

COMMENTS ON THE ART MARKET

VOLUME 124

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You Heard it Here

As I mentioned in Volume 122, it appeared that Christie's was backtracking on their two year sojourn of combined Old Master and 19th century painting sales. Well, this month it was confirmed that Christie's is in the process of rebuilding their 19th century department and their first stand alone sale will be in the fall.

I told you that it was only a matter of time before they saw the errors of their ways. Hey ... don't mess with the 19th century!

Upcoming Show

At the end of April the Art & Antiques Dealers League of America will be producing a show at the 67th Street Armory in NYC titled: The Spring Show NYC. The opening night gala will take place on Wednesday the 27th and the show opens to the general public on Thursday, April 28th, and continues through May 2.

This exhibition will feature approximately 60 dealers exhibiting important Paintings, Furniture, Oriental Rugs, Jewelry, Clocks, etc. You can obtain a complimentary ticket by visiting Volume 124 on our web site.

We look forward to seeing some of you there.

The World & The Stock Market

This past month has been a very tumultuous one. Mother Nature took her toll on Japan and the repercussions are still being felt worldwide. This, in turn, has heated up the debate on the safety of Nuclear power; the only thing I wonder is what would have happened if the earthquake was even more powerful? In addition, the unstable Middle East has once again created the need for military action. One has to wonder if Nostradamus really knew what he was talking about!!!

As for our good old US dollar – it seems to be losing ground. Since the beginning of the year it has gone from the \$1.50 to the \$1.60 range against the Pound and the \$1.30 to the \$1.40 range against the Euro. Humm ... those cheap trips to Europe are over for the time being. On top of that, gold is over \$1400 and oil has been north of \$100 a barrel – I do know some people who are very happy to see those high oil prices!

And then there is our stock market ... which, during the middle of the month, started to remind me of the good old rollercoaster days of just a few years ago ... moving hundreds of points in a day; got to love those "day-traders". March also proved to be a very active market for many of my favorite stocks ... and a few of them were even headline news – Citi: \$4.43 – (a reverse stock split – come on, I was just building up a nice

position, but they will be paying a divided --- ok, 1 cent ... but it is still better than nothing), AT&T: 29.58 – (buying T-Mobile, if they can), Verizon: \$37.79 & Vodafone: \$28.78 – (who seem to be loving the fact that AT&T is buying T-Mobile) and Sprint/Nextel: \$4.74 – (wondering what they are going to do, now that AT&T is buying T-Mobile); and while we are on the phone theme – RIMM: 56.29 – down a lot – (who announced the release of their PlayBook and then got hammered towards the end of the month by a potential copyright infringement ruling). In case you have not noticed, I am a little heavy on the phone stocks!

As for my other favorites – GE was at \$19.68 (down); Pfizer: \$20.30 (up); Oracle: \$32.65 (even); Intel: \$20.48 (down); CTL: \$41.20 (up); BofA: \$13.43 (down); McD: \$75.20 (up); and Qwest: \$6.82 (up – and will soon be part of CTL!).

And now on to why we are all here ... the art market

The Art Market

I typically use the section to report on the public sales that have taken place in the art world, but the month of March saw very little 'important' public action so I thought I would give you my impressions of the recent series of art fairs that have taken place ... some we participated in, others we visited, and still others we read about (cannot be everywhere I would like to be).

During the months of February and March some of the more important art and antique fairs took place ... giving the dealers an opportunity to showcase what they do best --- cull the finest in their specific periods from the mass amount of work brought to the market in the public forums. Now I know what you are thinking: how could all of these dealers cull the best? Well, they cannot and that is what separates the really good ones from the average ones – and these shows let you compare one against the other.

In early February the activity moved to Florida ... or more precisely, West Palm Beach. The American International Fine Art Fair and the Palm Beach Jewelry, Art & Antiques Show fill most of the month. Between the two shows, some 250 dealers display an impressive array of more traditional paintings, furniture, etc.; we happen to participate in both of those shows. As with any show, some dealers did well and others did not; but what is of utmost importance is the buzz on the floor ... and this year, both shows had the buzz; and many of the dealers I spoke with had very good shows; including us.

From Florida the action moved up the coast to New York where The Art Show and The Armory Show took place (early March). In addition to these two main shows, there are number of smaller, satellite shows –

Pulse, Volta, Independent, Moving Image, Fountain, Red Dot, Pool etc. (some of these names are pretty bazaar). Between them, hundreds, upon hundreds, of dealers displayed some very impressive, and some not so impressive, Modern and Contemporary works of art. Reports from many of these shows were that tens of thousands of people attended and many works of art changed hands – there were even stories of entire booths selling out! That is always a nice sign ... wish we could sell out one of our booths!!!!

