

COMMENTS ON THE ART MARKET

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Upcoming Shows

Once again we will be participating in the Baltimore Antiques Show which runs from August 25 – August 28, 2011 at the Baltimore Convention Center. We will email tickets sometime in July.

The Stock Market

Where have all the profits gone? My portfolio is having a real tough time staying in positive territory ... ok, I am in the black (according to my computer program) but the numbers are dropping every month. At the current rate I will be lucky to break even by year's end.

As for some of my favorite stocks, one is now among my least favorite --- RIMM! Come on guys ... we were once in the \$80s, now we are trying to hold on to the \$28 ... and yes, I am in the red on this one – big time! Among my others: GE - \$18.53 (down), AT&T \$31.23 (same), VZ \$36.75 (up), MCD (up), Citi \$40.85 (same), VOD \$26.65 (up) and I added a new one: Cisco. And in case you are wondering about SNRS ... it is still at .0001 – so I bought another 10 million shares!

Tales from the Dark Side

Here are some new, and updated, tales:

Rima Fine Art and Custom Framings (Scottsdale, AZ) seems to have angered Mark Teich who purchased a Renoir pencil sketch from the gallery for \$48,000 and subsequently found out that the piece was worth no more than \$6,000. In addition, Rima Fine Art provided an appraisal valuing the work at over \$110,000. This one seems to be headed for court so I will update you at some point in the future.

MOCA – back in 2007-2008 the museum allowed Louis Vuitton (LVNA) to build a shop and stock it with items featuring the patterns designed by Takashi Murakami. In addition, *LVNA acted as an art dealer for five series of what purported to be genuine limited edition Murakami fine art prints based on the textile patterns...* These prints sold for \$6,000 or \$10,000 each and now at least two of the buyers are claiming that not only are the pieces worth far less, but the certificates of authenticity do not comply with the strict requirements set forth by the California Sale of Fine Prints Act. Now neither, the museum or the artist are named defendants ... so they are going for the deep, deep, pockets of Vuitton. Should be interesting to hear what happens.

Richard L. Feigen & Co. – Richard and Sandra Verri purchased a Rosa Bonheur from the dealer in 1991 for \$15,000 titled "Landscape with a Peasant Girl and Her Cow". In 2010 the Verris decided to sell the work and approached the dealer to see if they would assist in the sale ... they had no interest. The couple then approached Sotheby's who determined that the work was in fact by Rosa's brother and that parts of the painting were added at a later date (possibly posthumous additions). The Verris demanded a refund, but the dealer stood by his attribution so now it looks like there will be some court action ... stay tuned.

David Tunkl & Worldwide Masterpiece – seem to be in hot water with Sam Zell's insurance company (Chubb) after the Zells consigned three works of art (one by Balthus and two by Leger valued at \$5.8M) to them so they could receive offers which the Zells would either accept or reject; as you may have guessed, Mr. Tunkl sold the

works without their permission and then spent all the money. Chubb paid the Zells \$5.77M and are now after Mr. Tunkl & Worldwide.

Michael Zabrin – I covered this case in a previous issue and it has finally been resolved. Mr. Zabrin, who was part of a ring of con men, was sentenced to 9 years in prison for his role in selling fake prints by Chagall, Dali, Picasso and Miro. The real sad part is that this is the second time Zabrin has been convicted of this crime ... in 1992 he pleaded guilty to selling more than \$800,000 worth of bogus fine art prints and spent a year in jail. People, the most important lesson here is that: Leopards do not change their spots!

The Art Market

By the end of May, the auction action switched from New York to Europe ... with London being the center of attention. There was so much activity that I am only covering some of the sales.

20th Century British

On the 26th of May Christie's put forth its Modern British sale at the overall results continued to illustrate the strength at the upper end of the market. The sale offered 175 lots of which 120 sold (a sell-through rate of just 69%); however, the prices paid for some of the stellar works were rather staggering. Taking top honors was L.S. Lowry's *The Football Match* which made £5M (est. £3.5-4.5M) -- it was last on the public market in 1992 and sold for £120,000. In addition, strong prices were seen for Sir Stanley Spencer's *The Crucifixion* which brought £1.75M (est. £1-1.5M) – last on the market in 1995 at £420,000; and S.J. Peploe's *The Coffee Pot* that made £800,000 (est. £800-1.2M) – an auction record.

