

# Comments on the Art Market

## Volume 192

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Rehs Galleries, Inc.

Rehs Contemporary Galleries, Inc.

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### Upcoming Exhibition

This month (actually, this week) we will be exhibiting at the Palm Beach Jewelry, Antiques and Design Show at the Palm Beach Convention Center from December 2 through December 5. You are welcome to use the link on our website to print out complimentary tickets.

In addition, if you would like opening night tickets (December 1 - TONIGHT) please call the gallery and we will leave them at Will Call.

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**Really!**

By: Amy

The holidays are right around the corner so I thought I would offer a few gift ideas for those of you who are struggling to find something perfect for that special someone. But before you let anyone open those gifts, you might want a really special camera to capture the moment --- the Nikon One, produced in April 1948, is one of the earliest surviving production Nikon cameras (there were only two produced in April 1948 –really, only two?). What adds to its uniqueness is the special markings on the base plate: “MADE IN OCCUPIED JAPAN”- referring to the continued presence of the United States after the war. Nikon would become one of the world’s most successful camera manufacturers and this one recently sold for \$407K, more than doubling its estimate!

Now for that special girl in your life - they say diamonds are a girl’s best friend so here are two that might guarantee she will be your best friend for life. A stunning 17 ct. fancy intense pink diamond sold for \$20.7M, eclipsing its \$14.7M estimate. It is believed that once this diamond is re-polished it has the potential to be internally flawless. Pink diamonds are among the most sought after diamonds, second only to the blue diamond. So, if only the best will do, you might have been interested in this Cartier ring that featured an 8 ct. fancy vivid blue diamond referred to as ‘The Sky Blue Diamond.’ It has the highest color grading possible by the GIA and was found to have excellent polish and to be a Type IIb, a rare category that represents less than 0.5% of all diamonds. The ring was estimated at \$15-25M, but the auctioneer had a difficult time coaxing much interest and it ultimately sold just beyond the low estimate ... \$17M with the commission. The record for a blue diamond was set earlier this year when the 14.6 ct. ‘Oppenheimer Blue’ diamond sold for \$58.2M. Did someone get an early bargain this holiday season?

If you find it hard to buy something for the man who has everything, maybe this watch would have been the perfect gift. A stainless steel Patek Philippe set a new world record ticking to \$11M after a really intense 13 minute bidding war. Only 281 of these watches were produced between 1941 and 1955, with just 4 being made of stainless steel ... most were encased in yellow gold and about 20% in rose gold. This watch is so rare that most collectors have never had an opportunity to see one in person; in fact, the Patek Philippe Museum in Geneva does not have one!

The kids in your life, or for the kid still in you, may love these – Remember the big Pokemon craze of the ‘90s? I know we went crazy trying to complete Lance’s Pokemon card collection – I think we may still need a Charizard if anyone has one. Back in 1998 a Pikachu Illustrator card was the award for a drawing competition held by a Japanese comic magazine. Of the 39 cards that were awarded, only 10 have been PSA-graded and one of those cards, classified as a mint 9, was recently sold for \$55K – is this a sign of the increased buying power of millennials? If you are looking for a good book to read with your children, a first edition of JK Rowling’s *Harry Potter and the Philosopher’s Stone* more than skimmed by its

estimate of £15-20K when it sold for £35K (\$54.4K with the commission.) Rowling holds the record for a 21<sup>st</sup> century book sold at auction when her volume of the *Tales of Beedle the Bard* sold for £1.97M (\$3M) in 2007.

I realize that all the items above have already found a new home, so I thought some of you might be interested in a new auction category – Legos! Apparently, there will be two auctions a year featuring Legos and in the first sale, a Lego Star Wars Death Star set (supposedly 100% complete) is estimated to bring £300-500 – could be just the right gift for a Lego-maniac -- Lance, is it on your list or do you already have this set??

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## **Stocks**

By: Howard

I did say it was going to be a “November to Remember”! Guess it is also going to be a December to Remember. I, for one, assumed that once the election was over we would get back to some sense of normalcy ... regardless of its outcome – guess I was wrong. The political circus continues and I really hope that once the Electoral College vote takes place (December 19 – my father’s birthday) we can then move on.

