

COMMENTS ON THE ART MARKET

VOLUME 114

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Additional Comments Better Left Unsaid

My article in Volume 112 concerning comments dealers would rather not hear while doing shows got a laugh from many of our readers. So I thought I would follow-up with more of our favorites. What you need to remember is that dealers, while participating at shows, can see thousands of people every day and while you think your comment/question is unique, odds are it is not and they have probably heard it more times than they want to remember.

1. Are you selling the frames or the paintings? I know you are saying ... no way someone said that! Well, yes they did and it happened at the recent show in Chicago. To make it even worse, the individual was wearing a press badge and videotaping our works. Now here was my answer: Yes, we are selling the frames and as a bonus you get the painting at no additional charge!
2. Do you buy paintings? No, we just sell them. Come on people; get with the program. Of course we BUY paintings ... otherwise we would have very little, or nothing, to sell.
3. I cannot afford them, but thanks for bringing them. You're welcome!
4. When I win the lottery I will be back. We hear this one at every show and with the typical lottery odds it is more than likely that you will not be back. Let me say this ... I hope I hit the winning numbers first – then I can go sit in a little hut on a beach in Tahiti.
5. I would love to buy something but you just don't have what I am looking for. The real question is --- do you have any idea what you are looking for? Probably not. So this is another comment better left unsaid.
6. I'll know it when it hits me. I am not a violent person, but don't tempt me! I have always wanted to hit someone with a painting just to see if they would buy it.
7. I'll know it when I see it (goes along with the last two). Now this is usually a comment from someone who really has no intention of buying – it is an easy way, in their mind, to move on.
8. What is your best price? Look, a dealer's BEST price is one that is far MORE than the work is currently priced at. We all know there is usually a little wiggle room in everything, and if you are going to ask for a LOWER price be prepared to make a deal. Try not to waste the dealer's time.

The Stock Market

Well, talk about volatility ... May 6 was one wild day (opening at over 10,860, hitting a low of 9,787 and closing at 10,520); and all because of THE MACHINES. We have all seen movies where computers take control - WarGames, The Terminator, etc. – but who would have thought it would actually happen? What was even more interesting is that during all of the volatility, the Impressionist day sale at Sotheby's was taking place and prices were extremely strong. My initial thoughts were that the market tumbled because the buyers from the two evening sales all decided to cash in on their BIG profits in order to pay for their BIG purchases! But we soon learned that was not the case. I should add that by that Friday my overall portfolio was showing a measly 1.8% gain for the year ... as I have always said: the market giveth and then the market taketh.

It was nice to see that on the following Monday (May 10th) the market was beginning to gain some of its lost ground – up 404 – closing at 10,785! Over the next 5 or 6 trading days it stayed within a 200 point trading range, but by the 21st we were closing in on an under 10,000 close.

And as for my personal portfolio ... all I can say is that it has lost all of its gains for the year, and then some (I am back in the RED) – say it ain't so, Joe! On the day I went to press, May 26, the Dow closed below 10,000 and Citi was at \$3.86 (I thought it looked cheap at \$3.88 so I doubled my holdings!); Pfizer (\$15.11); GE (\$16.01); BofA (\$15.47); Oracle (\$21.909); McD (\$66.01); RIMM (\$59.32) and Altria (\$20.16). At this rate, my retirement is a long way off ... c'mon Mega Millions!

The Art Market

Before I begin I must say that May was one heck of a month for the art market and unless you were living on a deserted island with no access to the news, I doubt you missed some of the biggest highlights ... especially the \$106.5M paid for a Picasso!

