

COMMENTS ON THE ART MARKET

VOLUME 145

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Gallery News

First, all of us at Rehs Galleries, Inc. & Rehs Contemporary Galleries, Inc. wish everyone a wonderful, happy, safe and successful New Year. Hopefully 2013 will be a far better year than 2012 and maybe Mother Nature will take a little time off.

Volume 145 marks the beginning of the 13th year for Comments on the Art Market and I am pleased to say that not only have we never missed an issue (through rain, snow, sleet, hail and even hurricanes), but we are looking forward to another 13 years.

This issue also marks the beginning of a new generation (our 4th) of art dealers entering our gallery. My daughter, Alyssa Rehs, starts her real education in the world of buying, selling and researching works of art. A recent graduate of the University of Rhode Island (she did it in 3 ½ years – yes!) with a degree in Art History and minor in Psychology (funny, but those were my majors and minors as well) she will now embark on a rigorous training program during which time she will receive an in-depth understanding of the 19th, 20th & 21st century art market from two seasoned professionals -- her father and grandfather (hope she can handle that ... or maybe I should say: hope we can handle that). We are looking forward to teaching her everything we know ... and maybe she will even teach us a few things along the way.

Alyssa will be involved in all aspects of the gallery's operations and we hope that those of you who visit, or see us at some of the upcoming shows, will have the opportunity to meet her ... she is truly a very special person (I know, my opinion is a little biased).

Again, a very Happy New Year to all and now on with the show.

Upcoming Shows

During the month of January the galleries will be exhibiting at the 18th Annual LA Art Show 2013 (Historic) which runs from January 23rd – 27th at the LA Convention Center (South Hall). This exhibition, the most important of its kind on the west coast, will feature more than 100 dealers specializing in Old Master through Contemporary works of art. The show is divided into three distinct sections – Historic, Modern and Contemporary – and is considered to be one of the most important shows in the US. If you are in the area, we do hope you will stop by and visit; we will have some amazing works of art on display.

When they are available, we will send on a link for your complimentary ticket.

And please remember that during the month of February we will be exhibiting at shows in Naples (Feb 7 – 11) and Palm Beach (Feb 15 – 19). More on those events later this month.

Stocks

2012 has been an interesting run for the stock market. The Dow Jones Industrial Average started the year off at 12,221.19, closed out at just about 13,000 and reached its high of 13,610.15 on October 5. Now it is very difficult for me to tell you if I actually came out ahead this year since half way through 2012 I switched brokers, sold off many of the stocks I had and bought different ones. What I can tell you is that since the switch, the overall results for each of my accounts were good – in other words, they are all in the black (not that every stock is, but overall I cannot complain).

Among my favorite stocks (for this year) are: Altria (\$31.09), JP Morgan (\$43.24), Emerson (\$52.14), Pfizer (\$24.89), Chevron (\$106.45), Exxon (\$85.10), GE (\$20.44), Berkshire B (\$88.55), AT&T (\$33.32), VOD (\$25.01), Verizon (\$42.90) and MCD (\$87.58). Among my least favorite are (those in the red) – DuPont (\$44.71), Microsoft (just sold it), Wal-Mart (\$67.61) and Coke (\$35.97). And let's not forget about SNRS – I have 20 Million shares ... and they are worthless – as far as I can tell. I should have requested the actual stock certificate for that one – would have been nice to hang a 20 million share certificate on the wall. Oh, I just took a small position in Apple at \$530 a share – wow!

Really!

I decided that we needed to add a little diversity to our newsletter so Amy Rehs has agreed to pen a section titled: Really! It will start next month and feature price updates from various sections of the art and antique market ... most of which will leave you really amazed ... Really!

The Art Market

The Americans

When we last left off it was time for the American painting sales in New York City and the action seemed pretty good when the right material was offered.

The week started off with the Christie's sale and taking the top position here was Edward Hopper's *October on Cape Cod* which made \$9.6M (est. \$8-\$12M) ... now I was not overly impressed with this particular painting, but what do I know? The auction room also claimed that this work was bought by an online bidder, making it the current record price for a work sold online for an international auction room. It would be interesting to know where the bidder was – in their house, on the beach or sitting in the auction room bidding on his mobile device. I am just curious how far from the saleroom they were. Taking second place was O'Keeffe's pastel *Sun Water Maine* at \$2.2M (est. \$1-\$1.5M) and in third was Hopper's watercolor titled *Barn at Essex* at \$1.76M (est. \$800-\$1.2M).

Rounding out the top five were Burchfield's watercolor *Golden Dream* at \$1.2M (est. \$300-\$500K) and Stuart Davis' *City Snow Scene* at \$1.2M (est. \$400-\$600K). In fact, the top 10 works all met or beat their estimate range.

When the sale was over, of the 140 works offered 100 sold (72%) and the total take was \$38.5M (the low end of their est. range was about \$32.8M ... so they were a bit above). I crunched the numbers a little further and discovered that of the 100 sold lots: 13 fell below, 43 within and 44 above their presale estimates. In addition, the top 10 works brought in \$20.9M (a little over 54% of the sales total). Not sure if that means much, but...

