

COMMENTS ON THE ART MARKET

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Sandy

Like many in our area, we are still dealing with the aftermath of Sandy's unwelcomed visit to our shores and the follow-up punch from the Nor'easter. We know that many people had it far worse than we did and the emotional and physical stress for all of us has, at times, been overwhelming. Again, our thoughts and prayers go out to all who have been affected by the recent events and if we can be of any help, please let us know. We are happy to answer any questions concerning the works of art you own that may have been damaged or destroyed.

Here are a couple of important tips: 1. If you do have works that are still in a moist, or damp, environment it is advisable to move them to a location that is dry and stable. 2. Did you know that if you have your artworks individually scheduled on your insurance policy they are covered even in the event of a flood? To be honest, I did not realize it until I spoke to my carrier. In fact, we had two works that were damaged beyond repair and have already been paid out on them.

Brian O'Neill

The gallery is pleased to announce that it will be representing the contemporary still life paintings of Brian O'Neill. Brian has had a successful career and recently finished his three year apprenticeship at The Ani Art Academies, Waichulis. For more than a decade he has participated in numerous exhibitions, lectured on art, received more than a dozen awards and is a Signature Member of The Pastel Society of America.

We know you will really enjoy seeing his academic approach to still life painting; his works are truly amazing.

Stocks

Once again I have to be honest and tell you that I paid little attention to the stock market this month ... though I did, occasionally, look at my portfolio and notice that over the past two months half of my gains for the year are gone ... gotta love that market!

Among my favorite gambles are DuPont - \$43.6 (down), Microsoft - \$34.8 (down), Coke - \$37.6 (down), Chevron - \$106.2 (up just a little), Incyte - \$17.8 (up), Exxon - \$88.4 (up), Emerson - \$50.4 (up), JPM - \$41.2 (up), GE - \$21.3 (up), AT&T - \$33.9 (up), VZ - \$42.6 (up), MCD - \$86.2 (still up) and VOD - \$25.6 (up).

I guess it will all come down to December ... will we hold on to the gains???

The Big Gamble

The Big Gamble is coming to our gallery this April. The exhibition will feature members of The Ani Art Academies— both current students and graduates. Among the impressive roster of artists are Anthony Waichulis (director of The Ani Art Academies, Waichulis), Timothy Jahn (director of The Ani Art Academies, Anguilla), Ed Dillon (director of The Ani Art Academies, Dominican Republic), Tim Reynolds (founder of The Ani Art Academies project), Brian O'Neill, Omar Rodriguez, Helen Crispino and many others.

The Art Market

November was eagerly awaited by the art world and the amount of material being offered both here and abroad was mindboggling. There were sales every week with hundreds, if not thousands, of items being offered. You would expect the sheer volume to have a big impact on the sell-through rates, but in certain instances there were plenty of people to pick up the slack.

During certain sales, unforeseen and uncontrollable events took place ... which did impact on the results; but in the end, when all added up, the amount of art that changed hands was amazing. Art seems to be the new 'investment vehicle' --- not something I am overly happy about, but it is better than the alternative.

Now I will say that this month I am really tight on time ... we are still dealing with the mess left by Sandy. I covered most of the important sales; but the reviews will not be as in depth as I normally provide.

New York's 19th Century Sales

When we last left off, Christie's was about to present their 19th century European Painting sale in New York on the 29th. I will begin by saying that they did do their best to slim down the offerings ... just 95 lots in the sale and as with all of these sales, the catalogs always look great, but the real test was going to come during the viewing --- did the works look good in person? In addition, the "Frankenstorm" (Sandy) was scheduled to hit the New York area on the Sunday before the sale and run through Wednesday – uh oh!

We decided not to take any chances so we viewed the sale first thing Friday morning and as expected there were some very nice works and some that were going to be difficult to find new homes ... and most of those were due to condition issues.

Among the paintings we really liked were a couple of Corots, a nice Lhermitte, a couple of Bouguereaus, a Stevens, Boldini, Barber, Grimshaw, Sorbi and a Dawson. The works that fell into the nice category were Monsted, Schuller, Godward, Tadema, Santoro, Kuhnert and Herring. And those I could do without included works by Corot (seriously overcleaned), Bridgman (not one of his best days), Bonheur (price seemed way off the mark), Dagnan-Bouveret (which had extensive pigment separation), a Bouguereau that had definitely lost some of its luster, some Vastagh's which looked far better in the catalog than they did in person and a few others that had seen better days.

Well, the storm hit New York and it was a whopper ... causing the Christie's sale to be postponed for a few days ... not a good thing. In addition, the stock market was not having a good run that week and then there was the presidential election – all forces beyond Christie's control.