Like everyone, my eyes were glued to the TV on the eve of the election and I know that many of us had a sick feeling as we watched the DOW futures plummet some 900 points ... I fell asleep before any decision was reached and when I awoke we had a new president elect (guess we have another 19 days before we know for sure) and the DOW was going to open only down about 15 points – are you kidding! Guess the financial markets figured Trump would: “make America great again.” Well, over the next few weeks, we all watched as the DOW closed at new record highs ... it started off at 18,158 and closed today at 19,123 – almost a 1,000 point gain. NICE!!!

At 5 pm today I checked on the Euro -- it closed out the month at \$1.06 (that puppy just keeps dropping), the Pound gained a little - \$1.25, Crude also added a little -- closing at \$48.98, and Gold took a big hit – closing at \$1,174 (if you did not buy that gold bracelet last month, you still have a chance ... and just in time for the holidays).

I already mentioned the almost 1,000 point gain this month, but now for the real test, my favorite stocks: JP Morgan (\$80.17 – up 15.75% - oh my), Exxon (\$87.30 – up 4.78%), GE (\$30.76 – up 5.7%), AT&T (\$38.63 – up 5%), Verizon (\$49.90 – up 3.74%), Wal-Mart (\$70.43 – up 0.59%), Coke (\$40.35 – down 4.83%), DuPont (\$73.61 – up 7.01%), Merck (\$61.19 – up 4.21%), Disney (\$99.12 – up 6.94%), Intel (\$34.71 – down 0.46%) and Apple (\$110.52– down 2.66%). Well, the ups crushed the downs and I think I figured out why Coke, Intel and Apple were down – stay with me on this. The financial guys from JP Morgan were out drinking Champagne, rather than coke, in celebration of the 15% increase in their stock price. During the celebration they called home on AT&T and Verizon to let their families know that they were all going to Disney World; in turn, the kids stopped playing with their computers and iPads (Intel and Apple) so they could head over to Wal-Mart to get new bathing suits for the trip while their mothers called a local contractor to order that Corian countertop (from Dupont) for that long awaited kitchen remodel. Then the financial guys realized what they did and called their doctors to get refills of Xanax. See, you do not have to be a financial wiz to understand the ups and downs of the stock market!!

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## **Tales from the Dark Side**

By: Alyssa

While posing as potential art buyers, six suspects were arrested by Austria’s Criminal Intelligence Services in a Vienna airport hotel attempting to sell five fake Pablo Picassos for about \$11 million each. Authorities were tipped off earlier this year enabling them to construct a plan that not only uncovered the five fake Picasso and Emil Nolde works (which were in their possession), but a trove of over 60 additional forged works by Picasso, Klimt and Monet that were located at one of the suspect’s properties.

Following the arrests, authorities learned that the scam began in 2014 when one member of the group bought the works, believing they were legitimate, from an art dealer. Unable to resell them, he teamed up with a group of Austrians to try and move them.

Stuart Porter, a Stamford, UK, antiques dealer, has been sentenced to five years and four months in prison after pleading guilty to fraud charges. According to reports, Porter (who is actually an electrical engineer) disappeared with over £126K worth of antiques that were consigned to his store in Stamford. He then opened a new shop, under the name of Alan Johnson, in Yarm – about 150 miles away.

Porter had been convicted in 1974 for dishonesty; in addition, he was sentenced to jail in the 1980s and 1990s for theft and deception ... like they say: Leopards do not change their spots!!

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## The Art Market

Readers often ask us to cover some of the lesser valued contemporary works of art and this proves difficult since very few works by contemporary artists in our area have reappeared on the market. Recently we discovered that works by three artists we exhibit did pop up on the secondary market so I thought I would pass them on.

As many of you know we are big supporters of the Ani Art Academies and have had several exhibitions featuring their works. This November a small piece (7 x 5 inches) by Anthony Waichulis (founder of the academy) titled 2000 *"The Flying Dutchman"* came up for sale with a low estimate of \$1,000 and sold for \$5,479. Anthony informed me that the painting originally sold in 2001 for about \$2,500 ... not a bad return. Glad I got one of Anthony's works a few years ago!

