

COMMENTS ON THE ART MARKET

VOLUME 134

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The Show Circuit

Now I know that many of you are thinking ... life must real hard for those art dealers. They travel the country/world with their works of art, to fun and exotic places, while enjoying good food and great weather ... keeping one step ahead of Old Man Winter. Well, I have to tell you that from our side of the coin, it isn't all that glamorous. I will be the first to admit that while it is really nice to be in those warm, sunny and fun places, many of us never get to enjoy the sun – we spend most of our time stuck in a convention center with little to no natural light. In addition, we spend weeks, upon weeks, eating that gourmet Convention Center food (which definitely adds to our need for a good weight training program) and are always wishing we could take our shoes off and put our feet up for just a few minutes. Remember, most of us do a lot of the heavy lifting ... we pack, unpack and repack the works; we hang all the art ... then, at times, rehang it because we are not happy with the initial results. We then have to adjust all the lights and deal with any problems that arise ... damage to frames, tracks lights and walls not in the right place, light bulbs and power that does not work, Union workers on a break just when you need them, and on and on. On top of all that, we are always standing on concrete floors and, if we are lucky, have very little time to relax ... I say lucky because that means we are talking to people who are interested in the works we are offering. Not that I am complaining since I really do enjoy being there, but it isn't all glamorous as people think it is; and now that I said all of that...

During the month of February the gallery will be participating in the Palm Beach shows ... cannot wait for that Convention Center food! Our first is the American International Fine Art Fair which takes place at the Palm Beach County Convention Center from February 3rd through February 12th. We plan on exhibiting a great selection of paintings by Ridgway Knight, Aston Knight, Emile Munier, Thomas Luny, Eugene Boudin, Edouard Cortès, Antoine Blanchard, Antonio Jacobsen, Paul Jenkins, George McNeil, Ilya Bolotowsky, Pierre Alechinsky, Ben Bauer, Guy Combes, Bart Walter and many others. We hope you will stop by for a visit ... **Volume 134 in our Online Newsletter Archive has a link for a complimentary ticket.**

Once that show is over, we will pack up all our works and give them to our trucker. He will, in turn, place them in storage for three days while the promoter of the first show moves out and then the promoter of the second show moves in ... all in the course of a couple of days. We then have the pleasure of coming back, into the same convention center, to set up our booth for the next show which opens two days later ... talk about fun in the sun! OK, you got me; I have 2 free days to enjoy the sun!!!

That show (the Palm Beach Jewelry, Art & Antique Show) opens on February 17th and runs through the 21st (President's Day Weekend). For those of you who cannot make the first show, we do hope you will have an opportunity to visit us during the second show. Complimentary tickets will be sent next week via email.

Stocks

I have been so busy with all the preparation for the show we did in LA and the upcoming shows in Palm Beach, that I had almost no time to watch the stock market. I will say that many of our visitors in LA did give me a little ribbing about my stock picks ... especially RIMM. We all had a good laugh and I really did stress the need not to pay any serious attention to my stock rants – it is just one of the fun parts of my newsletter.

Of course I cannot let you leave without a quick update on the performance of my portfolios; according to my computer program they are up a little! However, I still have a good deal of red that needs to be overcome. Among my favorites are: CTL (37.36); VZ - \$37.21; T - \$29.16; VOD - \$27.14; GE - \$19.03;

MCD - \$98.69; Citi - \$30.87; Oracle - \$28.42; BofA - \$7.29 ☺ and RIMM - \$16.80 ☺☺ ... I know, I should have sold it at \$80, then \$70, then \$60, then \$50...

New & Exciting

This past month was a very exciting one for our Contemporary gallery with the addition of three new, and very talented, artists.

The first to come aboard was Timothy Jahn who, in our opinion, is among the finest American Contemporary Realist artists working today. Tim dropped off two works (before he left for Anguilla, where he will be teaching art for the next two years) and both made their way out of the gallery lickety-split ... one never even made it to our web site! We will have more works from Tim in the coming months (he has set up an easy way to transport them from the Caribbean); but keep in mind that it takes 5 – 10 weeks to complete a painting, so please be patient --- it will be well worth the wait.

Tim's entry was quickly followed by Guy Combes -- one of today's most impressive Wildlife artists. When I first saw his painting titled *The Constant Gardener*, I knew it was something we had to have in the gallery and after a few conversations, Guy agreed to send the painting ... it is truly a masterful work of art (an image is included at the end of this newsletter). During the month of January, Guy led a group of students from George Mason University on a safari through Kenya (his birth place). I know that he had a fabulous time and returned with some great material ... we cannot wait to see his next piece.

And finally there is Ben Bauer. Like Timothy and Guy, I first saw Ben's work online and was struck by his amazing ability to capture snow, light and atmosphere on canvas. Ben is one of America's great contemporary landscape painters and just from the initial reaction we received at the Los Angeles Show (where his *Crusted Snow and Old Fence Posts* could have sold 4 times ... no kidding) I think many other art lovers agree. We currently have two works by Ben featured on our site; one of which is illustrated at the end of this newsletter.