In the end, the sale brought in £15.2M (est. £14.6-21.2M) ... so they needed the buyer's premium to push it over the edge; however, this was the highest total for a Modern British sale ... beating the 2007 result by £2M.

On the 25th Sotheby's offered their sale, but there was very little meat here (the main reason is that Sotheby's snagged the Evill/Frost collection of 20th C. British art which was sold in June – a knockout set of sales). The top price for this sale was Barry Flanagan's *Boxing Hare on Anvil* at £320K (est £300-500K). In addition a Ceri Richards' piece sold for £220K (est. £100-150K) – a new auction record. In the end, the sale brought in £3.76M from 98 of the 133 lots offered (73.7% sell-through rate).

19th Century

On June 7 the action moved to Amsterdam for a small sale of 19th Century European paintings at Sotheby's ... and in my opinion they would have been better off waiting until the fall for this one. What I found very interesting is that they actually had a 3 page post sale press release and a Sotheby's spokesperson was quoted as saying: *This very successful total result shows us again the strong demand nowadays for paintings of good quality coming from private collections.* Look, they offered 81 works and sold 38 ... a sell-through rate of 46.9% and a total take of €1.586M (\$2.31M) – not a sell-through rate I would be boasting about. Now I was trying to figure out how they came close to their presale expected range of €1.5-2M, according to the press release, when more than ½ of the works offered did not sell ... at first I thought maybe it was some sort of magic trick, but upon closer examination I realized that most of the unsold works were the lower valued items (31 of the 43 were estimate to sell for €10K or less)!? In addition, many of those were balanced out by some of the pricier works selling for more than their estimates. Top lots in this sale were Willem Koekkoek's *Winter street scene* that made €229K - \$333K - (est. €100-150K), C. Springer's *Figures at the Fish Market in Delft* which made €163K - \$237K - (est. €150-200K) and Schendel's *A Vegetable Seller...* brought €145K - \$210K – est. €100-150K. Other works that help make up for the large unsold percentage were a Verheyden at €97K - \$141K – est. €12-18K, a Verveer at €103K - \$150K – est. €50-80K and an Arntzenius at €79K - \$115K – est. €20-30K. This sale shows that a few good works can make up for a great deal of 'stuff' that is not going to sell. Like I have been saying, in the current market, less is more!

On the 15th we were back in London for a Christie's doubleheader – Victorian & British Impressionists in the morning and 19th Century European in the afternoon. Here again, the results were not the best ... as I have been saying all along, they need to hold fewer and stronger 19th century sales ; the filler is just not selling causing pretty high unsold rates.

Taking top honors in the Victorian sale was Frank Cowper's *The Blue Bird* which sailed past its 100-150K estimate to sell for £373K (\$610K) and taking second and third place were works by Munnings: *Shrimp off to*

Market brought £265K (\$434K) – est. £120-£180K – and a small study titled *Her Majesty the Queen...* commanded 181K (\$296K – est. £60-£80k). Among the biggest failures were: Clausen's small *Head of a Girl* (est. £300-£500K) – a bit too much in my opinion; H. Tuke's *Under the Western Sun* (est. £250-£350K) and T.C. Gotch's *The Dawn of Womanhood* (est. £180-£250K). When the session was over, of the 145 works offered only 76 sold, leaving a sell-through rate of 54% and a total take of £3M (\$4.99M) – not very good since the expected range was £4.2 - £6.3M.