In October, a small (12 x 16 inch) Joseph McGurl titled *Storm Front* appeared in a Massachusetts sale and brought \$7,200 (est. \$4-6K) – this painting was sold about a year ago for \$5,000. Then, back in April, David Palumbo's *Sword of Legend* hit the auction block with an \$800-1,200 estimate and sold for \$3,500. David originally sold this painting back in 2006 for \$1,500.

I know these are not big prices and would never make the 'news', but it does show you that there can be value in collecting the living (more affordable) artists. Works by all three artists, and many others, are featured on the contemporary side of our website.

Now let's get on with the BIG SHOW!

There was a lot of art offered this past month (over \$1.29 billion worth) and if the sales were curated properly, they did well; when they were not, times were tough. This month we will be covering a wide range ... from Impressionist to Contemporary to American to 19<sup>th</sup> century European, so get ready!

## Impressionist & Modern / Post-War & Contemporary

By: Lance

Ahhh Sale Season... It almost feels refreshing to dive back into these major sales; I think I was starting to go through withdrawals. November, as usual, saw Sotheby's and Christie's major Contemporary and Impressionist & Modern Sales. In an effort to insulate their headliners from the uncertainty surrounding the election aftermath, the houses jointly decided to push the Impressionist & Modern sales back... the result was a jam packed week with Sotheby's and Christie's rattling off sales on consecutive nights, filled in with day sales in between.

Before we dive into the specifics, we should remember how uncertainty can impact an auction beforehand... along with the election, this was the first major Stateside test of the art market since the Brexit vote, in conjunction with a significant softening of China's economy (recently, Chinese buyers have been a significant player in the Impressionist & Modern and Contemporary sales). The most apparent effect is that some sellers, usually with top level works, will hold off selling until they can offer the work to an unadulterated market; sellers of top level works typically do not part with works because they "need" the money, so oftentimes they will take the risk averse approach. Keeping that in mind, there were no elite works; nothing breached the 9-figure mark, nor was anything expected to.

Kicking things off on Monday night (November 14<sup>th</sup>) was Sotheby's Impressionist & Modern sale with 42 works being offered. The top spot of the evening belonged to *Pikene pa broen* (Girls on a Bridge) by Edvard Munch. The work sold for \$54M with the premium, so the hammer was in the mid-40s (Est. on request – reportedly \$50M). The room felt tense as the auctioneer almost seemed to plead for another hand to raise ... pausing to take sips of water and remarking "this beautiful picture, which can be had for \$50M" only to drop the hammer after failing to coax another incremental bid. As has become common, the work sold on a single bid - on a guarantee arranged before the sale (In September, the New York City Department of Consumer Affairs recommended that net prices reflecting buyer discounts should be published - in accordance with that, Sotheby's disclosed that the guarantor was paid a \$2M fee from Sotheby's – New York Times). The Munch has changed hands a few times recently... in 1996, the work brought \$7.7M, then again in 2008 when it brought \$30.8M. Rounding out the top three was an oil and a bronze by Picasso, *Le Peintre et son modele* and *Tete de femme*, selling for \$12.9M (est. \$12-18M) and \$8.4M (est. \$6-8M) respectively. Works by Vlaminck, van Gogh, Chagall and Soutine filled in the top 10 from the evening, though there were a handful of highlights that failed to sell... among the

unsuccessful were two works by Matisse and a Kandinsky watercolor. In the end, the sale totaled just \$157.7M (\$142.8M low estimate) with 34 of the 42 (81% sold) lots finding a buyer. Comparatively, Sotheby's equivalent sale last year brought in more than \$300 million with 47 lots, so the takeaway is the product on the block was a step down from last year's offerings.

