

# COMMENTS ON THE ART MARKET

## VOLUME 111

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### Ugo Giannini News

This past month Ugo's original sketches from the D-Day invasion went on view at the Gaellen Gallery West on the Aidekman Jewish Community Campus in Whippany, NJ (the exhibit continues through March 5). Ugo was among the first wave of American soldiers to hit Omaha Beach in June of 1944 – there were 37 men in his platoon, only 6 survived. After hitting the beach, he took shelter in a bomb crater and began drawing the devastation around him ... the results were a series of 27 works.

These horrific days had a profound impact on Ugo and over the years the ugly memories would surface ... both in his mind and work.

Towards the end of March a number of his later, abstract war works, will be on display in the gallery. We will let you know when they are available for viewing.

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### The Stock Market

Right now my portfolio seems to be in limbo ... slightly up, then slightly down --- I just wish it would get going in the right direction .... UP! And if you must know, it was actually 0.7% in the red when I started writing this. I do need to add that since we were participating in shows for most of February and my time back home has been taken up by work, work, family and more work, I have paid no attention to the 'experts' on the boob-tube; I can say that I did not miss them.

In addition, many of my favorite stocks cannot seem to get their motor's running ... Citi is still in the mid \$3s; RIMM is around \$70; Pfizer is just under \$18; McD's is in the mid \$60s; GE is floating in the low \$16s and Altria is around \$20. What happened to the \$60 a share GE days? I want those days back!!!

It appears that at least for the time being we are going to be in one of those 'tight monthly trading ranges' – up a few hundred, down a few hundred ... I guess that is better than those 1000 point daily swings we saw not too long ago!!! Ahhh ... the stock market, one of the best gambles, I mean investments, one can make!!!

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### The Art Market – Fueling Up Again

In February the art world turned its attention to London for the important Impressionist, Modern and Contemporary sales; and unless you were asleep at the wheel, I am sure most of you heard about them – with some blockbuster results it looks like the art market is, once again, on fire!! The question now is: how hot will the flames get?

### Impressionist & Modern

First up were the Impressionist and Modern works and as we have seen in many of the previous sales, one room blew the doors off the other. Sotheby's sale was the first to take place and after the flames and smoke cleared it was obvious that Christie's was going to have a difficult, if not impossible, job matching the results. The bonfire erupted right near the opening of Sotheby's evening sale when lot 8, Alberto Giacometti's *Walking Man I*, a bronze cast in 1961, was offered; and while everyone expected it to be a hotly contested work, few could have predicted the battle that ensued. When the bidding war was over this bronze became the most expensive work ever sold at auction -- making £65M (\$104.3M) on a £12 – £18M estimate ... I guess bronze is now the new black! Five lots later another highlight of this sale appeared, a wonderful landscape by Klimt titled *Church in Cassone* (1913), and when this skirmish ended the buyer parted with £26.9M (\$43.2M) – not a record for the artist, but an auction record for one of his landscapes. Taking third place was Cezanne's *Pichet et fruits sur une table*, an oil on paper from 1893-4, that made £11.8M (\$18.94M).

When the hammer came down on the last lot of the evening, this small sale saw 31 of the 39 works sell -- a 79.5% sell-through rate, and a gross of £146.8m (\$235.7M); that works out to about £4.74M (\$7.6M) per lot.

Now to put this evening sale in perspective, the corresponding 2009 sale had a total take of £32.6M (\$46.2M) – about the price of the Klimt painting – and a sell-through rate of 76%. What I did find interesting is that the top lot of the 2009 sale was Degas's *Petite danseuse de quatorze ans* (£13.3M or \$18.8M) – and not only was it a bronze, but it was lot number 8. I will assume that from now on all potential sellers will want their works to be cataloged as lot 8 ... hum, it will be interesting to see how they handle that. I can just see their next sale ... 40 works offered, starting with lot 8 and ending with lot 8; could be the best sale ever!

The following day, Sotheby's offered their general works and once again there were many strong prices: Picasso's *Tete de mousquetaire* brought £529,250 (\$841K) – est.: £200-300K; van Dongen's *Suzanne* brought £445,250 (\$708K) on a £100-150K est.; a nice Martin brought £433,250 (\$689K) on a £120-180K est. and a nice, small (12 x 16 inch), Boudin from 1894, brought a very strong £187,500 (\$298K) on a £60-80K est. By the end of the day the saleroom racked up another £17.55M (\$27.9M) with 160 of the 185 finding new homes – a sell-through rate of 86.5%. Last year's corresponding sale brought in £11.3M (\$16.2M) with a sell-through rate of 82.7%.

When totaled, Sotheby's offered 224 works with 191 finding buyers (a sell-through rate of 85.3%) and a total take of £164.4M (\$263.5M) -- or £860K (\$1.38M) per lot ... now I think those results could be classified as smokin'.

The following evening Christie's presented its sale and even after the blazing inferno at Sotheby's, it was going to take a lot of kindling and matches to get a good fire going. The problem they ran into was a shortage of dry wood. Now it is important to remember that today just one or two paintings can make a huge difference; however, even taking that into consideration it was really no contest. Top honors in this series went to Picasso's *Tete de femme* (1963) at £8.1M (\$12.8M) on a £3-4M est.; coming in second was van Dongen's *La gitane* (1910-11) at £7.1M (\$11.3M) and in third place was Gontcharova's *Espagnole* (1916) at £6.4M (\$10.2M).