The sale took place on November 1 (three days late) and NYC was still a mess – most people could not get in or out. We relied on iffy phone service to bid; however, the better works seemed to pull through while those that were less than stellar had a really tough go. I have said this before, the main issue with auction sales is that they take place on a specific day, at a specific time, and if things go wrong with the weather, stock market, etc. the sale can be impacted – not a good thing for the sellers, but for the buyers it can be a bonanza if they step up to the plate!!!!

Taking the top slot in this sale was Alma-Tadema's *Ask Me No More* which brought \$2.2M (est. \$2-\$3M), in second was Bouguereau's *Pandora*, a painting that I was not impressed with, that brought \$602K (est. \$600-\$800K) and in third was Bridgman's *Interieur d'un palais Arabe* at \$291K (est. \$200-\$300K) ... another work that left me wondering. Rounding out the top 5 were Godward's *A Pompeian Lady* at

\$291K (\$300-\$500K) and Alfred Stevens' *Melancolie* that made \$219K (est. \$200-\$300K) – it was worth more.

There were a number of other works that sold 'cheaply'; these included paintings by Corot, Dupré, Dawson, Herring, Lhermitte and Sorbi. And there were a number of big lots that did not sell ... these included paintings by Bouguereau, Grimshaw, Barber (nice painting but the estimate was just too high), Tissot, Corot and Boldini. In fact, of the 5 works with the highest estimates, only 1 sold --- combined they expected at least \$7.5M for them and only generated \$2.2M ... not good.

When the day ended, of the 95 works offered 59 sold (62%) and the total take was \$6.65M (lower end of the estimate range was \$13.1M – so they were WAY SHORT). Now, some of the works offered had issues and probably would not have found buyers anyway since buyers are very choosy; however, there were others that did not sell that probably should have and prices for some of the better works were not as strong as they would have been. It is my feeling that the weather, election and stock market took a heavy toll on the results.

The following week the competition had their 19th century sale ... which also took a little hit from the Nor'easter that decided to pay a visit to NY ... Mother Nature gave us the one two punch!

As we have seen over the past few years they tried their best to make this sale slim and trim and while there were no double digit million dollar works offered, the results, given the circumstances, were ok. Taking the top slot here was Bouguereau's *The Cherry Branch* which sold for \$1.54M (est. \$1.5-\$2M) ... had the work been in better condition, I am sure it would have made much more. In second was Lavery's *The Green Sofa* which sold for \$1.3M (est. \$700-\$1M) and in third was an extremely nice Ludwig Deutsch titled *The Scholars* which brought \$1.1M (est. \$400-\$600K). Rounding out the top 5 were another Bouguereau, *La Tasse de Lait*, at \$927K (est. \$750-\$950K) – to me, the figure looked like a bobble-head - and a nice Stevens', *La Villa des Falaises a Sainte-Adresse*, at \$627K (est. \$500-\$700K – it last sold in 1996 for \$443K).

Overall, the sale was better than the competitions and in the end, of the 105 works offered, 68 sold (64.8%) and the total take was \$12.9M (the low end of their estimate range was \$14.9M ... so they fell a little short, but far superior to the competition); given the circumstances the results were better than I would have expected.

When it comes to the 19th century market what we are seeing is that there is strong support for the bigger names and those paintings that have 'wall-power'. The more general works are selling when there is 'individual' interest ... meaning that there is one potential buyer who is willing to pay the reserve price. After that, if the condition is troubling, the estimate is just too high or the work is just not a very good one ... there is no support. At the Sotheby's sale only 26 of the paintings offered appeared to have competitive bidding while Christies only had 19 (meaning those works that sold for more than the lower end of the estimate range – normally where sellers set their reserve).

The Impressionist & Modern

While the totals were far bigger than the 19th century sales, both rooms had to deal with the Nor'easter that hit NY ... in fact, Sotheby's was forced to move their evening sale 2 days later – again, not the best thing as many buyers were primed for the specific day and I am sure the 2 storms caused certain buyers to drop out of the market for the short run.

So rather than starting on Tuesday evening, the sales started on Wednesday with Sotheby's Day sale (try to keep up here as we will be jumping back and forth between the auction rooms). Coming in first was a van Dongen – *Deux nus aux ballons* – at \$1.3M (est. \$1.2M-\$1.8M). In second was a Picasso at \$1.1M (est. \$700K-\$900K) and in third was a Leger at \$903K (est. \$800K-\$1.2M).

When the day was done, 278 works were offered and 194 found buyers (69.8%); the total take was \$40.1M.

