

# COMMENTS ON THE ART MARKET

## VOLUME 104

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We trust that all our readers are enjoying their summer. Please remember that during the month of August the gallery's hours are Tuesday through Thursday from 10 am – 5 pm, and all other times by appointment.

If you plan to be in New York during August and would like to come by, please give us a call and we will do our best to accommodate you.

### New Articles

During the month of July there were a number of articles published on various web sites about the gallery, our artists and even some of my thoughts on the art market. Links to all of these articles can be found on the Articles page of our web site.

### Stock Market Comments

Earlier this month I received the following suggestion:

*Howard: I enjoy your newsletter and enjoy being on your distribution list. But I think your comments on the stock market detract from your primary message. Just a suggestion, but I think you would be better served by deleting that section. I would venture that few people are as interested in your personal stock investments as they are in your art expertise. Steve S.*

After receiving that I had to think ... was he right? Is nobody interested in my comments on the stock market? Could I have been wasting valuable space? But then I remembered that in the past, a number of our readers commented on how much they enjoyed my stock market comments and a few look forward to them each month. Then three days after receiving that email, late in the day, the phone rang. No, it wasn't CNBC asking me to host Squawk Box! It was a young woman asking if I wrote the monthly newsletter. I said yes. She then went on to tell me that not only does she enjoy them, but was amazed that my stock portfolio was up almost 10% at one point; hers has been in the red all year. She told me about a number of her bad investments, the firms she has used and wanted to know how I came up with my decisions on the companies I invest in.

Now I do respect everyone's opinion and hope that those readers who have little, or no, interest in my stock market comments will just skip over these small entries. I started including them because I was not only sick and tired of hearing that the stock market was "the place" to invest your money, but fed up listening to the 'experts' who never seemed to agree on where it was going or what companies to invest in. It must be comforting to know that many of us casual investors are all sailing along in little dinghies on a great big stock market ocean --- watching the Great White Market Sharks circling. I do not claim to know much about the stock market and as I have always said: your odds of winning are probably not much better than playing roulette or the lottery --- but we all like to take chances; hoping for a big score! I also trust that none of our readers follow these comments with too much seriousness.

Anyway, as I started writing the newsletter my overall return for the year was once again up over 10% (it actually hit 12.5% the day I started printing), but who knows how long that will last? In addition, I doubled down on my Citi holdings and bought Bank of America ... 12 months from now we will see if I made the right move, or as the old saying goes: just threw good money after bad!

Now on to the fun...

## The Art Market - Results from Abroad

During the month of July most of the serious action took place in London, so I will turn my attention to those sales ... and there were plenty of them!

### The Old Masters (and some 19<sup>th</sup> Century)

So, what do the results from the recent Old Master sales in London tell us about the state of the art market? Nothing new since once again these sales proved that good works sell for very strong prices while the 'bad' or 'ugly' ones are having a tough time.

Christie's rolled out their important Old Master and 19<sup>th</sup> Century evening sale on July 7 and I must be honest, there was little need to include the 'few' 19<sup>th</sup> century paintings --- none of which were Important Evening Sale material. Of the 66 paintings illustrated, only 4 or 5 would have normally appeared in a 19<sup>th</sup> century sale -- yes they had 19<sup>th</sup> century works by Turner, Ingres and Palmer, but these artists are rarely featured in the typical 19<sup>th</sup> century sales.

Since I am a specialist in the 19<sup>th</sup> century arena I am only going to comment on those works because: what do I know about Old Master painting? Not too much! There was an average Kruseman winter landscape that carried a £80-120,000 estimate and sold for £150,000; a mediocre de Blaas (background figures were very weak) that sported a £150-200,000 estimate and amazingly sold for £140,000 and a rather unattractive Raffaelli which failed to find a buyer -- sleeping women who look as though they have just expired are not the easiest works to sell. I will add that there was a rather nice formal female portrait by Winterhalter; the only 19<sup>th</sup> century work that stood a chance of looking like it belonged in and among the Old Masters ... and that was because this sale included other formal portraits by Van Dyck, Wright of Derby and Ceruti. In case you are wondering, it sold for £190,000 on a £100-150,000 estimate.

No matter how you slice this, paintings by Raffaelli, Kruseman and de Blaas do not look good next to paintings by Fra Bartolommeo, Botticelli, Cranach and Brueghel. And the fact that the 19<sup>th</sup> century works on offer were not the best examples, made it even worse.

Here are the final stats: 66 works offered, 48 sold, 15 bought in and 3 withdrawn; a sell-through rate of 76% and a total take of £20.28M (\$32.8M). The top 10 lots were all Old Master paintings and none of the 19<sup>th</sup> century works hit the top 30. The sale's two most expensive works made £1.9M at the hammer -- Fra Bartolommeo's *Madonna and Child...* and Marieschi's *Courtyard of the Doge's Palace...* -- both falling short of their £2-3M estimates; if you added in the buyer's commission then they each broke the low estimate at £2.17M (\$3.51M).