We are always in search of new and exciting Contemporary artists and look forward to bringing you the next great works by Timothy, Guy and Ben.

The Season is Starting

January is a fairly quiet month for the art auction market. Much of the action can be found in the Fine Art exhibitions taking place around the country. We spent that latter part of January in Los Angeles at the Los Angeles Fine Art Show where over 100 dealers came to exhibit their wares. I can tell you that the crowds were pretty good ... thousands upon thousands of art lovers came; and many left with a new work to add to their collection. In addition, from the dealers I spoke with, there was a resurgence of activity in the lower price levels --- a segment of the market that has been very quiet over the past few years. Buyers and collectors had been focusing on the 'blue chip' names and leaving the 'new chips' on the sidelines. This resurgence of activity in the 'new chip' market is a very good sign since I believe that once the lower/entry levels of the art market become robust, we will see far more strength in the overall market and higher prices in all schools and levels.

Now I do not want you to think that there was NO activity in the public forums, but much of it was in areas of the art and antiques market I do not follow; however, during the last week of January the New York salerooms offered their Old Master painting sales and the results showed that the market for Old Masters is still a bit picky.

First up were two sales at Christie's: Old Master Paintings Part I and The Art of France. In the Part I sale the top position was taken by Tiepolo's *The Arrival of Henry III...* which made \$5.9M (est. \$4-\$6M), in second place we found Dou's *A Young Lade Playing the Clavichord* at \$3.33M (est. \$1-\$2M) and in third was Van Dyck's *A Rearing Stallion* at \$2.54M (est. \$2.5-\$3.5M). Now from just those first three results you might say ... not too bad! Two out of three met or beat their estimates ... but hang on. Of the top three works with the highest estimates only one sold, the Tiepolo; the Memling (\$6-\$8M) and the Arcimboldo (\$3-\$5M) passed. And if we look at the top ten works with the highest estimates, only five sold. Since I am not an Old Master dealer, and I was unable to view the sale since I was away during the

viewing, I really cannot give you my personal opinion as to why the big lots had trouble; but what is obvious is that really good Old Master paintings are getting harder and harder to find and just because a work carries a very high estimate, does not mean it is worth it.

When this session ended, the results were very telling. Of the 59 works offered 42 sold (71% sell-through rate) and the total take was \$34.3M, which was well short of their expected \$38.8M (low end of the presale estimate range --- also keep in mind, that the final total includes the buyer's premium while the presale estimate does not). In addition, the total take for the top 5 sold lots was \$16.3M, almost half of the total sale's gross. Oh, here are two additional (interesting) results ... this sale included a painting recently attributed to Frans Hals that belonged to Elizabeth Taylor. The portrait was estimated at \$700-\$1M and sold for \$2.1M ... the question is, was the high price a result of the painting's quality, its new attribution or its previous celebrity owner? And, a portrait by Thomas de Keyser blew past its \$300-\$500K estimate to sell for \$1.5M ... the buyer, the National Gallery of Art in Washington.

Then we had The Art of France and here the top slot was captured by Fragonard whose *Le Jour* brought \$3.67M (est. \$2-\$3M). Coming in a distant second was Watteau's *The Union of Comedy and Music* at \$903K (est. \$800-\$1.2M) and in third was a Boilly still life at \$843K (est. \$150-\$250K). In fact, all of the top 10 lots either met, or beat, their estimates ... sounds pretty good so far. Well, hold on for the final numbers ... of the 44 works offered, only 25 sold (57% sell-through rate) and the total take was \$10M and they were expecting at least \$14.9M. In addition, the top 10 lots brought in \$8.44M, almost 85% of the sales total.

The next day Christie's followed with two more sales: Old Master Drawings, Watercolors... (147 lots) and Part II (112 lots). These sales included works with estimates ranging from \$600 - \$150,000. The two highest estimates in Part II were on works by il Guercino (\$150-\$200K & \$150-\$250K) ... the first failed to sell while the second brought \$267K. Of the 112 lots, 85 sold (75.9% sell-through rate) and the total take was \$4.4M. The Drawings and Watercolors had similar results. Top lots in this sale were a Lear at \$423K (est. \$120-\$180K); a Turner brought \$339K (est. \$300-\$500) and a small Guardi fetched \$159K (\$100-\$150K). Of the 147 works offered, 112 sold (76.1%) and the total take was \$3.06M.

When all the sales at Christie's are totaled we find that of the 362 works offered 264 sold (72.9%) and the total was \$51.8M ... this created a price per lot sold of \$196K. Last year's corresponding sale saw 299 works offered with 210 sold (70%) and a total take of \$36.6M ... the price per lot sold was \$174K. So, they seem to be improving.