The Impressionist & Modern Sales

The catalogs arrived at the gallery and I was amazed at their size ... so I placed them on the scale --- 13 lbs! Now keep in mind that last year's set of catalogs weighed in at just 7.17 lbs, while 2008s were a whopping 16.56 lbs --- and you probably thought that lugging around a 7 lb. laptop was annoying! After looking through the catalogs one was pretty confident that the really good material was going to sell ... but the real question was: how high is up? Well, the answer to that question came pretty quickly during the two evening sales: grabbing the number one spot was, as mentioned earlier, Picasso's *Nude, Green Leaves and Bust* (painted on March 9, 1932) – breaking the record for a work sold at auction when it hit \$106.48M; coming in second was Giacometti's *Grande tête mince* (est. \$25M - \$35M) at \$53.3M; and taking the third spot was Matisse's *Bouquet de Fleurs...* at \$28.6M (est. \$18M-\$25M). Rounding out the top 5 were two more Giacometti sculptures *La Main* at \$25.8M and *La Chat* at \$20.8M. It now appears that Picasso and Giacometti are the flavors of the day (8 of the top 20 works were either by Picasso or Giacometti). On a side note: In addition to all the 'big names', Christie's featured a fabulous J.F. Raffaëlli titled *Les buveurs d'absinthe*. This particular work was exhibited in the Sixth Impressionist Group Exhibition, 1881, but the artist is usually associated with the more general 19th century painters due to his choice of subject matter and color palette. This large, wonderful, example carried an estimate of \$400-\$600,000 and ended up selling to The Fine Art Museum, San Francisco, for a record \$2.99M! Great works are making great prices.

Now for the evening sale numbers: Christie's offered 69 works, of which 56 sold for a sell-through rate of 81% and a total take of \$335.5M. Sotheby's offered 57 works, of which 50 sold for a sell-through rate of 87.7% and a total of \$195.7M. Again, the results show: what a difference a painting or two can make – the addition of the Picasso and Giacometti works catapulted one room far above the other. When added together, the two rooms brought in \$531.2M on 106 sold works (126 offered) and a sell-through rate of 84.1% ... pretty hot!

Of course, we cannot forget about the two day sales: Here strong prices were seen for works by Marquet, van Dongen, Klee, Picasso, le Sidaner, Pissarro and many others. And, as with many of these day sales, there were a fair number of 'not-so-good' works that failed to find buyers. Here Sotheby's edged out their competitor by selling 188 works (247 offered; sell-through rate of 76.1%) for \$37.5M. Christie's offered 279 works of which 233 sold for a sell-through rate of 84% and a total take of \$24.5M.

When all tallied, the three days of sales offered 651 works; of those 527 sold (81% sell-through rate) for a grand total of \$593.3M. These results were far better than 2009 when they could only muster \$208M and pretty close to 2008s (height of the market) impressively strong \$598M. Guess the Impressionist and Modern art markets are BACK!

Here are some interesting 'investment' facts about a few works. Noguchi's *Undine* sculpture was bought at a sale in 2007 for \$155,000 ... it sold here for \$4.2M; Rodin's *Le Penseur* was bought by the seller in 2009 for \$3.57M and was sold in 2010 for \$11.8M; Juan Gris' *Verre et Carte à Jouer* made \$2.48M in 2005 – this time it brought \$4.8M; and just to show you that not everything goes up, Chagall's *Roses et Mimosas* made \$3.6M in June of 2008 (height of the market) and now it sold for \$3.1M – that seller should have held on a little longer.

The Contemporary

The following week brought on the Contemporary sales and the fireworks continued ... well, let's say that it was more like a Fourth of July display! Here again the catalogs were enormous – weighing in at a robust 12.21 lbs. I also viewed both sales and while I enjoyed many of the more important / celebrated works ... there were many pieces by more 'minor' artists that left me saying ... come on!

Look, I do enjoy and appreciate Contemporary art, but, in my opinion, some of it is nothing more than superbly hyped 'stuff' and it appears we are back to the days when – if he has one, then I need one. So sad! But let's get on with the show:

First up was the Christie's evening sale which included some fabulous works from the Michael Crichton collection (all of the Crichton works sold). Top honors from this sale were Jasper Johns' *Flag* at \$28.6M (est. \$10M - \$15M); Warhol's *Silver Liz* at \$18.3M (est. \$10M-\$15M) and Yves Klein's *Anthropométrie...* at \$12.4M (est. \$8M-\$12M). Of the 79 works offered, 74 found buyers for a sell-through rate of 94% and a total take of \$231.9M – which works out to about \$3.1M per work sold.