The next day Sotheby's offered their American works and the top seller here was O'Keeffe's *Autumn Leaf II* at \$4.3M (est. \$1.5-\$2.5M). In second was O'Keeffe's *A White Camellia* at \$3.2M (est. \$1.2-\$1.8M) and in third was Rockwell's *The Musclemans* at \$2.2M (est. \$600-\$800K) ... I liked the Rockwell.

Rounding out the top five were Rockwell's *Doctor and Doll* at \$1.9M (est. \$500-\$700K) and Alfred Miller's *Caravan en Route* at \$1.76M (est. \$1-\$1.5M) – this was an auction record for the artist's work. Here too, the top 10 works all met or beat their presale estimates.

When the day was done, of the 71 works offered 57 sold (80.3%) and the total take was \$27.6M (top end of their estimate range was \$24.2M ... so they beat it with the buyer's premium). Digging a little further here we see that of the 57 sold lots: 4 were below, 17 within and 36 above their presale estimates. As for the top 10, they brought in a combined total of \$18.9M (68.4% of the sales total).

Both sales had their fair share of expensive lots not selling – these included paintings by Bierstadt, O'Keeffe, Shinn, Cassatt and Rockwell – and the overall impression was what is expected these days; the good material, that is in good condition and properly estimated will find buyers. When something is just a little off, buyers are sitting on their hands, waiting for the right work ... and as we have seen time and again, the right works are making big numbers.

Over the past 5 years I have been stressing the need to trim the sale and I think the numbers below prove my point (here are the combined December sales since 2008):

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)
2012: 211 lots offered, 157 sold (74.4%), total take \$66.1M – top lot - \$9.6M (Hopper)

The trimmest sales were in 2009 and 2012 and those had the highest sell-through rates, combined totals and most expensive works.

Europe

In December the auction action moved to Europe and there were a lot of sales that took place in all segments of the art & antiques market. The Old Master paintings were in full swing and there were some pretty impressive results for the right works ... including the £29.7M (\$47.9M – est. £10-£15M) paid for Raphael's 14.7 x 10.9 inch drawing titled *Head of a Young Apostle* – nice price. But rather than cover the Old Masters, I want to use the remaining space to cover the Victorian & British Impressionist Art sale at Christie's on the 13th.

Since 2008 the Victorian market has been in the dungeon and there appeared to be very little chance of escape. Those of us in the know realized that this market had taken a big hit and that at some point a light would shine showing a way out. Well, that light just may have been lit.

When the catalog arrived I was impressed with a number of the Victorian works included: Dicksee, Webbe, Leighton, Godward, Rossetti and Maclise ... all of which did well. Taking the top slot here was Godward's *Far Away Thoughts* which made an auction record £1.05M (\$1.7M – est. £300-£500K) – an impressive work at an impressive price. In second was a rare Pre-Raphaelite piece by William Webbe titled *The White Owl*... which was estimated at £50-£70K and brought £590K (\$951K) and in third was Frank Dicksee's *Chivalry* which made £577K (\$931K – est. £600-£800K) – a bit below the estimate, but still a nice price.

Rounding out the top five were Rossetti's *Washing Hands* at £505K (\$815K – est. £400-£600K) – an auction record for a watercolor by the artist; and Munnings' *Shrimp and the old grey mare*... at £385K (\$622K – est. £300-£500K).

Now I do not want you to think that the sale was a blockbuster, a number of works did fail to find buyers, but it was really nice to see that the good quality Victorian works (those which had real wall power) made very strong prices.

At the end of the day we saw 111 works offered and 72 sold (67%) for a total take of £6.34M (\$10.2M) ... the low end of their estimate range was £4.97M (\$8M) --- so they easily beat that. If the salerooms can continue to keep the auctions slim and trim we should continue to see strong, and at times impressive, prices for the good Victorian works. The question is, when will greed rear its ugly head?

Final Thoughts for This Month

What everyone needs to realize is that today the right work of art will make a price that far exceeds anything that has come before it ... even if it is not better than something that sold years ago, but is still an impressive example in great condition and from the right period. Using auction results from past sales to determine what a work is currently worth will only prevent you from buying a great work that comes on the market today. There is nothing wrong with knowing the price levels that an artist has made in the past, but that cannot be the only criteria one uses when looking at a work that is currently available ... just look at the prices certain works made in the recent sales; some of which were record prices – far exceeding anything that came before.

The best will always be the best and when the time comes to sell, there should always be ready buyers for the great works of art ... in all levels of the market.

Happy New Year to All!

Gallery Updates: We will be exhibiting at the L.A. Art Show this month and then head off to Naples and Palm Beach in February.

Web Site Updates: Some big news here: our web gurus are hard at work building a new web site which will feature individual sites for Rehs Galleries and Rehs Contemporary Galleries. The navigation will be very similar to what we currently have and I know you will all enjoy the new features. We have also added a few new works to the web site ... they are illustrated below:

Traditional



Frederick Morgan – *Wild Roses*

Contemporary



Ben Bauer – *St. Croix Valley Barn*



Tony South – *The Soothing (of the Savage Beast)*

Next Month: Still more sales coverage.