On the other side of town, Sotheby's offered their selection of Old Master works. They started off with Old Master Drawings and taking the top position here was a work Attributed to Pollaiuolo that made \$1.4M (est. \$300-\$400K) ... it was purchased by the Getty Museum. In second was a Gainsborough that brought \$315K (est. \$100-\$150K) and in third was a work catalogued as a Follower of Rubens which made \$303K (est. \$70-\$90K). When the session ended, of the 221 works offered only 113 sold (51.1%) and the total take was \$5.6M ... it is interesting to note that the top 10 lots brought in \$3.04M – more than half the total .. even more interesting is the fact that the presale estimate was \$4.1 - \$5.8M; so they easily made their number with only half the works selling.

The following day they offered their Important Old Master Paintings & Sculpture and the top lot was a Canaletto at \$5.7M (est. \$5-\$7M). Rounding out the top five were Cranach at \$5.1M (est. \$4-\$6M); a Fra Bartolommeo which made \$4.9M (\$1.5-\$2M); Botticelli & Workshop at \$4.6M (est. \$1-\$1.5M) and Martini (not sure if it was made with vodka or gin☺) at \$4.1M (est. \$3-\$4M).

Of the 350 works offered 209 found buyers (59.7%) and the total hit \$62.1M. In addition, as with the Christie's sale, the top 10 works all met or beat their estimates and brought in \$35.9M (almost 58% of the sale's total).

They then followed with a lower level sale of Old Master works ... which, for the most part, was really lower level. The top lot was a Circle of El Greco that made \$69K (est. \$20-\$30K) and of the 88 works offered, only 38 sold (43.2%) with a total take of \$414K (lower end of the presale estimate was over \$770K) – Yikes! Why bother?

When all their sessions are added up, Sotheby's grossed \$68.1M ... a stronger total, but they did it with more works offered (659 vs. 362) and more unsold works (299 vs. 98); so the real question is: was their sale stronger? Well, if we go by the price per lot sold, the answer would be No ... theirs was \$172K vs. Christie's 198K; and if you go by the overall sell-through rates ... Sotheby's 54.6% vs. Christie's 72.9% ... the answer still a NO!

What I also find very interesting is Sotheby's trend. In 2010 they sold \$61.5M with a 73.5% sell-through rate. In 2011 they hit \$109.2M with a sell-through rate of 61.4% and this year they made \$68.1M and the sell-through rate dropped to 54.6% ... guys, the percentages seem to be moving in the wrong direction!

In the end, no matter how you want to slice it, the fact is that good works of art are not only finding buyers, but blowing past their estimates; the rest of the works are having a very tough time. I have always believed that a picky market is a very good market. If you buy the best, you will rarely go wrong.

Howard L. Rehs

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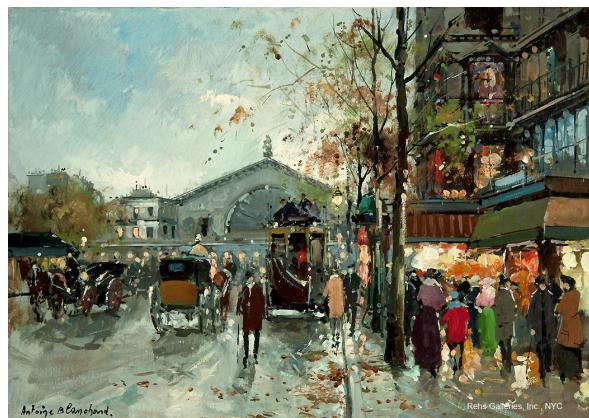
Gallery Updates: Another reminder that we will be exhibiting in Palm Beach this month.

Web Site Updates: Works by the following artists have made their way through the gallery: Dawson, Blanchard, Cortes, Jahn, Bauer, Corot and van Marcke. And look for new works by Leloir, Brunery, Blanchard, Aston Knight, Bauer and Warner Friedman that have been, or will be, added to the web site. A few of the new works are illustrated below:

TRADITIONAL

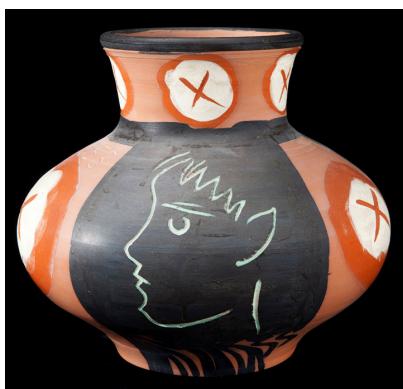


Maurice Leloir
A Romantic Lunch
15 3/8 x 21 1/2 inches



Antoine Blanchard
Gare de l'Est
13 x 18 inches

MODERN



Pablo Picasso
Face in Profile
10 1/4 x 11 1/2 inches



Paul Jenkins
Phenomena Rapid Fire
20 x 36 inches

CONTEMPORARY



Rehs Contemporary Galleries, NYC

Guy Combes
The Constant Gardener
30 x 40 inches



Rehs Contemporary Galleries, Inc.

Ben Bauer
St. Croix Valley View
16 x 18 inches



Warner Friedman
Eastern Light
48 x 42 1/2 inches

Next Month: Art market action!