The next evening the action continued at Sotheby's where the top two prices for the week were realized: Warhol's *Self Portrait* (being sold by Tom Ford) brought an impressive \$32.6M (est. \$10M - \$15M) and Rothko's *Untitled* (being sold by David Martinez) commanded \$31.4M (est. \$18M-\$25M) – the sale of this work has resulted in a nice little lawsuit concerning confidentiality. In addition, there was an interesting work by Maurizio Cattelan, *Untitled*, which made \$7.9M (it was sold by William Acquavella who bought it in 2004 for \$2M – nice profit). This sale was smaller than Christie's: 53 works of which 50 sold (94% sell-through rate) for a total take of \$190M – that works out to \$3.8M per work.

When added together the evening sales offered 132 works, sold 124 (94%) and took in \$421.9M. This crushed the 2009 results when 88 of the 102 works offered sold for \$140.8M; but pales in comparison to the 2008 sales when 140 works were offered, 127 sold and the total take was \$710M ... yes, \$710M for just the evening sale! From the numbers you would have to say that this market still has some room for growth!! But in my opinion, the air is pretty thin at its current level.

And now for the day sales ... sales where many of the uneducated, uninitiated, unimpressed and just uninterested would easily say ... I could do that! And in many cases you are right.

Sotheby's was the first to post their detailed numbers. Of the 377 works offered, 295 found buyers for a sell-through rate of 78.2% and a total take of \$53.4M. Top sellers were works by Calder (\$1.53M); Warhol (\$1.4M) and Diebenkorn (\$1.16M). I did find it interesting that all of their top 10 were listed in their press release as being bought by the same mysterious individual ... Anonymous! I want to meet this elusive Mr. or Mrs. Anonymous.

Christie's day sale total was \$60.1M with 389 works offered and 333 works selling – a sell-through rate of almost 86%. Among the top earners were Lichtenstein's *Two Apples* - \$2.2M; Calder's *Untitled* \$1.3M and two additional Calders each selling for \$962,500.

When all tallied the two main rooms offer 858 works; of those, 752 found buyers (a sell-through rate of 87.6%) for a total take of \$535.4M. These were far better numbers than the 2009 take of \$201M, but a far cry from 2008's \$900M!

And now for some interesting 'investment' numbers: Warhol's *Self Portrait* was bought in 2002 for \$2.65M, in 2010 it made \$5.68M; Joan Mitchell's *River III* was last on the market in 2003 and was bought for \$455,500, this time around it made \$2.54M; Rothko's *Untitled* last appeared on the public market in 1997 and sold for \$1.87M – after changing hands two times it sold in 2010 for \$31.4M; Warhol's *Flowers* was bought for \$220,000 in 1987, it now sold for \$7.6M; and again, just so you do not think that everything goes up, de Kooning's *Sagamore* was bought for \$5.39M in 2006 ... this time around it made just \$3.44M.

After reading these results I am sure many of you are thinking, where is all of this money coming from? Well, I wish I could give you the specifics, but much of the information is never disclosed. What I do know is that wealthy people from across the globe – Americans, Asians, Europeans, etc. – consider art to be a viable and fairly safe place to 'invest' some of their money. And let's face it, with the current uncertainty in the stock market and the fabulous interest rates the banks are paying, who can argue with them? To me it seems far nicer to have some of your assets hanging on the walls, rather than sitting in the stock market where they gyrate like a 1960s go-go dancer!

