

COMMENTS ON THE ART MARKET

VOLUME 133

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Holiday Wishes

We at Rehs Galleries wish all of you a very happy holiday season and a fabulous New Year! May the art market continue its upward climb and it would be real nice to see the stock market follow suit.

The Los Angeles Show

We will be exhibiting at the Los Angeles Art Show from January 19 – 23, 2012. The exhibit takes place at the Los Angeles Convention Center, Los Angeles, CA and will feature more than 100 art galleries. We plan on showing works by Corot, Boudin, Dupré, Luny, Dawson, Munier, Cortès, Knight as well as contemporary works by Jahn, Combes, Pousette-Dart, Swatland, Banks and many others.

If you are in the Los Angeles area during that weekend, we hope you will stop by for a visit. A link to a discounted ticket offer will be sent shortly.

Stock Market

The swings for the year have been pretty impressive, but in the end we didn't go too far; and I am not even sure whether I gained or lost for the whole year ... though my portfolios still have many red numbers in them! The Dow began the year at 11,577 and is now in the 12,250 range ... a 700 point overall move, but during the year it dropped as low as 10,600 and as high as 12,800; guess that is far better than the 6500 of 2009, but still below the 14,164 in October of 2007 – but we are getting there!!

As for my personal favorites I am not sure I really care anymore --- ok, I do care; so here is the short list (at the time I wrote this): GE - \$18.04, C - \$26.95, BofA - \$5.48 (there was a report that this company could double in value in 2012 – wow, I will still be in the red!), VOD - \$27.87, VZ - \$40, RIMM - \$14.85 (need someone to buy them), Oracle - \$25.67, MCD - \$100.61, CTL - \$37.16, Pfizer - \$21.77, JPM - \$33.11 and finally SNRS ... has gone nowhere --- so much for early retirement!

Tales from the Dark Side

Thomas Doyle – the Corot art fraudster I mentioned in Volumes 118 & 125 has finally been sentenced. The judge decided that the guidelines relating to his plea bargain were “manifestly insufficient” and gave him 6 years in prison ... twice the normal sentence for similar plea bargains. It will be interesting to see what happens after his release ... in other words, how long will it take before he strikes again!?

Knoedler & Glafira Rosales – One of the oldest and grandest of US galleries closed its doors in November. This happened one day after Pierre Lagrange provided the gallery with a written report that a Jackson Pollock painting he purchased back in 2007, for \$17M, was a fake. Of course, that could just be a coincidence, but the full story is a rather interesting one ... turns out the gallery was selling works provided to them by a Long Island dealer (Glafira Rosales) who was, in turn, selling them for a supposed

private collector. Included were works by Rothko, Still, Motherwell and others. It will be interesting to see the fallout from this since there are other galleries which sold works provided by Ms. Rosales. Once again, greed rears its ugly head!!

Some General Results

I always like to update you on other 'things' that sell in the market ... so here are a few highlights from recent months.

The Money Market (no, not the one your bank provides) enjoyed some interesting action. A 1793 one-cent Liberty cap brought \$253,000 (now that is a great return on a one cent investment); a denarius called "Ides of March", struck by Marcus Brutus, assassin of Caesar, brought \$526,250 – not sure how good that investment was – the Roman empire was a long, long, time ago. A Yung Hi 20 won gold coin (from 1909) brought \$632,500. A 1934 \$5000 Federal Reserve note made \$132,250 (this one was in better condition than the one I mentioned 2 months ago that brought \$63K) and a Justh & Hunter gold ingot (50.50 ounces) brought \$166,750—about twice its scrap value.

Clothing – not from your local thrift shop. This past month Christie's offered a series of sales featuring items from Liz Taylor and the prices showed that a lot of people have more money than they know what to do with. Here are just a few of the sky high prices: a black cape she wore to Princess Grace of Monaco's 40th "Scorpio" ball in 1969 made \$60,000 (more than 20 times its high estimate); The Gian Fratini dress she wore at her second wedding to Richard Burton made \$62,500; a robe, made for her role as Cleopatra also made \$62.5K and the top item offered was her Christian Dior Evening Gown of Silver Encrusted Brocade with matching Evening Bag, 1968, worn to Guy de Rothschild and his wife's yearly ball, realized \$362,500.

