

COMMENTS ON THE ART MARKET

VOLUME 169

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

HAPPY NEW YEAR TO ALL!

Los Angeles Art Show

The gallery will be participating in the 20th edition of the Los Angeles Art Show (we were one of the original 14 exhibitors back in 1994). This year's show will run from January 14th through the 18th and feature more than 100 international art dealers exhibiting historic, modern and contemporary works of art. For more information on the show, please visit the Upcoming Exhibitions page on our web site.

This year we are in a new location ... right at the front of the show. It will be very difficult to miss us!

Stocks

By: Howard

What a month of ups and downs. We opened at 17,828, by the 16th we were down to 17,068, on the 24th we hit 18,030 and on the 31st we had a down day to close out the year at 17,823 – basically where we started ... that was a 2000 point swing ... Yuk! If you enjoyed that, I am sure you will be one of the first to take a ride on Fury 325 when it opens in 2015!! I hope this is not the beginning of a stomach-turning trend. On a positive note, we opened the year at 16,572 ... so a 1250 point increase is not bad – right? Guess it all depends on what you own.

Now, without any further delay, here are the year-end closing numbers for some of my favorites (up & down percentages are for the full year): JP Morgan (\$62.58 – up 7.51%), Emerson (\$61.73 – down 10.92%), Exxon (\$92.45 – down 7.32%), GE (\$25.27 – down 8.1%), AT&T (\$33.59 – down 3.89%), VOD (\$34.17 – down 13.76%), Verizon (\$46.78 – down 4.53%), Wal-Mart (\$85.88 – up 9.99%), Coke (\$42.22 – up 3.84%) and DuPont (\$73.94 – up 16.06%). I wish I could tell you that I own so much DuPont, JPM and Wal-Mart that the others made no difference, but that is not the case. Looks like I will be selling paintings this year!

Really?!

By: Amy

Headlines were made after a recent auction when a one of a kind timepiece was sold, breaking its own record that was set in 1999.

Henry Graves (1868 – 1953), an American banker, was a passionate watch collector and in 1927, he commissioned Patek Philippe to manufacture the most complicated watch ever to be made (it still is the world's most complicated watch to be made by human hands without the assistance of computer technology). This 24 function pocket watch took three years to design and five years to manufacture; according to records the watch was delivered to him on January 19, 1933 and he paid \$15,000.

After Graves died, his family sold the watch in 1968 to the Time Museum in Rockford, Illinois, which closed in March 1999. The watch remained on the museum's premises until December 1999, when it was auctioned and sold for \$11M to Sheikh Saud bin Mohammed Ali al-Thani, a member of the royal family of Qatar. Well

... in 2012 court records showed that the Sheikh still had not paid for the watch. Really?! Interestingly, by the time of the recent auction, the Sheikh's name was listed in the provenance, did he finally pay up? Not sure if we will ever know, but in November the pocket watch set a new world's record for the most expensive timepiece ever sold when it made for \$24M!

Here is some additional info on the Sheikh ... the watch was one of 240 collectables, with a total value of \$77M, pledged to the auction room (Sotheby's) to cover unpaid debts. In addition, since September additional lawsuits were filed against him for failure to pay from items he purchased – there are as many as 11 auction rooms and dealers who are waiting for payment! Now here is the interesting twist ... on November 9th, it was reported that the Sheikh died ... Really? Wonder what will happen now? Maybe he should be added to our section -- The Dark Side!!

Let's move on ... I am happy to report the Rijksmuseum, with the help and support of the Rembrandt Society, the BankGiro, Loterij, the VSB Fund, the Mondriaan fund and several private donors, was able to purchase one of the most important bronze sculptures of the Mannerist period, *A Bacchic Figure Supporting the Globe*. The piece represents the mythological figure of Atlas, holding up the world; it is considered a masterpiece by Adriaen De Vries (1556-1626), a 17th Century artist known as the "Dutch Michelangelo."