For the sake of clarity and continuity, we'll jump to Christie's Impressionist & Modern evening sale on November 16 (Wednesday night) ... This sale featured the painting of the week – Monet's *Meule*. Estimated at \$45-55M, the bidding started at \$35M and attracted just a few bids in the opening moments, pausing briefly before the floodgates opened. Bidding quickly skyrocketed up over \$70M before it hammered at \$72.5 - \$81.4M with the premium – setting a new auction record for the artist. In a distant second was Wassily Kandinsky's *Rigide et courbe*, which also set a new auction record for the artist at \$23.2M (est. \$18-24M). Just behind was a fresh-to-the-market (never auctioned) Picasso's *Buste de femme (Dora Maar)* at \$22.6M (est. \$18-25M), purchased by Japanese mogul and mega-collector Yasuka Maezawa. Another Picasso, also with an \$18-25M estimate, brought \$18.4M; there were a number of high-ticket items here in contrast to the single ultra-high value lot featured at Sotheby's. The big failure on the evening was a French countryside landscape by Cezanne which had not appeared at auction in over 30 years (est. \$10-15M). Tuesday night's sale generated \$246.3M with 39 of the 48 works finding a buyer (81% sold) which was quite an improvement from last year's \$145.5M sale where 59 works were offered.

Switching gears to the Contemporary world, Christie's struck first on November 15th (Tuesday night) with their 61 lot sale... At the top was Willem de Kooning's record-setting *Untitled XXV*, 1977, which hammered at \$59M and fetched more than \$66M with the premium added in (est. \$40-50M); the work previously sold in 2006 for \$27.1M. Demand for the work was seemingly high enough that the seller passed up a guarantee on the work, taking their chances on the market, though 17 other lots in the sale were guaranteed. Well off in second was Jean Dubuffet's *Les Grandes Arteres* at \$23.7M (est. \$15-20M) followed closely by Gerhard Richter's *Abstraktes Bild (809-2)* at \$22M (est. \$18-25M). In the end, Christie's \$277.5M total fell a bit shy of the high end of the estimate (\$296M), with 54 of the 61 lots finding a buyer (89%). Compared to last year, while we saw a dip in the total generated by the sale, the number of works offered (61 v 66 in 2015) and percent sold (89% v 80% in 2015) were generally consistent.

Finishing off the action packed week was Sotheby's Contemporary sale on November 17th (Thursday night) and while the numbers were strong, more than half of the sale was guaranteed. Leading the way was Gerhard Richter's *A B, Still* at \$34M (est. \$20-30M); it was just one of the 25 works sold from Steven Ames' collection in the sale – those 25 works totaled \$122.8M with fees. Ames acquired the Richter back in 1991 at Sotheby's for just \$264K! In second was Warhol's *Self-Portrait (Fright Wig)* at \$24.4M (est. \$20-30M) followed by another Richter at \$22.7M (est. \$20-30M). Other top lots included works by Basquiat, Hockney (which set a new auction record at \$11.7M), de Kooning and Frank Stella. The sale ended with 60 of the 64 works selling (94%) and a total take of \$276.6M – not bad!

Overall, the market showed some surprising resilience given the current conditions at hand. And while there certainly was something missing from the top end of these sales, the high sell through rates and prices illustrate the stability of the art world. The honest bottom line here is that the market appears to be acting in a more restrained and rational way; people are simply not overpaying for works and prices achieved seem to be more in line with estimates, creating a far more accurate picture of the current health of these specific markets.

## **The 19<sup>th</sup> Century European**

By: Howard

All eyes (ok, some eyes) were focused on Sotheby's 19<sup>th</sup> century sale in New York this month and as we have seen before, the results matched the offerings and there were a few good lessons to be learned.

Taking the top position was Beraud's *Après l'office à l'église de la Sainte Trinité, Noël, 1890* which carried a \$600-800K estimate and sold to a single bidder at \$550K (\$673K with commission). In second was a nice, but small (21 x 14 inches), Alma-Tadema that brought \$460K (\$565K with commission – est. \$150-200K) and in third was a pretty (though somewhat small – 24 x 20 inch) Bouguereau which hammered down at \$430K (\$529K with commission – est. \$250-350K). Rounding out the top five were two paintings by Munnings at \$517K (est. \$250-350K) and \$505K (est. \$350-450K). The sale featured a series of Munnings paintings (10 in all) which carried a combined low estimate of \$2.37 million. 9 of the 10 found buyers for \$2.37 million (\$2.83M with commissions) ... so that wasn't too bad.

There were other pleasant surprises; among them: Victor Gilbert's *Le marche Parisien* which sold for \$263K (est. \$150-200K – this painting was first sold back in 1986 for \$39K, then came back on the market in 2004 and brought \$188K). Another was a British Victorian piece by Frank C. Cowper – *Venetian Ladies Listening to the Serenade* – that sold for \$360K (\$445K with commission – est. \$100-150K) ... nice to see that there is "still life" in the British Victorian market.

