
2008 – 941 lots offered, 506 sold, sell-through rate of 54% and a grand total of \$417.6M
2007 – 750 lots offered, 565 sold, sell-through rate of 75% and a grand total of \$804M
2006 – 901 lots offered, 708 sold, sell-through rate of 78% and a grand total of \$847M

With close to 700 works offered this season it appears that the auction rooms feel the market is stronger than it obviously is. They still need to scale down their sales and take only the really good pieces' this will result in far higher returns.

And now for one of my favorite parts --- a few works offered that were recently purchased; or, can one really make money with art? Dali's *Le Voyage Fantastique* last sold in 2007 for \$1.14M ... this time it made \$1.93M (est. \$1.5-\$2M); Chagall's *Souvenir d'Hiver* was bought in 2007 for \$1.14M and now sold for \$2.1M ... not bad; Leger's *Nature Morte* made \$1.99M in 2009 and resold here at \$2.77M; Pissarro's *La Maison de Monsieur Musy...* was bought in 2009 for \$1.14M, the owner then tried to flip it in May of 2008 and it did not sell, they tried again here and no takers .. oh well, better luck next time; a rather misty Monet (not one I liked) was bought in 2005 for \$1.8M (against a \$700-\$1M est.) and sold here for \$1.65M – a little loss; and let's not forget the Caillebotte which was bought in 2008 for \$8.4M and sold now for \$18M. So you can make money if you buy right ... but the key is to know which works will give you the best chance for a good return and what is the right price to pay at the time they appear.

It is very important to remember that just because some works went unsold does not mean they are 'bad' works; it just shows that on the specific day and at the specific time they were offered nobody attending the sale wanted them. You need to remember that the saleroom attendees are only a small fraction of the buying public.

19th Century – No Magic Hats Here

Once again, Sotheby's placed its 19th century sale at the end of their Impressionist and Modern sales ... hoping to capitalize on all the activity. It is still hard for me to believe that someone who buys Picasso, Klimt, Magritte, Matisse, etc. would really be interested in the standard 19th century works. I can see that there might be some crossover from the Impressionist buyers, but after 3 days of over \$400 million being sold in those periods, are the same people ready to look at what can only be classified as the 'more affordable works'? I have my doubts. In order for the 19th century works to gain momentum, we need a 19th century sales week ... like they had in the past; and if they really believe that their big players in other markets are interested in our market, just send them a catalog. Anyway, on with the show:

When the catalog arrived, it appeared that Sotheby's had a much better sale than the competition ... covered in last month's newsletter. And after viewing the works, I was pretty sure their results would be far better than Christie's ... which, in the end, they were.

Now I must admit that I was more than surprised at the top lot: a masterful Herring Sr. titled *Preparing to Start for the Doncaster Gold Cup* which carried an estimate of \$400-\$600K and sold for \$2.1M ... and we all thought the British Sporting market was dead! Go figure. Taking second place was our old friend Bouguereau whose 1897 *At the Fountain* made \$1.98M (est. \$1-\$1.5M) – this work last sold in 1999 for \$900K; and in third was Charles Herman's *Bal Masque* at \$1M (est. \$1-\$1.5M) ... an extremely large work (126 x 158 inches) that was bought in 1992 for \$650K. Rounding out the top five were Corot's

Ronde d'Amours at \$963K (est. \$900-\$1.2M) and a wonderful Munnings – *Crossing the Ford* – that made \$915K (crushing its \$250-\$350K estimate)... yes, another Sporting painting ... could this be a trend? Probably not, but who knows.

After their fairly recent success with works by Alma-Tadema they were able to pull in another 4 works; however, none of them really matched the power of *The Finding of Moses*. Tadema's *Education of the Children of Clovis* (a large and not a very attractive work, in my opinion) managed to sell for \$915K (below its \$1-\$1.5M est.). A chalk and pencil version of the same subject carried a \$40-\$60K estimate and sold for \$69K – and to be honest, I liked the work on paper better. Then there was his *A Spring Festival* which had the right subject matter, but was not a very attractive piece (in my opinion) which actually sold for \$579K on a \$1-\$1.5M est. – talk about a low reserve ... someone really wanted to get rid of that one! And the last piece was a nice watercolor that we sold a number of years ago and now carried an estimate of \$70-\$100K – about twice what we sold it for --- it failed to sell ... someone shouldn't have been so greedy! Now maybe the market for Tadema has come back down to reality because the works offered here made more realistic prices; but I guess we will have to wait for another work in the Moses class to be sure.