The sculpture was estimated to bring \$15–25M, and after an intense bidding among three telephone bidders, the bronze sold for \$27.9 M with the commission. The Rijksmuseum was thrilled with the acquisition, as there are no other sculptures by De Vries in the Netherlands.

What do you do if you are one of the greatest living scientists, you have won a Nobel Prize Medal, but you lost your job and all your speaking engagements have dried up because you made one REALLY big politically incorrect statement (which you have since apologized for, but the damage is done)...maybe you would decide to sell your Nobel Prize Medal?

Well, Dr. James Watson did just that! He was awarded the 1962 Nobel Prize in Physiology and Medicine, along with Dr. Francis Crick, and Maurice Wilkins for one of the most significant scientific discoveries of the 20th century...the double helix structure of DNA. (Rosalind Franklin was involved in the discovery but died before the nominations for the medal.)

This is the first Nobel Prize Medal to be auctioned off by a living recipient, and was expected to make \$2.5-\$3.5M; the medal hammered down at \$4.1M (\$4.7M with the commission). Watson was planning on using most of the proceeds from the sale to continue his philanthropic efforts towards some of the institutions that educated and supported him in the past: the University of Chicago, Indiana University, Cambridge and Cold Spring Harbor Laboratory on Long Island, where he was recently suspended from his position as Chancellor.

Now here is the 'kicker'...it was recently announced that the buyer was Alisher Usmanov, Russia's richest man, and that he would be returning the medal to Dr. Watson because he felt that "any situation that made an outstanding scientist sell a medal recognizing his achievements is unacceptable." Usmanov hopes that Watson will use the proceeds, as he previously said, to continue his philanthropy.

I will bet you that Dr. Watson is saying, "Merry Christmas to me!!"

And on that note, I wish all of you a very Happy Holiday season and a Happy and Healthy New Year!

Dissecting a Condition Report

By: Howard

I had an interesting series of emails and a follow-up phone call with a friend/client recently that some of you may find enlightening. The conversation began with his question as to why a certain painting (sold at an auction) did not bring a strong price since it was a large, early work with multiple figures --- *Any particular reason this ... sold so cheaply this month?* My reply was short and sweet --- *One wreck of a painting ... overcleaned, overpainted, etc.*

He followed up with a copy of the condition report that the auction house provided:

This work has been recently restored. While some areas of the picture are well preserved, other areas have developed some discoloration and abrasion that have required retouching. Under ultraviolet light, these retouches can be seen in the male figure's face, chest and left hand and

along his right arm and hand, as well as in the neck and left arm of the female figure. There are also some retouches in the sculpture in the upper right, but it is mainly the blue / green robe worn by the male figure which has attracted the bulk of the retouches, with some retouching extending into his legs. The background was cleaned less than the surrounding area, but there may be retouches beneath an older varnish. The restoration is very good. The picture looks excellent and should be hung as is.

My follow up: *The way I read that condition report is that the painting is in bad condition and they did not even clean certain areas since they feared that there may be a real big mess underneath.*

His follow up: *Hmmm....so this statement is not true :("The picture looks excellent and should be hung as is."*

I found it very interesting that the only thing he came away with was that the "picture looks excellent and should be hung as is". We ended up speaking on the phone and he suggested that since he was having trouble understanding the condition report and others might as well, maybe I should touch on this in a newsletter ... so here we go. I am going to break this down, section by section, and try to help you read between and within the lines.