That evening Christie's offered their Important Works. Top lot here was a beautiful Monet *Nymphs* which, with the buyer's premium, sold for \$43.7M (est. \$30-\$50M). In second was a Kandinsky from 1909 that made an auction record of \$23M (est. \$20-\$30M ... so it just hit the range before the buyer's premium) and in third was Miro's *Peinture* at \$13.7M (est. \$12-\$18M). Rounding out the top 5 were a

Picasso, *Bust de femme*, at \$13.7M (est. \$8-\$12M) and a Brancusi at \$12.4M (est. \$10-\$15M ... this same work last sold in 1986 for \$880K – not a bad increase).

The sale also had its share of failures and these included Campendonk's *Verkündigung* at \$1.5-\$2M; Chagall's *Nature morte* at \$6-\$8M; Degas' *Deux danseuses aux corsages jaunes* at \$7-\$10M; Giacometti's *Diego au manteau* at \$5-\$7M and Picasso's *Coq* at \$10-\$15M.

When the evening ended of the 71 works in the catalog 68 were offered (2 were withdrawn) and 48 sold leaving a 70% sell-through rate and the total take was \$205M (est. range was \$209M-\$314M) ... so they fell short even with the buyer's premium added in.

On the 8th they offered their Works on Paper and Day sales and taking the top three spots were works by Kandinsky \$1M, Renoir \$867K and Miro \$843K. When the day finished, of the 307 works offered 242 found buyers (79%) for a total of \$39.7M (est. range was \$34.6M - \$49.8M).

For the two sales, Christie's offered 376 works, sold 290 (77.1%) and brought in \$244.5M (total presale est. range was \$244M - \$364M) ... so they just crossed the line with the buyer's premium added in. Not the strongest of sales, but with all that was going on in NYC we have to give them credit.

That evening Sotheby's presented their Important Works and the overall picture was pretty similar. Taking the pole position was Picasso's *Nature morte aux tulips* at \$41.5M (est. \$35M-\$50M ... this was sold by Steve Wynn who bought it back in 2000 for \$28.6M – so there was a profit). Second and third places were also grabbed by Picasso when his *Femme a la fenetre* made \$17.2M (est. \$15M-\$20M) and *Le Viol* brought \$13.5M (est. \$4M-\$6M ... that seller was happy). Rounding out the top five were two works by Monet – *Champ de ble* at \$12.1M (est. \$5M-\$7M ... another happy seller and a very nice painting) and *Iris* at \$6.1M – est. \$4M-\$6M ... a pleased seller).

When the evening ended, of the 67 works offered 46 sold (68.7%) and the total take was \$163M (presale est. range was \$169M-\$245M ... they were a bit short as well). And when we combine both of the Sotheby's sales we see that 345 works were offered, 250 sold (72.5%) and the total take was \$203.1M.

Between the two salerooms, their Impressionist & Modern sales racked up almost \$450M ... no matter how you slice that, it is a lot of money!

The saddest part of this is that Sotheby's still insists on placing its 19th century sale during this week and while it normally comes after their Impressionist/Modern sales, this year it was sandwiched between the Christie's Day sale and Sotheby's Evening sale. I do not care what anyone else has to say, but in my opinion this had a negative impact on the 19th century results. They need to give the 19th century its own week! I will, once again, try to put the 19th century market into perspective ... the 19th century sale at Sotheby's brought in about \$12.9M for the 68 works sold ... that is about the price of one really nice Monet ... not a great one, but a really nice one! Talk about an undervalued period of art.

The Contemporary Sales

Just when you might have thought that all the money was gone, up came the Contemporary sales and after you read these results you will realize that there is a heck of a lot of money out there looking for places to go!

The next week ... a rather uneventful one for Mother Nature ... proved to be just the opposite for the art market. Up first was Sotheby's and the action came hot and heavy. Taking the lead position was Rothko's *No. 1* at \$75.1M (est. \$35-\$50M); second was snagged by Pollock's *Number 4, 1951* at \$40.4M (est. \$25-\$35M) and in third was Bacon's *Untitled* at \$29.7M (est. \$18-\$25M). Rounding out the top five were de Kooning at \$19.7M (est. \$15-\$20M) and Richter's *Abstraktes Bild* at \$17.4M (there was no official est.). To put this in perspective, Sotheby's entire evening sale of Impressionist paintings brought in \$163M while the top 4 lots in the Contemporary sale made \$165M ... there really is something wrong here!

When the evening was over, of the 69 works offered, 58 found buyers (84.1%) for a total take of \$375M ... yes, that was \$375M (that is the kind of number we all like to hear from the guy who does the lottery

commercials)! In addition, that was the highest total for the any auction in the firm's history – pretty impressive – it beat the previous total of \$362M back in May of 2008 – just before the bubble burst; but wait, hold on to your hats, there was more to come!!!

