

# 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%), 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 works by Turner, Ingres and Palmer, but those are almost never sold 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 that carried a £80-120,000 est. and sold for £150,000; a mediocre de Blaas that sported a £150-200,000 est. 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 portrait by Winterhalter which was the only 19<sup>th</sup> century work that stood a chance of looking like it belonged in and among the Old Master works ... 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 est.

No matter how you slice this, paintings by Raffaelli, Kruseman and de Blaas do not look good next to paintings by Fra Bartolommeo, Cranach and Brueghel. And the fact that the 19<sup>th</sup> century works offered 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) for a sell-through rate of 76% and a total take of £20.28M (\$32.8M). The top 10 lots were all Old Masters and none of the 19<sup>th</sup> century hit the top 30. The sale's two most expensive works made £1.9M at the hammer – a Fra Bartolommeo and a Marieschi -- both falling short of their £2-3M ests.; if you added in the buyer's commission then they each broke the low est. 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: 168 lots offered, 66 unsold and 4 withdrawn for a 60% sell-through rate. Of the 168 works, 47 were 19<sup>th</sup> century paintings. Of those, 21 failed to sell (1 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 est. 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 Breughel's *A Flemish village* ... shooting over its £2.5-3.5M est. 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 est.; 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 est. 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, the more important works from the Johnson collection were offered. Included in this group was a nice Ribera titled *Prometheus* selling for £3.85M (\$6.2M) on an £800-1.2M est. 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 ... – all falling within their overall sale ests. In the end, Sotheby's total was £45M (\$72M) with numerous individual artists' auction records.

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

Please visit our web site to read this review.

### **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 est. 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 Knight & 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 again 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, Swatland, Blanchard, Harris and Banks.

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