From the sound of those numbers you would think all was hunky-dory, but that was not the case. The first issue with the sale is that there were no blockbuster works ... those multi-million dollar paintings that help boost a sale over the top --- you know the ones, those great paintings which carry reasonable estimates and sell for big prices. In addition, a beautiful painting by J.F. Herring Sr. carried the biggest estimate ... one of those 'Hail Mary', impossible to reach, ones -- \$900-1.2 million. As you might guess, it did not sell. Now it should be noted that this painting last sold in 2002 for \$307K, so why they were expecting almost a million for it today (when the 19<sup>th</sup> century British Sporting market is very soft) is beyond me. There was another Herring Sr. which carried a \$600-900K estimate that also failed to sell. Another hurdle to overcome was the fact that one of the Beraud paintings (est. \$400-600K) was withdrawn. There was also a Firmin-Girard painting that I am sure they had high hopes for. Back in 2014 a spectacular painting by this artist hit the auction block with an estimate of \$300-500K. We all expected it to do a lot better, but nobody would have guessed the work would end up selling for \$3.02M! While the painting offered in this sale was similar in size, it did not have the same WOW factor and carried a slightly higher pre-sale estimate (\$400-600K) ... it did not find a buyer. The freshness factor also came into play. Back in September Edwin Lord Weeks' *Market in Isaphan* sold in a Boston sale for \$43K on a \$30-\$50K estimate. About 8 weeks later it was offered in this sale with a \$70-100K estimate ... as you can guess, no takers – cannot call that one very fresh!

I am always talking about the need for proper cataloging, estimating and freshness ... here is an example when all three points are disregarded. Gerome's *The Colossus of Memnon* was offered in a 2013 sale with a \$400-600K estimate (no takers), then it came up in a 2014 sale with a \$150-200K estimate and once again, no takers. This time it had a \$50-70K estimate and sold for \$70K (\$87,500 with commission). Did the cataloging for the work mention that it had been up for sale recently and did not sell? No. If you look at the provenance in the catalog, one would think that the last time it came on the market was back in 1989. And here is an interesting fact, in 1989 the painting sold for \$440K on an estimate of \$400-600K ... I would assume the buyer bought the work right at the reserve. So, if the seller in 2016 was also the buyer back in 1989 they took a big loss.

And that was not the only one. Jules Breton's *Sur la route en hiver; Artois* made an appearance in 2004 with a \$200-220K estimate and failed to sell. The following year they gave it another try with a \$120-180K estimate and still no takers. Over the next decade many people tried to sell the painting ... we were offered it several times. In June of 2016 it appeared in a Detroit auction with a \$40-60K estimate and sold for \$73,800 and 5 months later it is once again offered at Sotheby's with a \$120-180K estimate ... no takers! I should add that the catalog made no mention of the recent change in ownership. Edward William Cooke's *Venice, Sunset Behind the Church of Santa Maria della Salute* sold in 2015 at a UK sale for about \$19K ... this time it carried a \$30-40K estimate and no takers ... and no mention of the 2015 sale. Even Corot is not immune to this. Back in 1995 his *Le torrent pierreux* was offered with a \$150-200K estimate and failed. Later that same year it carried an \$80-120K estimate and somehow found an unlucky buyer at \$151K. We then fast forward to 2015 and it showed up with a \$200-300K estimate – no takers. Two additional attempts were made this year - in May with an est. of \$180-220K and again now sporting a \$100-150K estimate ... no takers.

In the end, of the 69 works offered, 43 sold (62.3%) and the total take was \$8.21M (low end of the presale estimate was \$9.74M) ... so even with the buyer's premium added in they fell way short. Dissecting it a bit further we see that of the 43 sold works: 21 sold above, 15 within and 7 below their estimate range (I used the total sale price for each work which included the buyer's premium).