In addition, there were other interesting, and not so interesting, works. Among the interesting pieces were: Bouguereau's *Yvonne sur le...* at \$615K (est. \$500-\$700K); Godward's *Contemplation* at \$639K (est. \$300-\$400K – this work sold in 1998 for \$162K and again in 2007 for \$288K ... nice increase) and his *A Congenial Task* that made \$723K (est. \$200-\$300K); Knight's small *Chrysanthemums* at \$165K (est. \$100-\$150K) and Munnings' *The Young Entry...* at \$495K (est. \$200-\$300K – sold in 1987 for \$88K; again in 2001 for \$468K and again in 2005 for \$621K – so a bit of a loss for the seller). Among the not so good works (remember, this is just my opinion): Bouguereau's *Le Citron*, which was definitely over-cleaned at some point, sold for \$231K (est. \$250-\$250K); Raffaelli's *Le Vieux Saveteur* ... not very attractive ... failed to find a buyer – thank goodness; Vibert's *The Fortune Teller*, which had condition issues, failed (est. \$300K-\$500K) and Mogan's *The Flood* also passed with an est. of \$150-\$200K – not the best subject matter.

As for the numbers: the sale consisted of 111 works (a few more than the competition) of which 66 sold (59.5%) and the total take was \$19.4M – low end of the estimate range was \$17.8M. Christie's 19th century sale (last month) offered 107 works with only 47 selling (44%) and a total take of \$6.6M ... so from the numbers it is clear Sotheby's was able to get better material. Now while their sale's total was far from the May, 2011, (\$44.65M) and November, 2010, (\$61.5M) results – one must remember that each of those sales included works by Tadema that brought “are you kidding” prices - \$29M and \$36M respectively. So if you remove those particular works, we see that this sale's overall results were basically in line with the past few sales in terms of gross dollars; however, it did fall a bit short on the sell-through rate: November 2010: 73.2% (82 offered and 60), May 2011: 66% (100 offered and 66 sold) and November 2011: 59.5% (107 offered and 66 sold) ... an indication that good material is getting harder to find and buyers are paying strong prices for the right works. It also shows that making the sales larger, at this time, is not a good thing!

Drilling a little deeper we see that there were 33 works that fell into the Barbizon/Realist area, of which 25 sold (75.8%); 6 Orientalist works of which 4 sold (66.6%); Sporting had 14 pieces and 8 sold (57.1%); 4 were Marine and 2 sold (50%); 20 Neoclassical of which 12 sold (60%) and of the other 34 works 15 found buyers (44.1%).

Since I did it for the other 19th century sale, here is how the saleroom fared in terms of their individual estimates vs. the hammer price for the 66 sold works: 36 below, 19 within and 11 above. For all of the works offered, their estimates were right 17.75% of the time.

I need to add one more result ... another big surprise to me and a great example of the art market's inefficiencies. Jean Beraud's *Backgammon at the Café*, which had a lot of cracking and pigment separation, made \$387K (est. \$250-\$350K) ... not only was I surprised by the final price, but by the fact that in May this same painting sold in Germany for \$114K ... so the seller made one heck of a score! Wish I could see that kind of return with some of my stocks!!!

Contemporary – Still Hot, Hot, Hot

The following week we switched gears, moving into the Contemporary market and this is where the fireworks began to erupt ... while watching these sales one would have been hard pressed to know that

the general economy was still in a state of flux; the week's headlines read: *The Fever Bubbling in Contemporary Art Sales*; *Fortune Smiles on Abstract Art*; and *Day in the Sun for Postwar and Contemporary Art*.

The auction action started on Monday evening with the smallest of the three main players – Phillips. Their evening sale garnered \$71.3M with an 84% sell through rate and the top lot was a Twombly at \$9M. On Tuesday they followed with their day sale which added another \$7.2M with a 72% sell-through rate. In all, they did just about \$80M for the week – a mere drop in the bucket!

