

# COMMENTS ON THE ART MARKET

## VOLUME 138

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### Stocks

What a difference a month can make. Only a few short weeks ago I was totally impressed by the gains my portfolios had made (over 7% – and I gave a big Holy Moly!) ... now all I can say is Holy You –Know-What! (I lost 4.5% from last month). What is going on here, other than the fact that the DOW is in the 12,500 range? Now I see why so many people are looking at other ‘investment’ opportunities – and wait until you see how the art market did during the month.

As for my favorite (I use that word very lightly this month) stocks here they are: VOD - \$27.13; Altria is still doing well - \$32.13; INCTYE is also holding on - \$22.38; Pfizer - \$22.18; JPM - \$33.63 (\$10 drop in the month); Lowes - \$27.49 (down); MCD - \$90.90 (down \$6.3) and GE - \$19.35 (about the same). In addition Sprint, Pioneer Drilling; BofA; Citi and RIM are all lower. Oh well, more years of work ahead.

### The Art Market

The month of May was truly a memorable one for the art market. Once again, many of the catalogs weighed in with big numbers (The Impressionist & Modern alone were 12.5 lbs --- no need to head for the gym) and while the offerings, in certain sales, were selective, the prices were anything but ... for the right pieces.

While reading through my sale reviews (and I have tried – ha ha – to keep them short since there were so many) it is really important to ponder the following: many of the more important pieces reached levels never seen before and most of those works were hotly contested --- meaning more than one person was after them. So, for each record shattering price there was at least one under-bidder who was willing to spend almost the same amount for the work in question --- makes one wonder just how much money there is sitting on the sidelines waiting for the right work of art to appear since some of those under-bidders went home with a great deal of money in their pockets. And in an attempt to put the prices paid for the creativity of all these artists into perspective, on May 20<sup>th</sup> a world record price was set in the sports memorabilia market ... a “lucky bidder” ended up paying \$4.42M for the earliest known Babe Ruth game-worn jersey ... sorry, but that is just sick and a price I will never understand --- even if someone tried to explain it to me ... oh, please don't! Look, it is a piece of fabric that the guy wore – he did not make it. The only thing it may contain is some of his sweat – hum, DNA --- in the right hands that could be worth something!!

### The Impressionist & Modern

The month started off with the Impressionist & Modern sales and unless you were asleep, you could not have missed the record set after a 12 minute bidding battle at Sotheby's for Edvard Munch's *The Scream* -- \$119.9M (est. at least \$80M). It is interesting to note that this pastel, now the most expensive work sold at public auction, was one of 4 versions the artist created of this subject and the price actually beat out the entire evening sale at Christie's (like I have said before, what a difference a painting can make). Now on with the show...

Up first was Christie's sale and I have to say that the number of offerings were among the least I remember seeing in an evening sale (only 31) --- I liked that --- lean! The highlight of this sale was a small watercolor by Cezanne titled *Joueur de cartes* that made \$19.1M (est. \$15-\$20M) and tying that number was the cover piece – Matisse's *Les Pivoines* (est. \$8-\$12M). In second came Picasso's *Le Repos* at \$9.9M (est. \$5-\$7M) and in a close third was Monet's *Les Demoiselles de Giverny* at \$9.6M (est. \$9-\$12M) – to be honest, I was not a fan of the Monet – just did nothing for me.

At the end of the evening the results were rather nice: of the 31 works offered 28 sold (90% -- nice number) and the total take was \$117M – not huge, but very respectable given the fact that there were only 31 works offered. Oh, in case you are wondering, that works out to \$4.18M per lot sold.

As usual, they followed with their Day Sale --- typical mixture of good, okay and ... well, you know. Taking top slot here was Ernst Barlach's *Weinende Frau* at \$939K (est. \$200-\$300K); while second and third were nabbed by Chagall's *Les Anemones* at \$831K and *Danse vers le Bonheur* at \$783K (both est. \$400-\$600K). By the end of the day, 247 of the 299 lots offered sold (83%) and the total take was \$33.65M.

As for the combined total – 330 works offered, 275 sold (83.3%) and a total take of \$140.7M. 2011's corresponding sale brought in \$189.5M ... **please visit the web site to read the rest of this report.**

### 19<sup>th</sup> Century

Yes, Sotheby's is still squashing our beloved 19<sup>th</sup> century sale at the end of the Impressionist sales week ... not something I am very happy about, but what can I do --- keep complaining! We really need our OWN week!

