

COMMENTS ON THE ART MARKET

VOLUME 108

Rehs Galleries, Inc. – 5 East 57th Street, New York, N.Y. 10022 – (212) 355-5710
www.rehs.com

General Financial Market Comments

I trust you are enjoying the relatively mild ups and downs of our stock market; which is at its highest levels of the year. Oil is hovering in the high \$70s and gold is closing in on \$1200 (I sold my spare gold last time it went over \$1000 ... I think I will recheck my dresser drawers – maybe I missed a piece or two). I am also pleased to report that my personal portfolio is holding up: Citi is in the \$4.20 range, Bank of America is over \$16, Pfizer over \$18, McDonalds is \$64 and RIMM is around \$60 (I was much happier when it was over \$80); leaving me a year-to-date advance of about 21%. I cannot wait to see what December has in store for us!

The Art Market It's ALIVE!

This month the art market proved it is still alive and kicking. The downturn of late 2008 and early 2009 might have been a real buying opportunity; those who were brave enough to jump in will probably see some pretty good returns.

Our gallery has seen continued interest and sales ... with works by Corot, Cortes, Dupré and Knight finding new homes.

Now on to the public A-C-T-I-O-N!

The Impressionist & Modern Sales

The action started during the first week of November with the major fall Impressionist and Modern Art sales in New York City and the results for the good works were rather impressive ... I might even use the word 'hot'. After viewing both sales it was obvious that one room had the upper hand when it came to the Evening Sales' offerings and the results proved this with one bringing in almost 3 times the other. What I did find very interesting was the lack of quality mid-range works – the Day Sales were filled with a lot of 'stuff' (much of which found buyers).

Taking top honors from these sales was Alberto Giacometti's sculpture *L'Homme qui Chavire* which brought an impressive \$19.35M (est. \$8-\$12M); coming in second was André Derain's *Barques au port de Coilloure*, a beautiful Fauve period work, that made \$14.1M (an auction record, est. \$6-\$8M – it was last on the public market in 1993 when it sold for \$2.64M); and in third was Kees van Dongen's wonderful *Jeune Arabe* at \$13.8M (also an auction record, est. \$7-\$10M). Rounding out the top five were Degas' *Danseuses* at \$10.7M (a pastel, est. \$7-\$9M) and Wassily Kandinsky's *Dramatic and Mild* at \$10.6M (est. \$6-\$8M).

The Evening Sales also included other interesting works ... some of which I liked and others I could have done without (but that is a personal thing). Among the more interesting were Picasso's *Buste d'Homme* at \$10.38M (\$8-\$12M est.); Pissarro's *Le Pont Boieldieu...* that made \$7.02M (est. \$2-\$3M); Sisley's *Chemin de vénéux...* at \$2.2M (est. \$1.25-\$1.75M); Salvador Dalí's *Girafe en feu* at \$1.87M (est. \$150-\$200,000); and two very nice paintings of Ville d'Avray by Corot (interesting that he is now being featured in the Impressionist sales) -- one bringing \$482,500 (est. \$300-\$500,000) and the other commanding \$866,500 (est. \$500-\$700,000) --- Go Corot!

The Day Sales, which overall left a lot to be desired, also did fairly well ... especially when you take into account that there was very little 'meat' in them. The top three works here were de Chirico's *Trovatore* at \$1.73M (est. \$400-\$600,000); Grosz's watercolor *Der neun Mensch* at \$1.3M (est. \$300-\$500,000) and Camille Claudel's *La Valse* at \$932,500 (est. \$300-\$500,000).

In the end, the two Evening Sales brought in a combined total of \$247.5M (\$181.8M for one room and \$65.7M for the other) with 106 lots offered and 84 sold for a sell-through rate of 79%. The Day Sales brought in a combined total of \$53.6M with 451 works offered and 341 sold for a sell-through rate of 75.6%. Now let's compare the overall totals to 2008 and 2007:

2009 – 557 lots offered, 425 lots sold, sell-through rate of 76% and a grand total of \$301.1M
2008 – 941 lots offered, 506 lots sold, sell-through rate of 54% and a grand total of \$417.6M
2007 – 750 lots offered, 565 lots sold, sell-through rate of 75% and a grand total of \$804M

Here are some additional 'fun facts' to consider – the most expensive works & their percentage of the sale:

2009 – Giacometti - \$19.35M (6.4% of combined total)
2008 – Malevich - \$60M (14.4% of combined total)
2007 – Gauguin - \$39.2M (4.8% of combined total)

With strong prices for the great works and better sell-through rates, the Impressionist market is making a nice recovery. As I have been saying, smaller and stronger sales are the way to go!