On Tuesday evening Christie's offered two sales. The first featured 26 works from the Peter Norton Collection and they scored a 100% sell-through rate and brought in almost \$27M (high est. was \$16m) – the top lot here was Paul McCarthy's *Tomato Head (Green)* which made \$4.56M (est. \$1-\$1.5M). They then followed up with the main evening sale and here too, the results were very impressive. Taking top honors was Lichtenstein's *I Can See the Whole Room...* which sold for \$43.2M (est. \$35-\$45M); coming in second was Rothko's *White Cloud* at \$18.6M (est. \$18-\$25M – made it with the buyer's commission) and in third was Warhol's *Silver Liz* at \$16.3M (est. \$16-\$19M – also hitting the mark with commission). Rounding out the top five were Bourgeois' *Spiders* at \$10.7M (est. \$4-\$6M) and Warhol's *Four Campbell's Soup Cans* at \$9.8M (est. \$7-\$10M).

When the evening ended, of the 91 works offered, 82 found new homes (90.1%) and a total take of \$247.6M. Last year's corresponding sale saw 75 works offered with a sell-through rate of 93% and a total take of \$273M ... so a little stronger.

The next day the 'more affordable' works appeared: the top lot here was a de Kooning at \$1.98M - est. \$700-\$1M) and actually 9 of the ten top lots sold for over \$1M and either met, or beat, their estimates -- so much for 'more affordable'. When the day's events ended, of the 412 works offered, 324 sold (79% sell-through rate) and the total take was \$70.6M ... which was a bit stronger than the 2010 November sale (392 sold works, \$67.7M). And when we combine all of their sales we find that of the 503 works offered, 406 sold (80.7%) and the total take was \$318M – a little shy of last year's \$350M, but still pretty hot ... but things got even hotter!

That evening Sotheby's presented their important works and here the action, at times, was out-of-control ... I watched as the bidding on certain lots opened below their estimates and within seconds were well above the high estimate – just amazing! Taking the top slot here (and the number one position for the week) was Clyfford Still's *1949-A-No.1* which made a record \$61.68M (crushing its \$25-\$35M est.). In second was another Still work – *1947-Y-No.2* – at \$31.4M (easily beating its \$15-\$20M est.) and in third was Gerhard Richter's *Abstraktes Bild, 1997* at \$20.8M (also smashing its \$9-\$12M est. and creating a new auction record for the artist). Of their top ten works, all either fell within the estimate range or blew past it.

When the evening ended, of the 73 works offered, 62 found buyers and the total take was \$316M ... almost as much as the complete evening and day sales at Christie's – talk about hot ... this one was flaming hot and garnered one of the auction rooms highest totals for this period of art! The upper end of their presale estimate was \$270M ... it is also interesting to note that early in the day, the Dow closed down over 400 points.

Their day sale was a little weaker compared to Christie's with only 5 of their top ten works beating the million dollar mark – top lots here included: Basquiat's *Reok* at \$2.15M (est. \$3-\$4M) and Calder's *Yellow Eye, Red Dot* at \$1.1M (est. \$750-\$950K) and *Untitled, 1964* at \$1.07M (est. \$800-\$1.2M). When this session ended, of the 397 works offered, 291 found buyers (73.3%) for a total take of \$54.3M –slightly better than 2010's gross of \$48.8, but a lower sell-through rate – 73.3% vs. 79.9%.

When combined, Sotheby's offered 470 works, sold 353 (75.1%) and brought in \$370M ... much better than 2010's \$271M. As for the full week's total, when we add all three rooms together we find that just over \$708M worth of art traded hand ... pretty strong. And if we add in the art sold the week before we find that just about \$1.2 Billion was sold ... last year we were at \$1.3 Billion ... still showing that the overall art market is in a fairly strong cycle.

Back to the 19th Century – This Time in London

Victorian and Edwardian

While there was more action taking place in New York, I felt it was more important to cover the period of art that really interests most of our readers ... the 19th century. On the 15th Sotheby's London offered their Victorian and Edwardian Art sale and the only thing this proved is that for the most part, the general works from this period are out of favor. Now I looked for a press release, but none could be found so we crunched the numbers ourselves.

Taking top honors here was E.B. Leighton's *Stitching the Standard* at £373K (\$591K - est. £150-£200K) – which shows that something not very “standard” will garner exceptional results. Coming in second was a nice Grimshaw at £313K (\$496K – est. £250-£350K) and in third was Elsley's *Too Hot* at £181K (\$287K – est. £150-£200K).

Now you might say that from those few numbers things look pretty good, but there were a number of other highly estimated works that could not find takers; these included works by Albert Moore (£300-£500K), Godward (£150-£250K), a Burne-Jones/Murray collaboration (£150-£200K) and Stanhope (£80-£120K).