Sadly, as we have seen with other 19<sup>th</sup> century sales, they just could not get enough meat (strong, fresh to the market, works) and this is a problem they just cannot get past. Many owners of the great works do not want to sell at auction – just too much risk of the item going unsold – the Gerome is a classic example of what happens ... estimates plummet. Great works are appearing at galleries, but those sales are not made public. The only price information disseminated to the public are the auction results and because these sales are not doing well (mainly due to the lack of quality works being offered to them) people have the impression that the market for 19<sup>th</sup> century works is not good. I can tell you from our own side of the business, this is just not the case.

As you move forward in the art world, keep in mind that auctions and their results are just one tiny piece of the puzzle ... there is so much more that goes into determining the health of any market and a work's true value.

## **The Americans**

By: Alyssa

November is always a busy month in New York for art and by the end of it, American art racked in over \$60 million between the two premier auction houses.

First up was Sotheby's and leading the sale was Norman Rockwell's *Which One?*; an oil on canvas that decorated the cover of The Saturday Evening Post just before the 1944 presidential election between Democrat, President Franklin Delano Roosevelt and Republican, Thomas Dewey – what a perfect painting for our times! Attracting three phone

bidders, the work sold above its estimate for \$6.5M (est. \$4 -6M). Rockwell's *Pipe and Bowl Sign Painter* came in second selling just above the low-end estimate for \$1.7M (est. \$1.5-2.5M). Third was nabbed by Childe Hassam's *New York Street Scene* which realized \$1.5M (est. \$800-\$1.2M).

Rockwell Kent saw an auction record when *Gray Day*, the 8<sup>th</sup> highest selling work in the sale, was sold for over \$852K.

Other stellar performances in the sale include: Silva's *Haverstraw Bay, NY* selling for \$210K (est. \$50-\$70K), Henry Shrady's bronze of George Washington at Valley Forge selling for \$160K – more than twice its high-end estimate (est. \$40–60K), Leyendecker's *Independent Action* for \$170k (\$60-70k) and Cropsey's *Mounts Adam and Eve – Haymaking* realizing \$170K (estimate: \$40k -60K).

By the end of the sale, 81 of the 113 works (71.7%) found buyers for a grand total of \$28.6M with the top ten works accounting for more than 55% of the total take.

The next day, Christie's held their American sale. An expected first place was taken by N.C. Wyeth for his *Hands Up!* which sold for \$4.95M -- nearly twice its high-end estimate, and a new record for the artist at auction (est. \$1.5-2.5M). Frank Benson's *The Reader* came in second, bringing in \$2.9M (est. \$2.5-\$3.5M) followed by, Friesseke's *The Garden* realizing \$2.3M (est. \$1.5- 2.5M).

Other notable lots include, Kuniyoshi's *Boy with Cow* which brought in \$230K; over five times it's high end estimate of \$50K. Maynard Dixon's Studies for '*Grass Land*' and '*Ploughed Land*' Murals brought in \$300K, more than 4 times its high-end estimate of \$70K and Rockwell Kent's *Alaska Impression (Resurrection Bay)* more than doubled its high-end estimate of \$70K, realizing \$160K.

After the 101 lots were auctioned off, a quarter of the works failed to find buyers and like Sotheby's American sale, over 54% of the \$36.7M grand total was held by the top ten lots. As we keep saying ... the cream rises to the top!

The Rehs Family

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**Gallery Updates:** We will be exhibiting at the Palm Beach show this month – this week!

**Web Site Updates:** Works by Dupre, Bauer, Dunkel, Daly, Salaz, Bell, Davenport, Koeppel, Palumbo and Mastromatteo have been added to our available inventory ... below is a small selection:

## TRADITIONAL



**Julien Dupre**  
*Returning from the Pasture*



## CONTEMPORARY



**Ben Bauer**  
*St. Croix Valley Sunset*



**Mark Daly**  
*Flatiron Building in Snow*



**Mark Daly**  
*Radio City Flags*



**Erik Koeppel**  
*Dream Lake, Storm in the Rockies*



**David Palumbo**  
*Stephie 28*



**Jay Davenport**  
*Warhol*



**Julie Bell**  
*Peacock & Firebird*



**Anthony Mastromatteo**  
*Picture in Picture...*



**Anthony Mastromatteo**  
*Opposites Attract*

**Next Month:** Hopefully, it is a quiet one!