In the 19th Century European sale the top lot was Pasini's *The Pasha's Escort* at £577K (\$944K – est. £300-£500K). In second was a work by Moreau that brought £469K (\$767K – est. £200-£300K) and third place was taken by an ok Corot (in the photos it appeared to have a good deal of cracking) that made £205K (\$335K – est. £100-£150K). Rounding out the top five were another Corot (a rather uninteresting forest landscape from the 1820s) that trounced its £40-£60K estimate to sell for £193K (\$316K) and a Casas y Carbo interior scene at £181K (\$296K – est. £100-£150K). In addition, the top lot in this sale, a work by Tornai that was est. at £1-£1.5M, failed to sell. In the end, of the 112 works offered only 61 sold, generating a 55% sell-through rate and a total take of £3.9M (\$6.3M) – again, well below the expected range of £5.6 - £8.3M.

Here is my question: why didn't they cut out half of the items offered in these sales and create one really strong 19th Century Art sale? Between these two sales they offered 257 works, which is far too many. Similar combined sales in New York are now offering 100 lots or less.

20th Century British

The evening of the 15th saw Sotheby's Part I of the Evill/Frost sale of 20th Century British Art (there were 3 parts in all) ... and when you read the results you will see why they had little to worry about when their sale in late May only brought £3.76M (covered above). This was an amazing collection of art formed during the mid 20th century and many of the works were acquired just after they were created. The top 4 works were all by Sir Stanley Spencer with *Sunflower and Dog Worship* making £5.4M GBP (\$8.85M: est. £1-1.5M) – it was originally purchased in 1945 for £100 GBP; *Workmen in the House* bringing £4.7M (\$7.75M: est. £1.5-2.5M) – bought in 1937 for £250 GBP; *The Bathing Pool* at £4.2M (\$6.8M: est. £800-1.2M) and bought in 1958 for £200 GPB; and finally *Beatitude 8* made £3.8M (\$6.3M: est. 1-1.5M) – bought in 1944 for £120 GPB.

When the evening ended, of the 30 works offered, 30 sold – 100% sell-through rate and the total take was an amazing £37.4M (\$61.2M) ... the presale high estimate for all three sales was £19M. Here is an interesting fact: there were 7 works by Spencer in this session and they brought a combined total of £23M (\$37.6M) ... they were originally purchased for a total of £1,372.10 – now that is some price appreciation!

The next day Part II took place and while the total dollar amount achieved was far from the evening sale, the overall results were as good as they could be. Top lot here was a William Roberts at £409K – \$662K (est. £30-50K) and Sir Spencer accounted for 5 of the top ten slots. When this part ended, of the 87 works offered, 87 sold A 100% sell-through rate ... and the total take was £3.97M (\$6.42M).

Part III was made up of furniture, Meissen and the like ... not something I cover; but I must note that of the 172 items offered, 172 sold --- another 100% sell-through rate.

When all totaled, the three sales brought in £42.5M (\$69.3M) with a 100% sell-through rate; goes to show you that fresh-to-the-market works can bring in the BIG MONEY!

Impressionist and Modern (I Feel Sorry for the Trees)

Everyone was waiting for the week of the 21st, when the two main London salerooms presented their Big Guns and their Big Catalogs (total combined weight – 15 lbs – lots of paper and a bunch of unhappy trees). The action started off hot, fast and furious at Christie's evening sale. I started writing while the sale was in progress -- they were up to lot 41 and only 1 piece, by this time, had failed to sell – a pricy Monet. It appeared they were going to have an incredible sell-through rate; but as we all know: you should never count your chickens before they hatch.

Taking the top position here was our old friend Picasso ... actually he took the top three spots: *Femme assise, robe bleue* made £17.96M (\$29.1M) – est. £4-£8M; *Jeune fille endormie* brought £13.5M (\$21.7M) – est. £9-£12M and *Buste de Françoise* made £10.7M (\$17.2M) – est. £7-£10M. Bringing up the top five were a Gauguin at £6.4M (\$10.4M) and a Renoir at £5.1M (\$8.2M).

Among the biggest failures were Monet's *Nymphéas* (est. £17-£24M) – which carried the highest estimate in the sale and took up 13 pages in the catalog; a Degas pastel (est. £4-£6M); a Pissarro (est. £1.8-£2.5M), a Van Dongen portrait (est. £2.8-£3.5M) and a Goncharova (est. £2.5M-£3.5M).

