

COMMENTS ON THE ART MARKET

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An Upcoming Show: Baltimore

Well, we did it again ... signed up for another show and this one takes place in Baltimore during the first weekend of September – the Baltimore Summer Antiques Show. I did promise myself that I would not work over the holiday weekend, but other dealers have told us that we should give it a try, so we are. Our booth is right near the entrance -- #2103 -- and the show runs from September 2 – September 5, 2010.

Below is a link to your complementary ticket. If you are going to be in the area during that weekend, please stop by and say hello. We will have some interesting works of art on display.

[Your Ticket to the Baltimore Summer Antiques Show](#)

General Thoughts on the Art Market

Since the beginning of 2010 there has been a continuous increase in the number of people looking to acquire works of art – a very good sign. In addition, gallery sales are increasing and the number of works appearing on the public market is growing. However, I truly believe that we are getting close to a tipping point in the public arena. While results for the best works offered in the auctions have astounded many, the overall sell-through rates, at least over the past two months, have not been very strong; and this is something that needs to be addressed.

As I stated in my last newsletter, summer was always a slow time in the art market; a time for dealers and auctioneers to reassess the prior year's results and plan for the fall, winter and spring seasons. What we are seeing today, at least in the public forums, is a desire to extend the art market's action through the summer months ... in my humble opinion, this is a bad move and results from some recent sales prove it.

Before the prognosticators can truly claim that the art market is in a VERY healthy cycle, we need to see strong buying at all levels and in all segments of the art market. What we have today, at least in the public arena, are trophy hunters who make headlines by paying extremely high prices for what they perceive are rare, once in a lifetime, works of art (and it is funny that after some amazing price is achieved for an artist, more rare, never to be seen again, works appear). In addition, it is often these few works that make the difference between a great sale, a good sale and a disaster – as I have always said: what a difference a painting or two can make.

I am still going to stress this point: the auction rooms need to hold back on the number of sales they produce; in other words, do not flood the market with more works than it can comfortably absorb. They must create fewer, stronger and more important sales that will produce really impressive results with better sell-through rates; and once the world economy has recovered and strong buying is seen in all levels of the market, then look to expand the number of sales. And do not forget to: Give us our 19th century back!

Anyway, let's get on with the show...

The Stock Market

Well, has this been an interesting month or what? One day the 'experts' are telling us the world economy might collapse and the market tanks, the next day things are looking rosy and the market soars. I have to tell you, this is getting old and really annoying. Last month I informed you that I left a buy order for Citi at \$3.65 – well, I made a small error. The actual buy order was for Citi at \$3.63 and on July 1 it hit \$3.62 ... so I got my shares – guess someone wanted to give me a little birthday present (that brought my overall cost down to \$3.99 per share). Since then, Citi has been trading in the \$4.00-\$4.30 range ... so I am in the black, for the moment!

In addition, my overall portfolio is up about 3.9% (for the year) and as for some of my favorite stocks: RIMM is in the mid \$50s ... a long way from its high of \$88 – but at least I am still in profit, MCD is over \$70, Pfizer is near \$15, BAC is just over \$14, AT&T is over \$26, GE (which is raising its dividend) is over \$16 and Oracle is moving towards \$25. It is nice to be back in the black.

And now on to why you are all here:

The Art Market

I stated earlier that the summer has always been a time for reflection and rejuvenation in the art world; not a time for BIG sales. And while we did see some impressive results for individual works, the overall sell-through rates for many of the sales left me saying ... I knew it.

Old Masters & Some 19th Century

The month of July started off with the Old Master/ 19th Century sales in London ... and there were times when fireworks erupted – but for the most part they looked like small backyard displays ... not something we would see from Grucci on the 4th of July.

The first sale took place on the evening of July 6 at Christies -- Old Master & 19th Century Paintings Drawings & Watercolours. Now this sale consisted of 67 works and of those, 11 were from the 19th century; initially I am going to break down this sale into two categories: Old Master and 19th century.

Top honors for the Old Master works (and the sale in general) went to Sir Peter Paul Rubens when his *A Commander Being Armed for Battle* brought £9 M (\$13.6M) on an estimate of £8M-£12M. Coming in second was Georg Pencz's *Portrait of Sigismund Baldinger* at £5.6M (\$8.5M) which was estimated at £5-£8M; and in third was il Guercino's *King David* at £5.2M (\$7.8M), also on a £5-£8M estimate – the last two only reaching their estimate range with the help of the buyer's premium! Bringing up the top 5 were Giovanni Bellini's *Madonna & Child...* at £3.5 (\$5.2M) and a Venetian scene by Marieschi at £1.6 (\$2.4M).

There were 56 Old Master works offered and of those 38 sold and 18 failed to find buyers ... creating a sell-through rate of 67.8% and a total take of £39M (\$59.2M).

As usual, the 19th century offerings for this sale were rather slim and of the 11 paintings offered, top honors went to Sorolla's *Niña en la playa, Valencia* which made £1.4M (\$2.2M) and in second place was Alfred Stevens' *Symphonie en vert* at £657,250 (\$997,048); it should be noted that these two works made up more than half of the combined results for the 11 works. In the end, the 19th century paintings brought in about £3.3M (\$5.1M) with 9 of the 11 finding buyers for a sell-through rate of 81.8% ... far stronger than the sell-through rate for the Old Masters. I will add that there was very little meat in these offerings ... again showing that Christie's is either having a difficult time sourcing good 19th century works, or they really do not care about the period!