By the middle of the month the action moved across the ocean to Maastricht and the Middle East. At Maastricht, considered by many to be the top fair in the world, reports were that attendance was down a little – 3%; but with 60,000 plus people attending, what is a few of percentage points? In addition, opening night activity was slower than usual, but having said that there were reports of many important sales, these included works by Picasso, Berckheyde, Heda, Miro, Wool, Kandinsky and Basquiat all priced in the seven figure range; and numerous works in the \$100,000 - \$999,999 range – Kapoor, Valadon, Gleizes, Lhote, Dufy and Laurens. I did hear from a few of the participating dealers during the show and they were all very busy and, more importantly, selling.

During this same time, Abu Dhabi Art and Art Dubai took place and the reports seemed very good ... with some dealers selling out their entire display. Supposedly, traffic was good and there were many international buyers in attendance.

While it is hard to truly gauge the success of these shows from exhibitor, or promoter, reports, what I can tell you, first hand, is how business has been for us during the past two months. Earlier I mentioned that we participated in West Palm Beach shows and both were very successful ... not complete sellouts, but considerable interest and strong sales. In addition, the months of February and March were very active in the gallery ... and here is a rundown of what happened (for those of you who do not get our Email Updates). Over the two months we sold five paintings by Ridgway Knight, three by Cortes, two by Blanchard, one by Elsley, Dawson, Pieters, Luny, Parker, Glendening, Moreau, Graves, Wiggins and four by Harris. The most difficult part of selling, is trying to replace the works ... today, people are holding on to what they have; making it more difficult to source really good works of art --- but somehow we are still able to unearth some real gems.

Now for my take on the broader picture. Since late 2009 we have seen a steady increase in the number of buyers entering the market ... many of whom now consider the acquisition of a work of art a safe investment alternative – and when compared to a stock certificate, a lot more enjoyable to look at. In late 2010 we started to see interest and buyers in the more affordable levels (\$2,000 - \$25,000 range); a sector of the market that disappeared in 2008. Through the first quarter of 2011 this trend has continued. We are far from the BOOM days of 2006 - mid 2008, but more people are coming back, and that is a very good sign.

I have heard talk from fellow dealers and collectors that the Americans are not very active in the market, but from our own experience that is far from true. For us, a majority of the buyers have been U.S. based; and reports from many of the more public sales show that Americans still make up a good percentage of the works sold. In addition, there is a strong and growing

contingency of buyers from Europe, Asia and the Middle East -- some of whom are spending hundreds of millions of dollars.

Please keep in mind that as the market continues to improve and more people are looking for works of art, prices and demand are going to increase. We will continue to stress that you need to buy a work because you love it and want to own it not because you want to make money – at this point in time, art dealers are not investment advisors – and I hope we never become one. What I will say is that if you buy from the right galleries, those considered the best in their field, the rest should take care of itself. As we have said many times: art is one of the few things you can buy that will appreciate while you appreciate it.

More Tales from the Dark Side

Marble Art Invest – this French fund has been banned by the French equivalent of the SEC. Turns out they were promising high rates of return (16% annually guaranteed) and selling contemporary art that they did not own. Ouest-France estimated that between 250 – 350 investors were involved.

Berry-Hill Galleries – a never ending saga. As recently reported in *The Art Newspaper*, [this gallery] which emerged from bankruptcy in March 2007, and the affiliated company that owns its exhibition spaces, are battling three lawsuits and facing debts of at least \$26m, according to their creditors. Servicing this debt is costing more than \$9,000 in daily interest charges—over \$3m a year (*The Art Newspaper*, May 2010, p64).

David Place – owner of Manor House Antiques Cooperative in Nantucket was recently sentenced to nearly three years in prison for the illegal import and trafficking of sperm whale teeth and narwhal tusks valued at almost \$400,000.

Rocco DeSimone – a former Rhode Island art dealer was found guilty of 7 counts of mail fraud and one count of money laundering (it appears he duped investors out of almost \$6 million). Interesting thing here is that it had nothing to do with art ... he convinced investors to buy shares of his 'inventions' that were going to be bought by major corporations.

Leigh Morse –the director of (Salander-O'Reilly Galleries) and has been accused of stealing from the estate of Robert De Niro, Sr. Now there is a lot to this story and some people believe Leigh is getting the short end of the stick ... which is very possible. The main claim here is that monies from the sale of some De Niro, Sr.'s works were wired directly into Leigh's account. She claims that Salander owed her hundreds of thousands of dollars and this was the way she was paid back --- which does not sound too farfetched to me. Guess we will have to see what the jury says.

Howard L. Rehs
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Gallery Updates: As I mentioned earlier, we will be participating in the New York show this month.

Web Site Updates: Works by the following artists have, or will be, added to our web site: Ridgway Knight, Wilcox, Cortès, Blanchard, Swatland and Harris.

Next Month: The public sales are coming.