The Contemporary Sales

Front and center the following week were the Contemporary sales ... and here again one room (the same one in fact) had better offerings and better results.

Now in case you missed the fireworks, the top lot for this series of sales was Andy Warhol's *200 One Dollar Bills* (an impressive work estimated at \$8-\$12M). The bidding opened at \$6M and before anyone could even raise their hand someone on the phone called out a bid of \$12M (I thought we were back in 2007). After some heated bidding the work finally sold for \$43.76M; a nice boost for the market. And in case you are interested, the seller paid \$385,000 for the work in 1986. Coming in second was another work whose price amazed me – Peter Doig's *Reflection...*. Doig has seen a meteoric rise in price over the past 12-13 years and at the height of the market, 2007, his painting *White Canoe* made \$11.26M. Now you need to realize that Mr. Doig is only 50 years old, and in the late 1990s his works were selling in the \$10,000 range -- yes, \$10,000. As a matter of fact, it was reported that the seller of *Reflection...* paid about \$10,000 for this work in 1996; just 13 years later is sold for \$10.16M; now how is that for a return on your investment? I do have a little trouble with the auction room's claim that *Reflection...* is considered one of the artist's great masterpieces. It is my belief that only after an artist has passed on can we determine which of his works should be considered a 'masterpiece' and since Mr. Doig probably has a long career ahead of him, it will be decades before we know which works are truly 'masterpieces'. Anyway, let's move on. Coming in third was Jasper Johns' *Gray Numbers*, 1957 at \$8.7M (est. \$5-\$7M); of interest is that the seller bought it in 2003 for \$5.27M (a nice return as well). Fourth position was captured by Warhol when his *Self-portrait* (1965) brought \$6.13M on a \$1-\$1.5M estimate (this work was bought directly from the artist in 1967 and we all know what these works were selling for back then --- not much). The last work in our top five was Dubuffet's *Trinité-Champs-Élysées*, 1961 that made \$6.13M (an auction record for the artist) on an estimate of \$4-\$6M (in May of 2006 this same work sold for \$5.17M).

The two Evening Sales racked up some respectable results given the current economic climate: 100 works offered, 91 sold for a sell-through rate of 91% (one room had a 96.3% rate while the other had an 85% rate) and a total take of \$208.59M.

In addition, the Day Sales produced some interesting prices with Wayne Thiebaud's *Supine Woman* and Clader's *Ten Black* sharing the number one slot at \$1.82M. Bringing up the top five were works by Pierre Soulages (\$1.14M); Lichtenstein (\$974,500); and two additional Calder mobiles at \$902,500. The results for the Day Sales were almost as strong: 672 works offered, 581 found buyers for a sell-through rate of 86.6% and a total take of \$87.87M.

When the final gavel sounded the three day total was very encouraging: 772 works offered, 672 sold, for a sell-through rate of 87% and a grand total of \$296.46M. Now let's compare these results with the previous two years:

2009 – 772 lots offered, 672 lots sold, sell-through rate of 87%, total take \$296.46M
2008 – 915 lots offered, 542 lots sold, sell-through rate of 59.2%, total take \$312.97M
2007 – 850 lots offered, 620 lots sold, sell-through rate of 72.9%, total take \$890M

In addition, here are the most expensive Contemporary works and their percentage of the sale:

2009 – Andy Warhol - \$43.7M (14.7% of combined total)

2008 – Yves Klein - \$21.3M (6.8% of combined total)

2007 – Francis Bacon: \$45.9M (5.2% of combined total)

And some final numbers: Total November Sales Comparison (Impressionist, Modern & Contemporary):

2009 – Offered: 1329 Sold: 1097 (82.5% sell-through rate) Total Sales: \$597M

2008 – Offered: 1856 Sold: 1048 (56.5% sell-through rate) Total Sales: \$730M

2007 – Offered: 1600 Sold: 1185 (74% sell-through rate) Total Sales: \$1.69B

I have thrown out a lot of numbers, but I think the overall message is clear. While there are less 'great' works appearing at auction and we are still a long way from the glory days of 2007, good quality works of art, even during the rough 2008/2009 season, are commanding strong prices and seem to be a fairly safe place to park some of your assets. As I have always stressed, regardless of the style of art you are interested in, it is important to buy good quality works that are in good condition and from an artist's most desirable periods. Also remember that what is on the canvas is far more important than how big it is – in other words ... **quality rather than quantity is the key! And never get wrapped up in owning a Signature!**

Tales from the Dark Side – Follow-up and New

The List Keeps Growing – Back in March of 2009 (Volume 99) I covered auctioneer Tim Conroy's legal issues and his filing for Chapter 11 bankruptcy protection; well, he is back in the news. As reported in the Maine Antique Digest, *on November 2 Mr. Conroy was in court, being charged "with a single count of third-degree felony larceny by the state's attorney after being indicted in mid-October for failing to pay Mary K. Maloney ... more than \$3000 in 2005.* The list of unhappy consignors just keeps growing.