When the evening ended, of the 92 works offered 80 sold (a sell-through rate of 87% - pretty good) and the total take was £140M (\$227M). Not bad since their expected range was £114.7-£144.4M.

On the 22nd Christie's followed with their Day Sales and the results here were fairly strong. The morning session consisted of works on paper and the top lot here was a Mary Cassatt portrait at £577K (\$936K) - est. £250-£350K. Of the 116 works offered 92 sold leaving a sell-through rate of 79% and a total take of £6.5M (\$10.6M). In the afternoon session Raoul Dufy took the top slot at £881K (\$1.4M). The number of lots offered here were 203 and 145 sold (71% sell-through rate) and a total take of £14.8M (\$24.1M).

In all, Christie's offered 411 work, sold 317 (sell-through rate of 77.1%) and had a total take of £161M (\$262M); this works out to about \$826K per lot sold

That evening Sotheby's presented their Big Sale and this one was a lot leaner ... only 35 lots. By lot 9 they were running at a 100% sell-through rate and the top lot of their sale Egon Schiele's *Houses with Laundry* hammered down at £22M (est. £22-£30M) or £24.7M (\$40.1M) with the juice (buyer's commission) ... an auction record for a work by the artist. Through lot 28 they were still running at a 100% sell-through rate (but a number of the works sold below their estimates) and then they hit a speed bump when a small de Chirico failed; then lot 31 failed and they finally coasted to the finish line with 3 of the last 4 lots finding buyers.

The Schiele was their top seller while the number two and three positions were taken by a Giacometti at £10.68M (\$17.3M) and a Picasso at £6.5M (\$9.16M). When the evening ended of the 35 lots offered 32 sold (91.4% sell-through rate ... bravo) and a total take of £96.9M (\$157.5M). While their evening's total was far less than the competition, their sell-through rate was much better and their Price Per Lot Sold crushed the competition: \$4.9M vs. \$2.8M for Christie's. Smaller and stronger is the way to go!

On the 23rd Sotheby's followed with a large day sale and taking the pole position here was a Giacometti bronze at £517K (\$830K). There was a tie for second - a Chagall and a Dali each brought £433K (\$696K) and rounding out the top five were a Miro at £421K (\$677K) and another Chagall at £385K (\$619K). When the day ended of the 231 works offered, 158 sold and 73 were returned to their owners (68.4% sell-through rate) and the total take was £14.6M (\$23.5M).

Between their two sales, Sotheby's offered 266, sold 190 (sell-through rate of 71.4%) and grossed £111.6M (\$181M). And here are the full weeks combined numbers: 677 offered, 407 sold (60.15%), total take £272.6M (\$438M).

The Contemporary

I will cover these HUGE sales next month since they are taking place as I am about to send this out ... but I will say that the two sets of catalogs weighed in at 17.37 lbs. ... WOW! A few more unhappy trees!

Howard L. Rehs
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Gallery Updates: GREAT NEWS – we are still on our summer hours ... this month we are open Monday – Thursdays; all other times by appointment.

Web Site Updates: A new and improved biography on Corot has been uploaded. In addition, works by the following artists have made their way through the gallery: de Schryver, Laisement, Delort, Dommelshuizen, Dupré, Aston Knight, Holly Banks and Gregory Harris. And look for new works by Pattein, Bennett, Knight, Dawson, Luny, Caraud, Boudin and Harris that have been, or will be, added to the web site; a few of the works are illustrated below:

TRADITIONAL



Montague Dawson
The Crest of a Wave (36 x 24 inches)



Frank Moss Bennett
The Morning Paper (8 x 11 inches)

CONTEMPORARY



Thomas Luny
The Battle of Camperdown (21 ¾ x 34 inches)



Cesar Pattein
Children Playing in a Landscape (24 ½ x 35 ½ inches)



Gregory F. Harris
Garden Blossoms (18 x 12 inches)