1. *This work has been recently restored* – the work of art arrived at the auction house and they felt it would bring more money if a conservator/restorer worked on it. It is important to note that there is a difference between restored and just cleaned ... when a work has been cleaned, one should assume that the old dirty/yellowed varnish was removed and a new one applied (the varnish is there to protect the paint surface). When a work has been restored, it usually means that it needed more than just a cleaning. If this is the case, then you want to know what else has been done --- keep in mind that most older paintings will have some level of restoration, you just want to be sure that it falls on the more minimal side of things.
2. *While some areas of the picture are well preserved, other areas have developed some discoloration and abrasion that have required retouching.* My immediate concern would be the phrase that 'some areas of the picture are well preserved' ... just some? Ok, how much "some"? What percentage of the painting is well preserved? Then there is ...*abrasions that have required retouching.* Abrasions are areas where the original painting has been damaged ... this typically happens during a previous restoration when the 'wrong' chemical mixture was used to remove the old varnish. When this happens, the harsh chemical will remove part of the original paint surface and can cause the canvas to show through ... leaving an abraded look (basically skinning the painting). The only way to fix this is to retouch it (paint over the areas with new paint) or in some case people leave it (I will touch on this later).
3. *Under ultraviolet light, these retouches can be seen in the male figure's face, chest and left hand and along his right arm and hand, as well as in the neck and left arm of the female figure. There are also some retouches in the sculpture in the upper right, but it is mainly the blue / green robe worn by the male figure which has attracted the bulk of the retouches, with some retouching extending into his legs* – This section is informing the reader how much new paint (retouch) has been added to the painting in order to correct damaged caused by previous restoration attempts. The way I read this -- there is a lot of retouching to the figures ... this is definitely a problem and is something to be concerned with. When the main areas of a painting have extensive retouching, the value has been impacted.
4. *The background was cleaned less than the surrounding area, but there may be retouches beneath an older varnish* – Uh oh ... danger lurks below! This is saying that the current restorer decided not to remove all of the varnish in the background areas for fear that it would uncover a lot more damage from previous restoration attempts. As the old saying goes ... leave well enough alone!
5. *The restoration is very good. The picture looks excellent and should be hung as is* – the final lines are telling you that this time the restorer did an excellent job fixing all the previous issues and that to the 'naked eye' the painting looks really nice. Now, if you do not really care about the actual condition of a work, you can go with the 'naked eye' test, but if you want to buy right you need to also be concerned with what the actual condition is.

I did mention earlier that sometimes people will leave the abraded/skinned areas as is ... not retouching the areas to hide the damage. You may ask why? Well, most buyers are tuned into the words 'retouching' or 'overpaint'. If there is no overpaint, then they assume the painting is in good condition ... not so. Paintings are often cleaned and varnished each time they reappear on the market ... it is inevitable that a certain amount of skinning will happen over time ... just be sure that if the work you are considering does have this issue, it is not a serious/major one.

In the end, the condition was the reason why the painting did not make a far higher price. Had the painting been in really good condition, I am sure it would have sold for 4 or 5 times what it made in the sale ... and yes, it did sell. This was/is not a painting we would recommend someone buy if they are looking for the potential of a long term gain. Condition is a very important element in the 'should I buy it' equation. If you do not care about condition, and just want a work for its decorative look, then that is another matter.

Before & After

By: Howard

While I am on the topic of condition, I thought you all would enjoy seeing before and after images of a painting that was in need of a good cleaning and had only a few minor spots of retouching. The Leon Perrault painting illustrated below came on the market very recently and had an extremely old varnish on it that had turned yellow/brown ... causing the painting to look very dull and not too colorful. We knew the painting was exhibited at the Paris Salon and further research uncovered the fact that the painting was color illustrated in one of the books from the period ... boy was there a big difference between what the color illustration showed and how the painting looked. We bought the painting, had the old varnish removed and what came up was more than expected! Sometimes a good cleaning is all a painting needs to bring it back to the way it originally looked and uncover its true value.



Leon Perrault – Before Cleaning



Leon Perrault – After Cleaning

The Art Market

19th Century British

By: Lance

Now that all the glitz of the Contemporary Sales is in our rearview, we can talk about some art that won't leave us so puzzled and confused. Early in December, both Sotheby's and Christie's offered a collection of mid-level 19th and 20th Century British Art in London.