The following day revealed a General Sale filled with a bunch of 'stuff'; a real mixed bag of works from the Old Master to 19<sup>th</sup> Century periods. Now I could critique each work, but the final numbers tell the story. Of the 168 works offered, 66 failed to sell and 4 were withdrawn for a 60% sell-through rate. This sale included 47 19<sup>th</sup> century paintings; of those, 21 failed to sell and 1 was withdrawn ... a sell-through rate of 55%. In the end, the sale grossed £3.58M (\$5.79M) and the top lot was an Anglo-Flemish School piece that carried a £30-50,000 estimate and sold for £445,250 (\$720,000)! Now that sounds like a work that should have been in the Evening Sale.

Christie's also offered a sale of Old Master and 19<sup>th</sup> Century Drawings & Watercolours and a South Kensington sale of Old Master & 19<sup>th</sup> Century works -- the combined total for these two was £1.75M (\$2.8M).

One final note ... there were no real after-sale press releases; something I found very surprising given all the hoopla they created before the sale. Guess there wasn't much to write home about since their total for the week was only £26M (\$42M); a far cry from the competitor's results (up next).

On July 8, Sotheby's offered their Evening sale of strictly Old Master paintings which included works from the Barbara Piasecka Johnson collection. The first session's catalog illustrated 48 works and taking top honors was Pieter Breughel the Younger's *A Flemish village* ... shooting over its £2.5-3.5M estimate to sell for £4.63M (\$7.45M). In second was Goya's *Equestrian Portrait of Don Manuel Godoy* that made £2.63M (\$4.2M) on a £2.5-3.5M estimate; and in 3<sup>rd</sup> place was Van Dyck's *Portrait of Endymion Porter* at £2.06M (\$3.3M) on a £1-1.5M estimate. Of the 48 works offered in this session, 33 found buyers (69% sell-through rate) for a total take of £26.13M (\$42M).

That same evening, in a separate catalog, the more important works from the Johnson collection were offered. Included in this group was a nice Jusepe de Ribera titled *Prometheus* that sold for £3.85M (\$6.2M) on an £800-1.2M estimate. In the end, this 56 lot sale found takers for 44 works (78.6% sell-through rate)

and grossed £9.88M. When added to the other evening sale, Sotheby's total was £36.1M (about \$57.9M) with a combined sell-through rate of 74%.

In addition, Sotheby's presented a number of smaller sales that week: Old Master Day; Old Master Drawings; Early British Paintings; and Early British Watercolours, Drawings and Portrait Miniatures – all falling within their overall sale estimates. In the end, Sotheby's total was £45M (\$72M) with numerous individual artists' auction records.

### **The Orientalists - More of the Same**

This was another prime example of a saleroom not taking the hint ... there are many areas of the art market that need a rest, and the Orientalist market is one of them. During their Old Master/19th Century week, Christie's produced an anemic stand-alone sale and like the other recent Orientalist sales the results were less than stellar.

Of course there were a few 'star' lots: Alberto Pasini's *Le reclute* at £481,250 (estimate £200-300,000); Rudolf Ernst's *The Perfume Makers* at £421,250 (also estimated at £200-300,000); another Pasini, *Mercato turco*, made £373,250 on a £300-400,000 estimate; Eugen Bracht's *Rast in der Araba* brought £361,250 (blowing by its £120-180,000 estimate) and Fabio Fabbi's *The Harem Dance* made £289,250 (also handsomely beating its £100-150,000 estimate). However, the two lots with the highest estimates failed to find buyers: John F. Lewis' *The Kibab Shop* (watercolor) at £600-800,000 and Jean-Leon Gérôme's *Le Marabout* at £450-600,000. In addition there were other highly estimated works by Pasini and Gericault that did not find takers; these 4 lots were estimated to bring in an additional £1.32-1.78M - which did not happen.

In the end, 59 works were offered and 32 found buyers (a sell-through rate of just 54%) for a total take of £3,364,725. What is even more interesting is that the combined total for the top 5 works was £2.17 million (64.5% of the sale's gross) and the total for the top 10 lots was £2.65 million (78% of the gross). With all the fanfare over the past few months concerning the merging of their Old Master & 19th Century departments, why weren't the better works from this sale incorporated into the evening sale of Old Master & 19th Century paintings? I thought they were going to give their client's the best of both worlds in one sale? The better works from this Orientalist sale would have helped balance the Old Master/19th Century scale and beefed up the important evening sale's total. All the mid-level works could have then been added to their day sales - which did include Orientalist art – and a lot of paper (costs) would have been saved.

What these results point to is an over-saturation of the Orientalist market ... too much product at a time when there are too few buyers. Once the mid-range works begin to sell then they should think about these stand-alone sales; until then, less is more.