The next day Sotheby's offered their day sale (you know, the less important works) and taking the top spot here was a Warhol at \$5.5M (est. \$1-\$1.5M) – so much for 'less important'. In second was a Joan Mitchell at \$3.3M (est. \$1-\$1.5M) and in third was a Thiebaud at \$2.7M (est. \$1.2-\$1.8M). In fact, the top five works in this 'lesser sale' brought in more than their entire 19th century sale from the week before - \$15.5M vs. \$12.9M – madness!

At the end of this very long day, of the 469 works offered (that was a lot) 343 sold (73.1%) for a total take of \$89M. So, for the two sales, Sotheby's offered 538 works, sold 401 (74.5%) and garnered \$464M ... I am sure they were pretty impressed with themselves, and why not? But something even better was on the horizon.

That same evening Christie's got a chance to flex its muscles and it was like watching Dr. David Banner turn into the Hulk. Taking first place here was Warhol's *Statue of Liberty* at \$43.7M (est. on request), in second was Kline's *Untitled* at \$40.4M (est. \$20-\$30M) and in third was Koons' *Tulips* at \$33.7M (est. on request) ... the Kline and Koons were auction records. Rounding out the top five were Lichtenstein's *Nude* at \$28M (est. \$12-\$18M) and Basquiat's *Untitled* at \$26.4M (est. on request) – another auction record. It was also interesting to note that all of the top ten works in this sale made more than \$10M and all fell within or above their estimates.

When the frenzy was over, of the 73 works offered 67 sold (92% - impressive) and the total take was \$412M ... holy cow! That was the highest total for any sale in the Contemporary field.

The next day they offered their 'less important' works ... ha ha ha! Taking the top position in these sales was Albers *Homage to the Square* at \$2.2M (est. \$400-\$600K); in second was collaboration between Basquiat & Warhol that made \$1.7M (est. \$1.5-\$2.5M) and in third was Joan Mitchell's *My Other Plant* at \$1.4M (est. \$700K-\$1M). In fact, the top ten works all made over \$1M and fell within or easily beat their estimates.

When these sessions were over, the numbers were pretty strong with 509 offered, 417 sold (81.9%) and a total take of \$95.8M. When combined with the evening sale the numbers were sizzling hot with 582 offered, 484 sold (83.2%) and a total of \$508M.

Even more impressive are the overall combined numbers with 1120 works offered, 885 sold (79%) and a grand total of \$971.8M (that works out to about \$1.1M for each lot sold); these numbers are mindboggling. But hold on, when we add in the totals from the week before we find that over \$1.4 Billion worth of art traded hands ... and that was only for the sales I reviewed ... there were many more!!!

Final Thoughts

No matter how you want to dissect the numbers it is clear to see that art has become a new investment vehicle – not something many art dealers are real happy about, but there is little we can do. I am still one who believes that the main reason you buy a work of art is because you must have it and the enjoyment you will receive from owning and looking at it. Just to buy a work because you may make money is not the way to approach this. Nobody can guarantee that the art you collect, by any particular artist, will go up in value and even if it did, you cannot be sure that the specific work you bought is one that will appeal to others in the general market ... as we have seen, even with these impressive results, there is still a percentage of the works that do not find buyers.

In my 30 plus years in the art world I have watched even the most average works by the more well known artists make impressive moves in price and the really great ones make outstanding moves. So over the long run, if you buy nice quality works of art, by good artists you should do fine – but first and foremost, buy the art you like. Remember, the main goal of any art buyer/collector is to enjoy the hunt.

Gallery Updates: We will be exhibiting at the L.A. Art Show this January ... more on this next month.

Web Site Updates: Pleased to let you know that more art made its way through the gallery this month; among them were paintings by Cabanel, Brunery, Bergamini, Berthelsen, Banks, Lovett, Bauer, Koeppel, Jahn & South. We have also added a number of new works to the web site ... a few are illustrated below:

Traditional



Paul A. Viry – *Le duo*
30 x 24 ½ inches



Jacques-Emile Blanche – *Dieppe*
15 x 21 ¾ inches

Contemporary



Timothy Jahn – *All that Remains*
7 ½ x 5 inches



Brian O'Neill – *Infinity*
10 x 8 inches



Rehs Contemporary Galleries, inc., NYC
William Suys – *Sunset Crossing Broadway*
48 x 24 inches



Rehs Contemporary Galleries, Inc., NYC
Erik Koeppel – *The Claudian Tree*
32 x 24 inches

Next Month: Still more sales coverage.