At the end of the day, I would guess that the department wished they had pared the sale down to only 60 or 70 lots. Of the 115 offered, only 59 sold (51.3%) and the total take was £2.4M (\$3.8M – the low end of their estimate range was £3.17M ... they fell far short).

Look, we all know that the lower end of this market has been in the doldrums for a number of years and it is going to take more time before it emerges from the darkness ... at least if the estimate ranges are kept as high as they have been. So if that is the case, why not reduce the number of sales and the number of paintings offered? There are very few buyers for the general High Victorian works of art ... unless they are really great examples or priced very reasonably.

European Paintings

The following week Sotheby's London offered MORE works in the 19th century arena with their European Painting sale; and the results once again proved that the market is just not ready for all the 19th century material being thrown at it.

I found it interesting that the auction house has now combined the general 19th century sale with the Greek works (which, at one point, had their own sale and included some living artists) and when you read all the economic news from abroad, one really does not have to wonder why – there are probably far fewer Greek painting buyers right now. Taking the top slot in this sale was Zuloaga's *Madame Souty*... at £713K (\$1.13M – est. £400-£600K); in second came Hammershoi's *Interior with Ida*... at £577K (\$917K – est. £500-£700K) and in a distant third came Gysis' *Dance of the Nymphs* at £263K (\$418K – est. £150-£200K).

This sale was broken down into 5 sections so I will really slice it apart.

The first was German, Austrian & Central European. It consisted of 28 works of which 17 sold, (60.7%) and sub-total of £565K (the low end of the estimate range here was £1.37M ... so they fell far short) and the three works with the highest estimates all failed to sell: Egger-Lienz, Sykora and Waldmuller.

Next were the Scandinavian works. There were 36 offered, 21 sold (58.3%) and the take was £1.42M (low end of the range was £1.38M – so they made it with the buyer's commissions). The three works with the highest estimates – Peterssen & two by Hammershoi – all sold well.

This was followed by the Spanish works. Here there were 28 of which only 11 sold (39.3%) and the take was £1.4M (low end of the range was £4.1M – real bad showing). Of the top lots here, the Zuloaga (mentioned earlier) sold, but two Sorollas (est. £2-£3M and £250K-£350K) did not. In addition, a few other highly estimated pieces went unsold.

We then moved into the Greek section where 64 works were offered, 31 sold (48.4%) for a sub-total of £1.43M (they were expecting at least £2.76M). The three works with the highest estimates all went

unsold. One was by Moralis and two were by Ralli – the latter of which was one of the hottest artists in this field just a few short years ago. In fact, *The Captive* (offered in this sale) was last on the block in 2007 where it sold for £737K; here it carried an estimate of just £300-£500K – so the owner was ready to take a big loss, but got it back.

And finally came the general European paintings with 78 offered and 54 sold (69.2% - by far the best sell-through rate) and the take was £1.44M (low end of the range was £1.51M ... so they missed it). There were no blockbuster works in this section and the three with the highest estimates – Zandomenoghi, Sorbi, and van Schendel – all failed to find buyers.

All was not lost here since they did sell 135 of the 235 works offered (57.5%) and the total take was £6.26M (\$9.95M - low end of the estimate range was £11.1M); however, it continues to illustrate the difficulty the salerooms are having sourcing really fresh material at realistic prices. I will continue to stress the need to scale back the number of works offered until the world economy is truly on the road to recovery.

Now here is a good idea, next time around they should combine the 19th century and Victorian sales and reduce the number of works by 40-50% ... let's face it, not only do the 19th century sales in NYC combine all of those schools, but in the end, when you combine the two sales that took place, they only sold about 55% of the works offered. Get with the program ... smaller and stronger is still the mantra.

Howard L. Rehs

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Gallery Updates: For the month of December we are open Monday – Friday and all other times by appointment.

Web Site Updates: Works by the following artists have made their way through the gallery: Joan Miro, Ridgway Knight, Edouard Cortès, Marc Chagall, Antoine Blanchard and Sally Swatland. And look for new works by Joseph Caraud, Frederick Richard Lee, Antoine Blanchard, Hannelore Baron and Holly Banks that have been, or will be, added to the web site. A few of the new works are illustrated below:



Frederick Richard Lee
Beech Tree Mill



Antoine Blanchard
Théâtre des Variétés



Antoine Blanchard
Théâtre du Châtelet



Holly Hope Banks
April Flowers

Next Month: The Art Market!