### **The Victorians Bring on More of the Same**

On the 15<sup>th</sup> Sotheby's offered a rather thin selection of Victorian and Edwardian Art. Here again we saw the cream float to the top and the rest sink to the bottom. Taking top honors ... and a surprise to most ... was Dame Laura Knight's watercolor *Wind and Sun*. This exquisitely painted work carried a strong estimate of £200-300,000, but that deterred nobody and in the end the buyer needed to fork over £914,850 (\$1.5M) to own it – this same work last appeared on the public market in 1986 and sold for £66,000 ... that was a nice return! The number two slot was captured by Grimshaw when his *Liverpool Docks* brought £361,250 (\$590,000) and in third was a spectacular work by Herbert Olivier (Laurence Olivier's uncle) titled *Summer Is Icumen In* which was estimated at £80-120,000 and brought £331,250 (\$542,000).

Yes, the Dame Laura Knight & Herbert Olivier paintings made spectacular prices, but they are spectacular works. What really tells the story is the fact that 84 works were offered and only 41 sold – an embarrassing sell-through rate of just 48.8% and a total take of £3M (\$4.92M). In addition, the top 10 lots combined brought £2.56M (\$4.2M) – over 85% of the sale's total – and the painting in the number 10 position did not break the £50,000 mark (£49,250 with the buyer's commission, or about \$80,000); that not only illustrates how thin the general offerings were, but how weak the general market is.

### **Some Final Thoughts**

To begin with, the auction rooms need to scale back their offerings. There is far too much product coming to a weak mid-level market and the odds of selling these works appear to be in the 50/50 range – not the best.



Over the years we have consistently preached that you need to concern yourself with the quality of the art you buy ... regardless of the price levels or artists. The past 10 months have proven us right. Tens of thousands of works have appeared in the public forum and you will probably find that close to half were unsold.

Sale after sale we see the same strong pattern emerge --- the better works are selling, some for record prices, while the general/poorer works are having a difficult time; and as we have seen with many of the sale I reviewed this month, just a few of the better lots can account for a majority of a sale's final total.

While art is very subjective, quality is still quality. As you travel through the art world please remember: every artist had his/her good and bad days ... your goal is to find those 'good day' works. During the boom times almost anything will sell, but in these more difficult times people are focusing on the better works and those are the pieces you want to own.

Howard L. Rehs

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**Gallery Updates:** Works by the following artists have made their way through the gallery: Fritz Zuber-Buhler, Edouard Cortès, Antoine Blanchard and Katie Swatland.

**Web Site Updates:** Look for new works by the following artists: Aston Knight, Clays, Cortes, Blanchard, Swatland, Harris and Banks. A few of the recently added works are shown below:

### Traditional



**Louis Aston Knight**  
*The Durdent Valley, Normandy*



**Edouard Leon Cortès**  
*L'Arc de Triomphe, Place de l'Etoile*



**Edouard Leon Cortès**  
*Porte St. Denis, Paris*

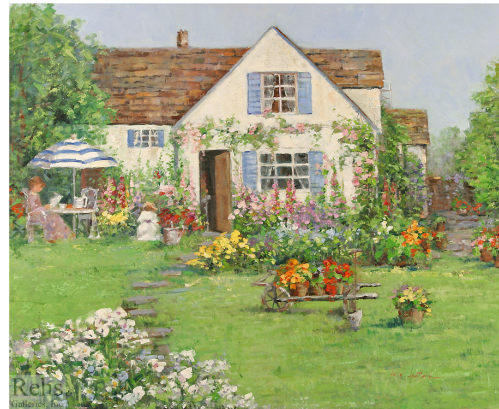


**Antoine Blanchard**  
*Theatre du Vaudeville*

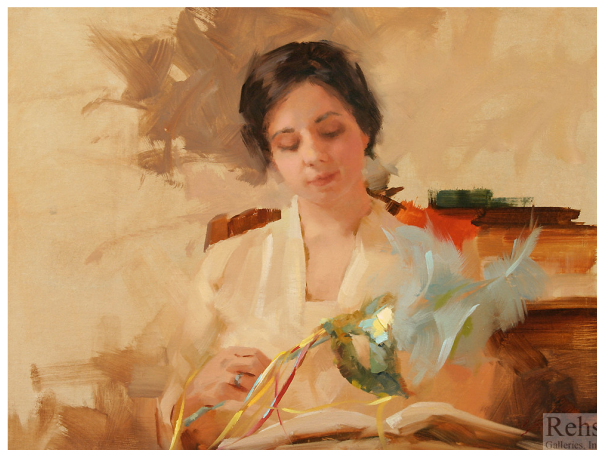
## Contemporary



**Gregory F. Harris**  
*April Wildflowers*



**Sally Swatland**  
*The Cottage*



**Katie Swatland**  
*Ode to Joy*

**Next Month:** Continuing art market updates.