Sotheby's was up first on the 10th with their British and Irish Art Sale. Leading the way and blowing by its £1-1.5M estimate was Dante Gabriel Rossetti's *Venus Verticordia*, which set a new auction record for a watercolor by the artist, as it found a buyer at £2.8M (\$4.5M). The work was originally purchased in 1868 by William Graham Esq. (of 44 Grosvenor Square, London... In case you were interested in the specifics) for just £300 and was then exhibited at the Royal Academy in 1883. In a distant second was John Atkins Grimshaw's *Glasgow, Saturday Night*; depicting a hazy evening along the dockside, carefully lit by a combination of moonlight and glowing storefronts. The work last sold in 2008, just after the market crashed, for £481K on an estimate of £4-600K... Although this time around, the work was estimated slightly lower at £3-500K, this painting ultimately sold for £578K (\$832K; not much of a profit when we think about all the fees that go to the auction house). Rounding out the top three was Godward's *Preparing for the Bath*, which garnered £434K (\$681K) on a £3-500K estimate. The overall results were pretty *bleh*... Amongst the lots failing to sell were a Burne-Jones (est. £2-300K), a Grimshaw (£2-300K), an Alma-Tadema (£2-300K), and a Lavery (£3-500K). Just 74 of the 122 lots were sold; a 60.7% sell through rate, with a grand total of £6.68M (\$10.4M – est. £5.6-8.6M). Maybe that's not as terrible as it sounds... Then again, one Warhol sold for over \$80M last month so you be the judge.

The following day, Christies held their Victorian, Pre-Raphaelite and British Impressionist Art Sale, with the top lot being John William Waterhouse's *Juliet*. The Victorians were great admirers of Shakespeare and over 800 editions of his work were published through the 19th century and many artists went on to create imagery inspired by the stories. In 1875, Waterhouse submitted his work, *Miranda*, a scene from *The Tempest*, for his second appearance in the Royal Academy's Summer Exhibition. Waterhouse's body of work also included three distinct scenes of Ophelia (1889, 1894 and 1910) as well as a scene of Cleopatra, featured in *The Graphic Gallery of Shakespeare's Heroines*. Interestingly, Waterhouse was quoted saying, "All Shakespeare's women, being essentially women, either love or have loved, or are capable of loving; but Juliet is love itself," which leaves us wondering why this work happened to be his only depiction of her. This stunning rendition of an iconic figure went to an anonymous buyer for £962K (\$1.5M) on a £5-700K estimate. *Wings of the Morning* by Edward Robert Hughes fell into second at £362K (\$569K) on an estimate of £3-500K and Sir Alfred Gilbert's *Saint George* took third while setting a new auction record for the artist's work at £338K (\$531K - £150-250K). As always, there were a few big failures... Lots left without a buyer included a Burne-Jones (£4-600K), 3 Grimshaws (ests. £180-250K, £150-250K, £120-180K), as well as a large work by Henry Herbert La Thangue (est. £3-500K). Again, we are talking about a sale with fairly lackluster results in the way of a 63% sell through rate (64 sold of 101 lots offered) and a paltry total of £4.7M (\$7.4M).

This all leaves me feeling a bit sad before the New Year; but there's not much more to say here other than... Better luck next year.

19th Century European

By: Alyssa

If I had to choose one word to describe Christie's 19th Century European & Orientalist Art sale in London it would be; unimpressive ... an underwhelming sale with a very limited selection of "interesting" works. A typical post-sale press release will show the top ten lots sold and additional information about an auction; however, the December 5th sale's press release gave the top three lots and nothing more. From the 68 lots offered, 40 sold (59% – not too good).

The top lot was Gyula Tornai's *Travelling musician, Tangier* which depicted a North African street scene that had remained in a private collection since 1972. With an estimate of £120-180K (\$200-\$290K) this painting fared well and sold for £171K (\$267K). Coming in second was Giovanni Boldini's *Portrait of a Lady* which brought an unexpected £129K (\$201K - est. £25-35K) and taking third at £122.5K (\$192K - est. £100-150K) was *Lions on the Plains of Africa* by Wilhelm Kuhnert (a gift to his daughter as a wedding present).