The Americans

The following week found us in the middle of the American painting sales and as we have seen in the past, the good works performed admirably while the 'stuff' found it very difficult to find buyers. Taking top honors in this series was Andrew Wyeth, whose *Off Shore* crushed its \$1.2M - \$1.8M estimate to sell for \$6.35M (there is one happy seller); in second was Maxfield Parrish's *Daybreak* – this work was bought by the seller (Mel Gibson) for \$7.6M and was offered here with an estimate of \$4M - \$7M ... it sold for \$5.23M – there is one unhappy seller!; and taking the third spot was Georgia O'Keeffe's *Black Petunia and White Morning Glory* which made \$4.1M (est. \$2M - \$3M). Rounding out the top 5 were another work by O'Keeffe at \$3.4M and one by Stuart Davis at \$3.4M.

As usual, these sales had their ups and downs and in the end, Christie's edged out the competition by just over \$3M – but it should be noted that their sale was much larger. Christie's offered 180 lots (with a presale estimate range of \$35.9 - \$55.5M), of which 108 sold, for a sell-through rate of 60% and a total take of \$35.1M (that works out to \$325,254 per lot sold). Sotheby's offered 112 works (with a presale estimate range of \$28M - \$43M), of which 68 sold, for a sell-through rate of 60.7%, and a total take of \$32M (that works out to \$469,523 per lot sold) – so it appears that Sotheby's actually had the stronger sale.

When combined, there were 292 works offered, 176 sold, a sell-through rate of 60.3% and a grand total of \$67M (or \$380,681 per lot sold). To put this in perspective, in May of 2009, 248 works were offered, 154 sold (62% sell-through rate) and the total take was \$32.1M (or \$208,441 per lot sold). And if we go back to the height of the market, May of 2008, we find that 354 works were offered, 287 sold (a sell-through rate of 81%) and the total take was \$159.6M (or \$556,097 per lot sold). From these numbers, it appears that the American Art Market still has a lot of room for appreciation.

Enjoy your holiday weekend.

Howard L. Rehs

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Gallery Updates: Our June hours are Monday – Thursday 10 am – 5:30 pm and all other times by appointment.

Web Site Updates: Works by the following artists made their way through the gallery: B.W. Leader, H.J. Boddington, L. Lhermitte, J. Vibert, Cortes, Blanchard, Lovett & Swtland. And we have added, or will be adding, new works by Ridgway Knight, Dawson, Aston Knight, Rico y Ortega, Parker, Lovett and Swatland to the site. Below is a selection of the new works:

TRADITIONAL



Montague Dawson – *Deep Water – The Abraham Rydberg*
(31 ½ x 27 inches)



Louis Aston Knight – *A River in Normandy*
(25 ½ x 32 inches)



Antoine Blanchard – *Boulevard Haussmann*
(13 x 18 inches)

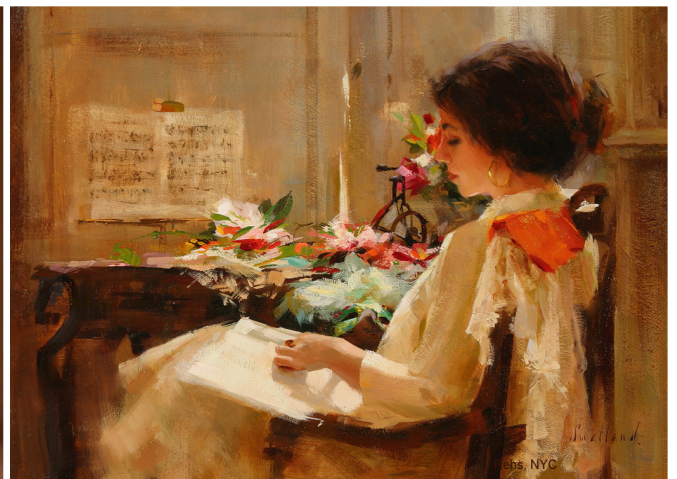
CONTEMPORARY



Mark Lovett – *Field of Gold*
(30 x 30 inches)



Bart Walter – *Buffalo Field Study*
(9 ½ x 14 x 8 inches)



Katie Swatland – *Canzonette Sull'aria*
(13 x 18 inches)

Next Month: More market coverage.