Jewels – though the goods are called 'ice', they were very hot; and Liz Taylor's gems showed just how hot 'ice' can be. The top piece was La Peregrina (a 16th century pearl that Richard Burton bought in 1969 for \$37,000) which made \$11.8M; her 33.19 carat diamond ring Burton gave her in 1968 brought \$8.8M (est. \$2.5-\$3.5M); an Indian diamond and jade pendant necklace, with a later ruby and gold chain designed by Cartier, that Burton gave to Taylor on her 40th birthday also made \$8.8M (est \$300-\$500K) and a 23.46 carat rectangular-cut Colombian emerald jewel by Bulgari, a gift from Burton to Taylor on the occasion of their engagement in 1962, sold for \$6.6M. Wow ... those were some hot rocks!

Odds & Ends – This one will go down as one of the worst business moves in history. The 3 page contract that started Apple Computer Company, signed by Steve Jobs, Steve Wozniak and Ronald Wayne, sold for \$1.6M. The interesting part of the story is that Wayne withdrew from the deal 11 days after signing the papers and was given \$800 for his 10% share and an additional \$1500 at a later date. Had he held on, his 10% stake would be worth more than \$36 Billion today! Oh My!!! Back in February of 2010 an unsigned painting of an owl in a tree branch appeared in a small sale in France and was bought by a pair of dealers for 350K Euros (\$475K). Then the dealers received a letter from the auction room stating that the sale had been rescinded (French law allows the seller to cancel the sale if there was an "error on the substance"). Well after some wheeling and dealing, the two parties agreed to jointly own the piece and it turned out to be an authentic Casper David Friedrich ... which they just sold for 6.5M Euros. Nice score! And ... Charlotte Bronte's unpublished Autograph Manuscript for Young Men's Magazine, Number 2, written when she was just 14, sold for £691K (\$1.07M) --- the work is so small that it can literally fit in the palm of your hand.

The Art Market

American Art

When we last left off, we were heading into American Painting week and the overall results were rather interesting ... with both main salerooms coming in at a photo finish.

Top lot from for the week was Oscar Bluemner's *Illusion of a Prairie* which made \$5.35M (est. \$2-\$3M) and there was a tie for second place between a Marsden Hartley still life (est. \$700-\$900K) and a F.E.

Church landscape (est. \$1-\$1.5M) at \$3.22M. Rounding out the top five were Georgia O'Keeffe at \$2.77M (est. \$2-\$3M), a Heade at \$1.99M (est. \$500-\$700K) and a John La Farge (est. \$500-\$700K) and another Hartley (est. \$1-\$1.5M) at \$1.87M. You may have noticed a recurring theme here ... almost all of these works crushed their estimates.

Now for the numbers: Sotheby's offered 111 works, of which 79 sold and 32 were not leaving them with a sell-through rate of 71.2% and a total take of \$24.5M; the average price per sold lot was \$310K.

Christie's offered 136 works, sold 87 and ended with a sell-through rate of 64%, but the total take was a little higher --- \$25.8M; the average price per sold lot was \$297K. So the two rooms were pretty close in this race.

The combined results were in line with the last few years:

2008: 370 lots offered, 218 sold (59%), total take \$46.1M – top lot –\$2.66M (Silva)

2009: 239 lots offered, 166 sold (69%), total take \$57.4M – top lot –\$6.9M (Wyeth)

2010: 281 lots offered, 185 sold (65.8%), total take \$48.2M – top lot –\$4.2M (Tarbell)

2011: 247 lots offered, 166 sold (67.2%), total take \$50.4M – top lot - \$5.3M (Bluemner)

The overall trend shows that less might just be more.

Old Masters

From here we moved across the pond to London for the Old Master paintings and these sales really illustrated the difficulty the Old Master market is having ... very few really good works are coming to the market.

Both rooms had their evening sales and they were both rather slim. Taking the pole position here was Brueghel's *The Battle between Carnival and Lent* which made £6.9M (\$10.7M – est. £3.5-£4.5M) – an auction record for the artist. In a close second was Zoffany's pair of Garrick portraits at £6.8M (\$10.6M – est. £6-£8M) – but let's be fair, this was a pair of paintings. In third came Van de Velde's *Dutch men-o'-war...* at £5.9M (\$9.2M – est. £1.5-£2.5M) – another auction record; and rounding out the top 5 were a Flinck portrait at £2.3M (\$3.6M – est. £700K-£1M) – another auction record – and a Gainsborough at £2.2M (\$3.4M – est. £2.5-£3.5M). Of the top 20 works sold, 16 left their estimates in the dust.