The final noteworthy lot, which came in fourth, was *En Hiver – le cantonnier* by Jean- Francois Raffaeilli, showing a laborer working on a construction site which carried a £25-25K estimate and sold for £92.5K (\$145K).

The sale was a struggle and in the end it totaled just £1.73M (\$2.7M) ... which was not only far less than last year's December sale (£3.73M - \$6M) -- but significantly less than the top selling lot at Sotheby's the following day....let's move on to that.

The 19th Century European sale at Sotheby's was a completely different show. The sale started off with a bang when the first 18 lots (all works on paper) from the estate of Jan Krugier made upwards of £500K (\$780K) ... well above the high end of their presale estimate (£376K). Works that were expected to sell for a few thousand pounds made tens of thousands of pounds, including: Eugene Delacroix's *Feuille d'etudes avec une fiancée juive* (est. £12-18K) sold for £44K (\$67K), *Huit personnages arabes* (est. £10 -15K) sold for £48K (\$75K) and *Paysage de bord de mer, ciel orageux* (est. £5-7K) made £31K (\$49K) and lastly, Karl Blechen's *Path Through an Oak Forest* had an estimate of £3-5K and brought in £35K (\$55K). Not a bad way to start a sale!

Additional works that topped the charts were Sorolla's *The Return from Fishing, Valencia Beach* (est. £1.4–1.8M) sold for £2.3M (\$3.6M and the top lot in the sale), Hammershoi's *Interior with a Mirror*, (est. £600-800K) was purchased for £1.4M (\$2.15M – the number two lot ... this painting was bought in 1990 for \$144K) and Larsson's *Holiday Reading* held an estimate of £400-600K and brought in £435K (\$682K – the number three lot).

Another exceptional result was Giovanni Boldini's pastel *By the Fireside*. Estimated to sell between £8–12K, 20 bidders from around the world battled it out and in the end it sold for £93K (\$145K)Wow!

Overall, Sotheby's brought in £8.7M (\$13.7M) and had a sell-through rate of 70.7% (94 offered and 55 sold). I guess we all have to agree that they crushed the competition – £1.73M vs. £8.7M. It has been a long time since these London sales saw fireworks, but there were some this year. Sotheby's auction was the best 19th century European sale of the season in London and had the highest results in this category since 2010. In case you are interested, last year's sale at Sotheby's brought in £4.55M (\$7.35M) with a 54.4% sell-through rate.

While the 19th century market is certainly in the shadows of the Contemporary, Impressionist and Modern markets, there's a great deal of interest in the 'right' works and we expect this trend to continue.

A Year End Roundup

By: Howard

Well, I think we all have to agree that 2014 was a pretty impressive year for the art market ... in fact, for certain markets it was an unbelievable year. From January through December we reviewed 58 art auctions from across the globe and the total take from those sales was \$7.04 billion – WOW! And do you know what is even more impressive? That was only a small fraction of all the art that was sold in the public forum during 2014 ... there were thousands of sales that took place and the total take was in the tens of billions of dollars. The estimated total for last year, 2013, was about \$65 billion ... it will be interesting to hear what 2014 brought in.

Some of the more impressive prices included Alberto Giacometti's sculpture *Chariot* which made \$101M, Warhol's *Triple Elvis* at \$82M, Barnett Newman's *Black Fire I* at \$84.2M, Cy Twombly's *Untitled* at \$69.6M, Juan Gris' *Nature Morte a la Nappe a Carreaux* garnered \$53.8M, even the 18th/19th century British artists got into the Big Leagues when Joseph M.W. Turner's *Rome from Mount Aventine* sold for \$46.9M (in the December Old Master sales which we did not cover) and George Stubbs' *Tygers at Play* brought \$11.9M in July and an American, Georgia O'Keeffe, hit the Big Leagues when her *Jimson weed/White Flower no. 1* sold for \$44.4M in November. In fact, according to one report, the top ten works of art for 2014 were all sold in November and totaled \$650M ... that is a staggering number. Remember, that is only the art that was sold in the public forum; there were many works that changed hands in private transactions ... just this month it was announced that the Edsel & Eleanor Ford House sold Cezanne's *La Montagne Sainte-Victoire vue du bosquet du Chateau Noir* for \$100M (in case you are wondering, the painting was bought by the couple 60 plus years ago for \$242,000 ... not a bad long term investment, but that was a great deal of money back then).

