

COMMENTS ON THE ART MARKET

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The Sites of Paris: Yesterday and Today

During the past two years Amy Rehs has worked on a rather interesting project -- researching the history of the major monuments in Paris and illustrating them with paintings by Edouard Cortès and recent photographs taken by Lynsi Spaulding.

This free E-Book is now available on our web site in the form of a 32 page PDF file -- so please give it a moment to open on your computer.

Those of you who are fans of Paris and Cortès' work will really enjoy this historical / visual perspective. Just visit our web site, click on the Virtual Exhibition button, then go to Cortès' name and click on the title *The Sites of Paris: Yesterday and Today*.

More Bogus Cortès

This month we saw a continuation of the Cortès issue we reported on last month. Two different auction rooms were advertising/selling paintings that were not by the artist. One was an Antoine Blanchard bearing a Cortès signature and the other was just an outright fake.

I was happy to see that one of the auction rooms got wind of the problem and pulled the painting. I do not know what happened to the other.

Art Market Update Continued

I am sure what I am about to report on is old news to many of you since most of the newspapers I saw covered the amazing results from the Impressionist/Modern and Contemporary sales. I even had one client tell me that he heard on one of the investment shows that some people were shorting Sotheby's stock since they figured that with the current state of our economy these sales would do rather poorly -- bad move baby. On May 13th their stock was trading at about 24 by May 16th it was trading at over 29. Guess that tells you how the sales did!

Look, we all know that the current valuations for many works in the Contemporary field defy all logic, not to mention the laws of gravity and sanity; but the art market is not a logical place and the laws of gravity and sanity, at least for the moment, do not seem to apply. And should you compare what a work by one of these "Contemporary Masters" costs, you will begin to realize that works by masters from the 19th century or Impressionist periods are SCREAMING bargains.

Many of the analysts, yes there are art market analysts, like to stress that by 1991, the last art boom went pop ... and that is true. However, at the expense of sounding like a broken record, what needs to be understood is that the art world 20 years ago was very different from the art world today. Back then, the Japanese fueled the market; today the market is fueled by wealthy individuals from across the globe -- it is not just one country supporting the explosion in interest, demand and prices. Hey, oil at \$130 (plus or minus)

per barrel is going to give a few lucky people some extra cash to burn and many of those people have watched their stock market money go nowhere.

I have always been one to believe that the Contemporary bubble will explode; however, now I am beginning to think that maybe, at some point, a slow leak will appear. There are so many wealthy people who have invested billions of dollars in the market and with some works of art trading in the \$50 million - \$150 million range I am sure that those buyers are going to protect their investments to the best of their ability. I am not saying that these price levels make sense, but it is the current state of the art world. What I can say for certain, is that it's definitely an interesting time to be involved in the market.

Anyway, before I get completely carried away and run out of space, let's get to the juicy details – those that probably cost some of those short sellers a bit of money ... first up, the Impressionist and Moderns.

Anticipation was building for months about these sales -- would the buyers step up and show the money? Well, the opening bell sounded on May 6th and the star lot for the week was Monet's *Railroad Bridge at Argenteuil* and this MONET showed us the MONEY – selling for \$41.4 million, an auction record (this work was last seen on the market in 1988 when the seller paid \$12.6 million for it). In second place was Léger's *Etude pour La Femme en Bleu* which brought \$39.2 million; and in third was Edvard Munch's *Girls on a Bridge* at \$30.8 million (last on the market about 12 years ago when it sold for \$7.7 million). Rounding out the top five were a 1960 Giacometti sculpture that sold for \$27.5 million and a Matisse that made \$22.4 million ... in case you are wondering about Picasso, well there were no blockbuster works, but one did capture 6th place at \$19.2 million.

The two main evening sales brought in a total of \$512.6 million with 110 items offered and 85 finding buyers (a sell through rate of about 77%). The number of buyers from the United States accounted for about 54% of the lots sold so --- we are still in the game!

The corresponding day sales left a lot to be desired and after viewing the exhibitions there was very little that I would have been happy owning. As with all sales there were some surprises – top honors for these 'affordable' sales went to Paul Klee when a watercolor (est. \$600-\$800,000) sold for \$2.95 million and even more impressive was the Giacometti bronze, *Figurine sur grand socle*, (est. \$250-\$350,000) that made a whopping \$2.17 million; in third place we found a Henry Moore bronze at \$1.5 million, and bringing up the top five was a Pissarro at \$1.27 million and a Rysselberghe at \$1.1 million. The first of the main sales rooms offered 277 works and sold 223 (a sell through rate of about 80%) for \$48.2 million. The other room offered 300 and sold 208 – a sell through rate of about 69% - for a total of \$37.24 million.

For the entire week, of the 687 works offered 516 found new homes – a sell through rate of about 75% - for a total of \$598 million (an average of \$1.15 million per lot). Last May (2007) there were 768 lots offered and 613 sold for \$620 million (\$1.01 million per lot). Don't you just love statistics! Someday people will realize that there is very little real information you can glean from these statistics since what really matters is the quality and condition of the works being offered – but for now the math is fun and entertaining.