When the final lot of this evening sale was sold, Christie's grossed £76.8M (\$122.2M) with a sell-through rate of 81%. Now we all have to agree that £76.8M (\$122.2M) is a nice chunk of change and if you took out the top two works from the Sotheby's sale their total would have been about £55M (\$88.2M), far below Christie's; but (and there is always a but), Sotheby's offered only 39 works while Christie's offered 85 – more than double. The average price-per-lot at Sotheby's was £4.74M (\$7.6M) while Christie's came in at a far lower £1.1M (\$1.77M) per lot. "Quality over Quantity" is the mantra!

The next day Christie's presented their general sales of Impressionist and Modern works and while there were many strong prices – including works on paper by Picasso (£679,650 - \$1.1M) and Moore (£529,250 - \$849K) – it took many more lots (69 to be exact) to match the results at Sotheby's. By the end of the afternoon, Christie's added another £17.6M (\$28.3M) with 217 of their 254 lots finding buyers for a sell-through rate of 85.4%.

When totaled with their evening sale, the firm grossed £94.5M (\$150.4M) from the 286 sold works (they offered 339) – generating an 84.4% sell-through rate.

Overall, the results for the 3 days were pretty impressive -- 563 works offered, 477 finding buyers (84.7% sell-through rate), and a GRAND total of £259M (\$414M); just for the record, that works out to about £543K (\$868K) per sold lot. Strong results from scaled down sales ... I'm impressed!

### Contemporary

The following week new battle lines were drawn, and this time the results were a little closer. Taking the top two positions for this series of sales was Yves Klein -- his *Relief éponge* sold for £5.86M (\$9.15M) on a £5-£7M estimate and *Anthropométrie* made £4.13M (\$6.44M) on an £800- £1.2M est. (this same work sold for £388,500 at an auction in 2001 – not a bad return). Coming in third was de Kooning's *Untitled XIV* (1983) at £3.96M (\$6.2M); fourth place was taken by another Klein work – *F88* (1961) at £3.06M (\$4.8M); and coming in fifth was Martin Kippenberger's *Flying Tanga* at £2.56M (\$4M).

The two evening sales broke down as follows:

Sotheby's offered 77 works, of which 74 sold producing a sell-through rate of 96.1%; the total take was £54M (\$84.7M) – or an average price-per-lot of £730K (\$1.14M). Not too shabby considering they were expecting between £32M and £45M.

Christie's offered only 52 works, of which 46 sold yielding a sell-through rate of 88.5%. The total take was £39.15M (\$61.1M) – resulting in an average price-per-lot of £851K (\$1.3M) ... a bit stronger than their competitors. Their overall estimate range was £26M to £38M and they beat it by a slim margin; it took the addition of the 'buyer's

premium' to squeak past. It should also be noted that Christie's sold three of the top five works.

When added together, these two evening sales brought in £93.15M (\$145.8M) from the sale of 120 works (93% sell-through rate); making the price-per-lot £776K (\$1.2M).

The day sales also performed well:

Sotheby's offered 211 works, of which 177 sold and 34 were bought-in – creating an 83.9% sell-through rate and a total take of £11.87M (\$18.35M). Christie's offered 197 lots with 161 finding buyers for a sell-through rate of 82% and a total take of £11.7M (\$18.4M).

These results show that their day sales were evenly matched; but you might be wondering how Christie's, at £11.7M, came away with a slightly higher US dollar rate than Sotheby's, at £11.87M ... it's all in the exchange rate they use – what a difference a few pennies, or a day, can make!

When the week was over, the two main salerooms offered 537 Contemporary works of art and sold 458 for a sell-through rate of 85.3% and a total take of £116.82M (\$182.55M). And in case you are wondering, that works out to about £255K (\$399K) per lot.

### Now for the BIG PICTURE:

Between the two salerooms, 1100 works were offered in the two week period. Of those, 935 found buyers (85%) and more than £375M (\$596M) changed hands. In addition, the Impressionist/Modern works outperformed the Contemporary works by more than 2:1 on a price-per-lot basis: £543K (\$868K) to £255K (\$399K). Overall, the results were pretty strong considering we are still in tough economic times. These numbers clearly illustrate that many people feel art is a prudent place to 'invest' their money.

It is also important to remember this history lesson. The art market grew at an amazing pace from 2000 through 2008. During this time we watched the auction room catalogs go from the manageable to the gargantuan ... at one point they realized that nobody could actually carry them all so they created pocket-sized versions; maybe that should have been their first hint that things were getting out of control. By December, 2008, when more than 1700 Impressionist and Contemporary works of art were offered in New York City during a two week span, the party had come to an end. They had hit the point where the buyers just could not absorb all the product they were placing on the market – no matter what the economic climate was like; their sales bombed.

Today, forced by current economic conditions, we are seeing smaller and stronger sales. I really hope that as things really begin to heat up they will continue to keep the art market's recent history in mind. We have already seen what too much product on the market can do – remember, history does, and will, repeat itself.

Howard L. Rehs

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**Gallery Updates:** We have no upcoming shows planned, but we all know that could change at any time.

**Web Site Updates:** Works by the following artists have made their way through the site: Boudin, Aston Knight, Cortès, Blanchard, Sherrin, F.S. Church, A.S. Williams, Pousette-Dart, Swatland, Kuhn and Harris.

**Next Month:** More market coverage.