Our gallery had a very good year as well ... and we thank many of you all for making that happen. The list of historical artists whose works passed through the gallery include: Eugene Boudin, Jules Breton, Maurice de Vlaminck, Paul Hoeniger, Leon Perrault, S.R. Percy, E.C. Williams, Ridgway Knight, Aston Knight, Perez, Moreau, Laugee, Richet, del Campo, Rico y Ortega, W. Koekkoek, Marais-Milton, Vibert, Fichel, Blanchard, Cortes and many others. On the contemporary side, works by all of our artists found new homes: Jahn, Bauer, Stobart, Casey, Salaz, Wood, Davenport, Bell, Combes, Drake, Palumbo, Koeppel, Swatland, etc.

2014 was also a big year for the art market's Dark Side ... stories about forgeries and fakes surfaced, collectors were suing dealers and vice versa, museum thefts abound, auction rooms were closed down for not paying consignors, auction buyers failed to pay, crazies were damaging works on display in museums and the hits continued.

As you travel through the art world it is important to remember that everyone will tell you that their works are the best, the finest and the most important; but how can that be? You need to connect with people who are considered the leaders in their field or period ... those who are looking to build long term relationships and have your best interest at heart. We are looking forward to 2015 ... it should be another exciting year.

The Rehs Family

© Rehs Galleries, Inc., New York – January 2015

Gallery Updates: The next two months will be busy with the LA Art Show, Naples Show and Palm Beach Show. Links to Complimentary General Admission tickets are on our web site for both Florida shows. Please note that we have moved our booth location in both the Los Angeles Art Show (**booth 400/501**) and Palm Beach show (**booth 506/607**).

Web Site Updates: This month a number of works have made their way through the gallery; among the artists were: Leon Perrault, Marais-Milton, Alonso-Perez, Chocarne-Moreau, Marcel Dyf, Tom Mostyn, Ben

Bauer and David Palumbo. We have added new works to our web site; included are pieces by: Vlaminck, Berthelsen, Lesur, Blanchard, Bauer, Salaz, Drake, Layne and Casey. Below is a small selection of the recent additions:

TRADITIONAL



Maurice de Vlaminck – *La Route*



Eugene Boudin – *Le Port de Trouville*



Johann Berthelsen – *42nd Street & Vanderbilt Ave, Grand Central Station*



Henry Victor Lesur – *A Soldier's Fancy*



Antoine Blanchard – *Café de la Paix, Place de l'Opera*

CONTEMPORARY



Ben Bauer – *3 am, Big Marine Farm*



Gregory Frank Harris – *Summertime Along the Sea*



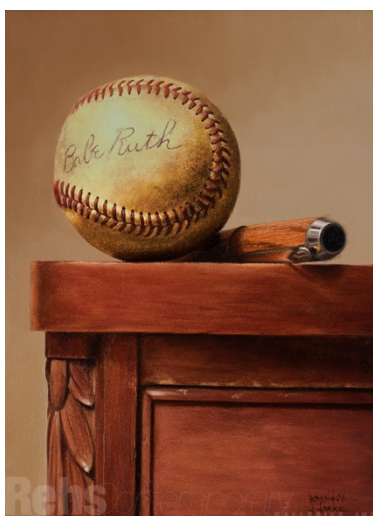
Todd Casey – *Union Jack*



Ken Salaz – *The Dancing Phoenix, Sunset*



Brandon Drake – *Afternoon Drink*



Brandon Drake – *The Signature*



Noah Layne - *Balance*

Next Month: Not sure yet, we are still recovering from the New Year's celebration.