Now we move on to the even more impressive Contemporary sales – yes, those sales that might include items you threw out during your last spring cleaning.

I know that many people associated with the cutting-edge contemporary art world like to say that when a piece makes you think, that is a true sign that it is a work of art. Hummm -- so the next time you need to clean out a clogged drain at home and you think to yourself, "what is all this stuff?" and "why am I doing this?", you will understand that what you are really doing is holding and touching a work of art since it did make you think! Maybe you can bottle it and see if your local gallery would be interested in handling your work. Wait, I think someone is already doing that. But seriously, there are some interesting works being created today and then, in my humble opinion, there are those that will never stand the test of time; now, on to the results.

As with the sales the week before there were some outstanding prices. The leader of the pack was Francis Bacon's *Triptych, 1976* that brought \$86.3 million (an auction record for a Contemporary painting); while second place went to Rothko when *No. 15* sold for \$50.4 million (this piece sold in 1999 for \$11 million); and Lucien Freud's *Benefits Supervisor Sleeping* brought \$33.6 million (an auction record for a living artist). Rounding out the top 5 were Warhol's *Double Marlon* at \$32.5 million and Bacon's *Three Studies for Self-Portrait* at \$28 million. One of the sale rooms even auctioned off a 1946 Modernist house designed by Richard Neutra – it sold for \$16.8 million; and we all thought the real estate market was dead! And in case you are wondering, it was reported that the 41 year old Russian oil billionaire Roman Abramovich bought the Freud and Bacon "oil" paintings.

I could go on and on with specific results for works that you and I might say – this is art? – which sold for record prices and were bought within the last 15 years for a fractions of their current selling prices. However, what is really important is that the overall results were so hot that you may want to step back just a little for fear of being burned.

The evening sales alone saw 140 works offered of which 127 found buyers (a sell through rate of about 91%!) for a total of \$710 million!!! Their corresponding day sales – yes, the now unaffordable mid-range works – saw 752 works offered, 662 sold (an 88% sell through rate), for a total of \$192.3 million. That adds up to just over \$900 million worth of Contemporary art changing hands in a 48 hour period -- impressively scorching if you ask me.

All totaled, just these four New York auctions accounted for about \$1.6 billion in art sales in just two weeks. So, what does this all mean? Well I think that we are on track for another record year in the art market and it is anyone's guess as to whether this bullet train will hit the emergency breaks or come in for a smooth stop at the terminal – only time will tell. Once again -- All Aboard!

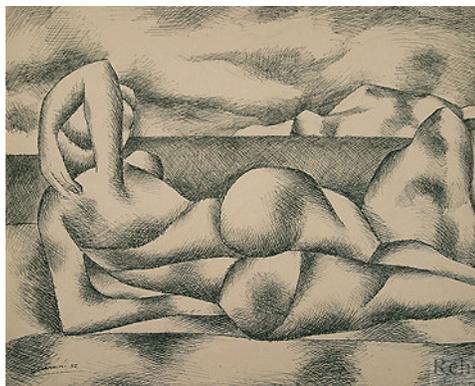
Howard L. Rehs
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Gallery Updates: This month over 24 works by the following artists have made their way through the gallery: Ridgway & Aston Knight, Dupré, Cortès, Bonheur, Giannini, Blanchard, Sally & Katie Swatland, Banks, and Greg Harris. **Our summer hours begin this month: for the month of June we are open Monday-Thursday 10 am – 5:30 pm and all other times by appointment.**

Web Site Updates: We continue to update our biographies (Bonnat, Lefebvre & Delobbe) and have added, or will be adding, works by the following artists to our site: Cortès, Blanchard, Bolotowsky, Giannini, Swatland, Banks, and Harris. A few of our recently added Modern and Contemporary works are illustrated below:



Ilya Bolotowsky
Untitled (1952)



Ugo Giannini
Nude on Beach (1952)



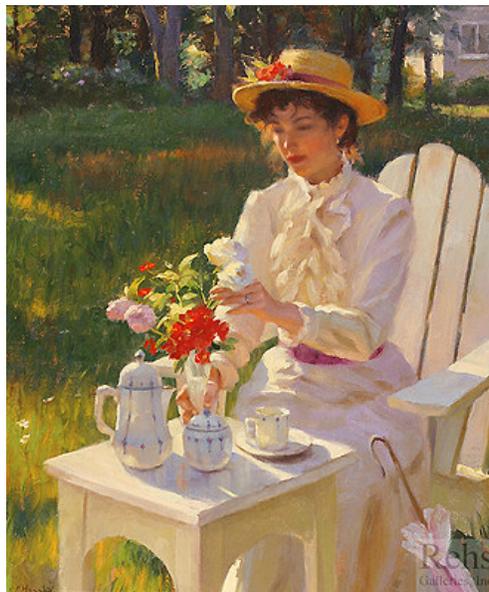
Holly Hope Banks
Dutch Peonies



Katie Swatland
Morning Light



Sally Swatland
July Afternoon



Gregory Frank Harris
Morning Bouquet

Next Month: Continuing market updates; plus any questions or topics you may have.