Anyway here is my take on this sale. Grabbing the top slot was a small, but beautiful, Bouguereau from 1875 titled *Girl with a Pomegranate* which carried what appeared to be a rather optimistic estimate of \$500-\$700K, but when the bidding was done those

numbers were left in the dust --- the painting made \$2.3M WOW!, Coming is second was what they believed was going to be the 'star' lot of their sale, Tissot's *The Morning Ride*, at \$1.87M (falling short of its \$2-\$3M est.). Now I must add that while the quality of the painting was pretty good, the subject was not the best – at least when one thinks of Tissot – and judging from the result, the general market felt the same way. In third was Boldini's *Portrait of Mrs. Howard-Johnson* at \$1.76M (est. \$1.5-\$2M) ... a nice standard Boldini portrait, but it lacked the sex appeal of those that make the Big Bucks – like it or not, sexy sells! Rounding out the top five were a very impressive work by Godward titled *A Fair Reflection* which garnered \$1.45M (an auction record - est. \$400-\$600K) and a nice Corot *Les etangs de Ville d'Avray* at \$1.1M (est. \$700-\$1M).

It was nice to see that they have continued to keep the number of offerings in check, but the real question is: was it their choice, or the markets? In other words, are they not being offered the works they need to create larger sales? My feeling is the latter is probably more of the case and I base that conclusion on the fact that while the sale was small, it really should have been smaller ... some of the works offered should not have been in this main sale --- whether that had to do with the quality, condition or estimate range.

**To read the rest of this report please visit our web site.**

### The Contemporary

So the first week of May was pretty eventful with a number of record prices made and a great deal of money changing hands ... over \$538M. The question on everyone's mind was: how would the Contemporary sale fare? As you will see, there was nothing to worry about ... the amount of money spent was mindboggling!

First up was Christie's and the numbers achieved were nothing short of astounding. Taking the top slot was the week's biggest winner: Mark Rothko's *Orange, Red & Yellow* which crushed its \$35-\$45M est. when it sold for \$86.8M (an auction record for any post war/contemporary work of art). In second came Yves Klein's *FC1* at \$36.4M (est. \$30-\$40M) and in third was Pollock's *Number 28, 1951* at \$23M (est. \$20-\$30M – looked like one lonely bidder against the reserve). As for the rest of the top 10, 9 either met or crushed their est. range and 6 were auction records – smoking hot results!

Now this was really a slim and trim sale. Of the 59 works offered, 56 sold (95% -- nice number!) and the total take was \$388.5M ... an even better number and the highest total for any sale in this field.

**For more on this, please visit our web site.**

### The Americans

Following closely on the heels of those sales were the American paintings and the overall results showed a pretty strong market.

First up was Christie's and taking the top slot was Mary Cassatt's *Sara Holding a Cat* which blew by its \$800-\$1.2M est. to sell for \$2.56M (it last sold in 2000 for \$831K); second place was nabbed by Rockwell

when his *Dreams of Long Ago* squeaked by its \$2-\$3M est. – selling for \$2.32M; and in third was Frieseke's *Foxgloves* at \$2.2M (est. \$1-\$1.5M). I should report that there were a couple of big misses as well ... two of their highest estimated lots did not sell – one by Fitz H. Lane and the other by Oscar Bluemner (\$2-\$3M); however, as for the overall results, those made little difference.

Of the 100 lots offered 77 sold (77% -- a reasonable number) and the total take was \$27.2M (according to my calculations the low end of the presale estimate was around \$22M); so many of the lots that sold did well – a good sign. **For more of this report, please visit our web site.**

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### Final Thoughts

It is important to remember that these were only a few of the sales that took place during the month of May -- - many more works, both in the public forums and through dealers, changed hands. What impressed me most were the higher levels of activity in the lower and middle levels of the market; as I have mentioned before, an area that was missing from late 2008 through late 2011. Now I am not saying that we are back to early 2008 levels where almost anything that was put on the market was selling, but in general it appears that when the offerings are selective, there are buyers at all price levels. This is a really good sign.

The big questions on everyone's mind are: how high can the market go? And once it reaches its apex, how long can it be sustained? I wish I had the answers --- that crystal ball of mine is still a little cloudy. What I do believe is that if the public offerings are kept in check, in other words: the market is not flooded with works; we could see a nice sustained run.

Regardless of what happens, recent market history shows us that even if the worst comes to pass (another financial meltdown) the best works of art should continue to find buyers. With bank interest rates at just about 0% and the stock market being little more than a craps table (just look at the recent Facebook IPO), where else are people going to park some of their assets in an attempt to spread their risk ... or better yet, try to increase their net worth?

And one final number ... the total amount of art sold in just the sales I covered (a 3 week period) was north of \$1.47 Billion!

Howard L. Rehs

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**Gallery Updates:** Our next show will be in Baltimore during the month of August and we just signed up for another show in September – this one is in NYC!

**Web Site Updates:** A number of works made their way through the gallery this month; included were paintings by: Croegaert, Aston Knight, Edouard Cortès, Berthelsen, Ben Bauer, Holly Banks, Guy Combes, Timothy Jahn and Bart Walter. We have also added a few new works to the web.

**Next Month:** Guess we will see what comes along.