The overall totals for the sale were as follows: 67 works offered, 20 unsold, creating a sell-through rate of 70.1% and a total take of £42.3M (\$64.2M). Now when compared to last year's total of just £20.3M for 66 works offered one might surmise the market is in a far better place, but the fact is that the works offered in last year's sale were far less expensive – top price then was £2.17M (\$3.51M) – and the overall sell-through rate was actually much stronger (76%).

The next day Christie's presented their corresponding Day Sale and the top three slots went to Old Master works by: Follower of Hieronymus Bosch (£205,250/\$310,133); Attributed to Adam van Breen (£193,250/\$292,001) and Giovanni dal Ponte (£175,250/\$264,803). As is usual with these sales, the offerings were rather mixed ... some nice, some not-so-nice and some works that, in my humble opinion, the artists should have never allowed out of their studios.

When the Day Sale was done we saw 302 works offered, 181 sold, a sell-through rate of 60% and a total take of £6.2M (\$9.3M). And in case you are wondering, last year's corresponding Day Sale offered only 168 works, had the same sell-through rate (60%) and brought in £3.58M (\$5.79M).

Once we combine the Evening and Day sale totals we find that of the 369 lots, 228 sold for a sell-through rate of just 61.7% and a grand total of £48.5M (\$73.5M).

On the evening of July 7 Sotheby's offered its sale of Old Master & British Paintings and this really proved what a difference one painting can make. Taking top honors in this sale was J.M.W. Turner's *Modern Rome – Campo Vaccio* which was bought by the Getty Museum for £29.7M (\$44.9M) on a £12-£18M estimate – this work made up more than half their final results; without it, the overall results would have been far from good. Coming in second, there was a tie, were Brueghel's *The Kermesse of St. George...* and Lievens' *A Tronie...* at £2.5M (\$3.78M).

When the evening was done, of the 57 works offered 39 found buyers and 18 were returned to their owners for a sell-through rate of 68.4% and a total take of £53.5M (\$80.8M). Last year their corresponding sale saw 104 works offered with 77 finding buyers for a sell-through rate of 74% and a total take of £36.1M (\$57.9M).

Now I did find it interesting that Sotheby's offered no press releases for its Day Sale ... hum, wonder why that was? Look, I am no expert when it comes to Old Master paintings and I really cannot comment on the quality, condition and desirability of the works offered, but I can tell you that of the 142 lots, only 74 sold (creating a 52% sell-through rate) and the total take was £4.04M (\$6.1M). So I guess we know why there were no post-sale press releases --- who would want to publicize those numbers?

After reading these results I think we can all agree that while there were some high points, none of these sales were real blockbusters. But wait, even more carnage was on the horizon.

The Victorians

You'd have thought that after last year's disaster, Sotheby's would have learned their lesson; but NO ... they did it again. On July 13th their Victorian and Edwardian Art auction took place and all I can say to the auctioneers is --- this is the wrong time of year for this type of sale. Give the art market a summer vacation; and in case you have not realized this, most people are more concerned about enjoying the outdoors than they are about the interiors of their homes. If you really need to have auctions over the summer, maybe you should think about more summer related themes like: "antique suntan lotion bottles", "rare cruise ship deck chairs" or "historic air conditioning units" --- things people might have interest in during the summer!!

I know we need to cover this sale; but it is really going to hurt, so be prepared – and keep in mind that last year (2009) I stated that their sale had: *an embarrassing sell-through rate of just 48.8% and a total take of £3M (\$4.92M)* and this year's was worse!

As with any sale, there are always some highlights and in this sale they were few ... but only a few. Top honors went to John A. Grimshaw's *Evening Shadows*, an 18 x 13 inch canvas that brought £181,250 (\$275K) and in second place we had a three-way tie: J.W. Waterhouse's drawing titled *Flora*, Marie Stillman's *The Childhood of St. Cecily* and Alma-Tadema's *Returning from the Market* each brought £145,250 (\$220K). And other than a few additional high points, this sale went to the dogs.

The auction included 15 lots whose estimate range was £80K plus and of those 11 did not sell – these included works by Flint, Grimshaw, G.D. Leslie, Munnings, Leighton, etc. In addition, the three most highly estimated works – William Logsdail's *Bank and the Royal Exchange* (£600-£800K), George E. Hicks' *Infant Orphan Election...* (£500-£700k) and Grimshaw's *Autumn Gold* (£300-£500K) were among the casualties ... a real disaster.

As we saw with the Old Master Day Sale, there were no post-sale press releases; and the reason was quite apparent: of the 157 works offered 62 sold and 95 failed to find buyers giving a sell-through rate of just 39.5% - Yikes! - and a total take of only £2.08M (\$3.2M) – double YIKES! The people I really feel badly for are the owners of the works which failed to sell.

I do hope that the salerooms are learning something from these results and that maybe they will consider revising their summer schedules ... at least until we see a strong economic recovery and the art market returns to the absurd levels of 2007.

Howard L. Rehs

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Gallery Updates: Our **AUGUST** hours are **Tuesday – 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: Daniel Ridgway Knight (2), Maurice de Vlaminck, Mark Lovett, Katie Swatland, Sally Swatland (3). And we have added, or will be adding, new works by Aston Knight, Alonso-Perez, Cortes, Lesur, Parker, Banks and Swatland to the site. Below are image of four works:



Louis Aston Knight – *The End of the Village*
(25 5/8 x 32 inches)



Edouard L. Cortes – *Porte St. Denis*
(8 ¾ x 13 inches)



Mark E. Lovett – *Last Minute Touches*
(30 x 30 inches)



Sally Swatland – *On the Patio*
(24 x 20 inches)

Next Month: Sorry to say ... more market coverage!