Christie's offer just 36 lots and sold 26 (72%) for a total take of £24.1M (\$37.6M). Sotheby's offered 38 works and also sold 26 (68.4%) for a total take of £20.1M (\$31.4M). I will say that it was nice to see their sales were smaller than usual, something I have been stressing; but I do not know if that was a factor of the market not giving up its works, or being selective. I would like to believe the latter, but the quality level of some of the works makes me wonder.

Both rooms also had their corresponding day sales which were far less impressive. Christie's offered 98 works and sold 59 (60%) and totaled £2.4M (\$3.8M); top lot here was a Gainsborough portrait that brought £205K (\$320K – est. £100-£150K). Sotheby's presented 195 works, sold just 100 (51.3%) and took in £5.4M (\$8.4M) – top lot here was a Jan van Kessel still life at £385K (\$605K – est. £60-£80K). Now, before you say, well Christie's offered far fewer works, you need to remember that they also have their 'lower end' Old master sales that same week ... and those sales really added to the number of works offered. Their Drawings and Watercolors sale had 256 works in which 182 sold (71%) and the take was 779K (\$1.2M) – top lot here was an impressive £253K (\$397K – est. £3-£5K) for a work by van Bloemen. This one work took in about 1/3 of their total! Then the painting session added another 155 offerings of which 88 sold (57%) and the take was 638K (\$995K). Top lot here was a circle of Anthony van Dyck portrait at £40K (\$62K – est. £15-£20K).

If we add up all the works offered for the week, we find that of the 778 items, 481 found new owners (61.8%) and the total take was £53.7M (\$83.4M). Now, in order to make a fair comparison to past years, we need to subtract Christie's 'lower end' sales ... since they were not in the mix a few years ago.

2008 – 447 offered, 286 sold, 64% sell-through rate, total take £35.9M (\$53.3M)

2009 – 407 offered, 254 sold, 62.4% sell-through rate, total take £90.7M (\$148.7M)

2010 – 513 offered, 290 sold, 56.5% sell-through rate, total take £58.4M (\$91.8M)

2011 – 367 offered, 211 sold, 57.5% sell-through rate, total take £52.3M (\$81.2M)

While the total dollar amount for 2011 was less than 2010, the number of works offered was far less and in fact, the price per sold lot number was stronger: £247.8K for 2011 vs. £201.4K for 2010. Of course, both of these numbers pale in comparison to 2009's £357K ... and let's not even discuss the dismal 2008 numbers! Ok, I couldn't help myself – it was £125.5K.

Victorian & British Impressionist

The next week Christie's offered their British Victorian & Impressionist sale which was rather disappointing. When the catalog arrived I was wondering who would buy some of the works offered --- a number of the highly estimated paintings fell on the wrong side of pretty; and in the end, nobody took them home.

Among the nicer pieces were: W.P. Frith's *Study for The Derby Day* that made £505K (\$780K – est. £300-£500K); Cowper's *Our Lady of the Fruits of the Earth* at £469K (\$725K - est. £150-£250K); a beautiful Dame Laura Knight watercolor titled *A Girl Reading* at £181K (\$280K – est. £100-£150K) and a lovely drawing by Rossetti that brought £157K (\$243K – est. £80-£120K). Among the dogs were works by Burne-Jones, Eastlake, Millais, Grimshaw and La Thangue.

When the session ended, of the 89 works offered 58 sold and 31 were returned to their owners; this left a sell-through rate of 65% and a total take of £2.94M (\$4.54M) ... the lower end of the estimate was £3.5M, so they fell far short. Oh well, better luck next time.

Well ... that is it for our 2011 reports. We trust you all enjoyed them and look forward to bringing you more interesting Art Market Updates in 2012. Once again, we hope you all have a great and safe New Year's celebration!

Howard L. Rehs

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Gallery Updates: Another reminder that we will be exhibiting at the Los Angeles Art Show this month.

Web Site Updates: A number of works made their way through the gallery this month; included were paintings by: Joseph Caraud, F.R. Lee, Jules Dupré, Galien Laloue and Antoine Bouvard. And look for new works by Edouard Cortès, C.C. Dommelshuizen, Timothy Jahn, Guy Combes and Warner Friedman that have been, or will be, added to the web site. A few of the new works are illustrated below:

TRADITIONAL



Edouard L. Cortès
Boulevard de la Madeleine



Cornelis C. Dommelshuizen
Place Vert, Antwerp



Cornelis C. Dommelshuizen
Grand Place, Brussels

CONTEMPORARY



Timothy Jahn
Remains of Valor

Next Month: I am sure there will be something!