Expert Gone Bad? – Again from the Maine Antique Digest: *The attorney general of New York filed a lawsuit against Dr. Mircea Veleanu, owner of Objects D' Art Uniques, seeking to permanently bar him from selling jade antiques in New York unless they are verified as authentic. The suit also asked that all sales be reported and sought restitution for customers Veleanu allegedly defrauded....* This one makes for interesting reading since Dr. Veleanu has authored 4 books, one of which is titled Jade: 5000 B.C. to 1912 A.D.

RICO and Shill Bidding – In a recent issue of AntiqueWeek (a trade paper) there was this story: Heritage: Lawsuit contains lurid claims by ex-employee. The basic premise is that a *former employee, Gary Hendershott, filed a lawsuit in May alleging that Heritage used a shill bidder to "bid up" auction prices.* Hendershott also claims that the auction room owes him \$1.6M in commissions. On the flip side *Heritage maintains they are being "terrorized and extorted" by [the] former employee.* In addition they claim that Hendershott owes them *well over \$1 million ... in advances, loans and some unprofitable deals he made.* On September 16th Reuters reported that the lawsuit was amended – *to expand the charges of fraud and RICO violations against the Dallas-based auction house.* Check the web for more on this story. It will be very interesting to see if this case fully plays out in court.

Bankrupt – On October 26th, 2009, Ritchie's, a Toronto based auction house, declared bankruptcy. Their problems surfaced in July when late payments to consignors of their May sale resulted in a split with Sotheby's (who held joint auctions with them). At that time Sotheby's stated that all payments due to consignors would be made. In mid October the Ritchie's web site was up and running – preparing for their fall sales; now there is just a bankruptcy notice. I assume there will be a lot of unhappy consignors and creditors.

Some Interesting Offerings for December

The gallery has recently acquired some interesting works ... below are three of them.

The first is a somewhat unusual painting by the French 20th century master Maurice de Vlaminck. Vlaminck, along with Matisse and Derain, is best known for his Fauve paintings; brightly colored landscapes executed

between 1905-1907 (in the recent sale a nice Derain from the Fauve period brought \$14.1M). From c.1907 until his death in 1958 the artist concentrated on still life and landscape paintings done in more somber tones; however he occasionally painted works with a bit more color and this month we are offering a beautiful wheat field painting done c.1925 titled *Le champ de blé* ... a work that illustrates the lasting influence Van Gogh had on Vlaminck. I believe you will all enjoy seeing this one ... especially those of you who are used to seeing his dark, rather monochromatic, works from this period:



Maurice de Vlaminck: *Le champ de blé* – 26 x 32 inches

The second work is one we posted to our web site earlier this month; a gem of a painting by the Dutch master Henriette Ronner-Knip titled *Kittens at Play* (since many of you do not receive our New Acquisition updates I thought I would include it here). Ronner-Knip made her name as one of the finest cat painters of the late 19th century and we are pleased to offer this fabulous example:



Henriette Ronner-Knip: *Kittens at Play* – 9 ½ x 12 ¾ inches

The third painting is a rather hard-to-find work by another French artist (one of our favorites) Julien Dupré titled *Une Gardeuse d'Oie*. While images of women in the field pitching hay, or tending to sheep or cows, are often

seen, the works he did featuring geese are few and far between. Add to that, the fact that this painting was done c.1887 and you have an even rarer item ... works from this period are among the most difficult to find – as a matter of fact he only painted 23 works that year:



Julien Dupré: *Une Gardeuse d'Oie* – 25 ¾ x 21 ¼ inches

Howard L. Rehs
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Gallery Updates: Our next show is the Los Angeles Art Show -- January 20 – 24, 2010.

Web Site Updates: Look for new works by the following artists: Maurice de Vlaminck, Julien Dupré, Edouard Cortès, Mark Lovett, Gregory F. Harris, Sally Swatland and Katie Swatland. Below are images of three new Contemporary works:



Gregory F. Harris: *Poppy Field in Valencia*



Katie Swatland: *Sonata in A Minor*



Sally Swatland: *The Boats of the Tuilleries*

Next Month: Continuing art market updates.