

COMMENTS ON THE ART MARKET

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The New York Show & Baltimore

We just want to give you a final reminder that the gallery is exhibiting at The Spring Show NYC this week/weekend (May 3 – 6). If you are going to be in New York we hope you will stop by for a visit.

After this, our next show will be in Baltimore during the month of August. We will provide you with more information about that show in July.

The Stock Market

Well, you have to admit that it has been an interesting month ... I updated my portfolio and all I could say was Holy Moly! The Dow was over 13,200 and I am up over 7% ... oh my!!! I know, RIMM is still in the crapper and will probably stay there, but some of my other holdings are doing pretty well (for the time being).

Among my most favorite plays are: VOD - \$28.02 (super black); Altria - \$32.42 (well in the black); INCYTE - \$22.59 (my son recommended this one ... well in the black); Pfizer - \$22.78 (black); JPM - \$43.79 (black); Lowe's - \$31.61 (black); MCD - \$97.20 (black) and GE - \$19.80 (black). Now to be fair, here are a few, just a few, that are not doing too well: Sprint - \$2.55 (red); Pioneer Drilling - \$8.01 (red); BofA - \$8.31 (red); Citi - \$33.60 (red) and of course, RIM \$13.48 (so red I have been trying Visine ... no help)!

The Dark Side Update

The day after I sent out my last report a story hit the wires concerning Knoedler. Another collector has brought an action against them for a possible 'fake' Rothko. The South Carolina collectors Domenico & Eleanore De Sole (old clients of ours) are suing Knoedler for \$25 million over a Rothko painting they bought in 2004 for \$8.3M. Through forensic analysis it was determined that some of the materials and markings were 'inconsistent and irreconcilable with the claim' that the paintings were actually done by Rothko. They also claim that Ann Freedman (former president of Knoedler) misled them about the work's inclusion in the catalogue raisonné and its provenance.

Oh what a tangled web we weave ... this is getting really interesting --- could we see a movie about the rise and fall of this 'pillar' of the art world?

The 19th Century (Where Have All the Paintings Gone?)

Over the past 4 years I have been stressing the need for the auction rooms to scale back the size of their sales and be very selective with the quality and condition of the works they offer. The recent round of sales in NY was among the thinnest I have seen in my 30 plus years in the business and while I would like to claim that they finally did it ... small, strong, sales ... the reality is that while the sales were small, the overall quality of the offerings were hit and miss. My question is: where have all the really good 19th

century paintings gone? Now do not get me wrong, the sales did have some very nice paintings, but overall they truly illustrated the difficulty the salerooms are having sourcing fresh/quality material.

Christie's

I spent a fair bit of time viewing the offerings at Christie's (all 82 of them) and found the sale was made up of the usual suspects: The Good, The Bad & The Ugly. To begin with, estimates for the works offered ranged from \$5-\$7K to \$400-\$600K – 20 of which had a low estimate of \$15,000 or less (almost 25% of the sale) ... this alone should illustrate the lack of good material coming to the market. In addition, there were a number of works up for their second or third time and none of the offerings had an estimate in the 7 figures ... remember, this was one of their two main 19th century sales in NYC!

The first part of this review was written on the Sunday before the sale. The 5 paintings with the highest estimates were two by Bouguereau (an interesting early work titled *Idylle: famille antique* at \$400-\$600K & one of the more mundane works titled *Pifferaro* at \$250-\$350K); another version of Alma-Tadema's *The Education of the Children of Clotilde and Clovis* (\$400-\$600K); a nice, but very small, Jean Beraud at \$300-\$500K and de Schryver's *Rue Royale, Paris* at \$250-\$450K ... a work that, from the photo, looked like it was going to be a killer. The real question was: would they meet their expectations? We shall see!

The first 17 paintings fell into the Barbizon/Realist periods ... of those I liked one of the Corots, the Diaz de la Pena and a work by Japy; and I did not care for the Troyon, Knight and Delacroix. Then there was a group of 11 Dutch & Polish paintings. Of those I liked the Leickert (huge estimate of \$100-\$150K) and thought the Ronner-Knip was ok (\$120-\$180K) ... had Ronner included a few more kittens this could have been a real special work.

Next was a small selection of French figure paintings – 9 in all. These included the two Bouguereaus, a Seignac (which had a serious condition problem – in my opinion), a rather boring portrait by Tissot (\$60-\$100K) and interesting works by Schram (\$20-\$30K) and Ribot (\$40-\$60K).

These were followed by a small group of British Victorian works by Sandys (\$80-\$120K), Lidderdale (\$15-\$20K), Godward, Grimshaw and Tadema ... none of which really stood out as a blockbuster.

The middle of the sale included a cross-section of French, Spanish, Italian, Austrian and Belgian works. Among the Good were a fabulous Unterberger (but it had a big estimate of \$200-\$250K) and the small Beraud (\$300-\$500K). Among the Bad were a Poilpot (\$70-\$100 ... serious over-cleaning in my opinion) and the Ugly included a von Blaas at \$140-\$180K (they tried selling this last year at \$250-\$350K and it failed) ... I still cannot believe this artist could paint faces so poorly.

The last 9 works included a selection of British Sporting and Marine works – these included a nice farmyard by Herring Jr. (\$30-\$50K .. it last sold at auction in 1997 for \$69K) and a Doncaster Racecourse Herring Sr. (\$80-\$120K ... this same work was offered at auction in 2004 with a \$600-\$800K estimate and again in 2010 with a \$250-\$350K estimate ... both times it went unsold – will the third time be a charm? And what a drop in the estimate since 2004) and only 1 Montague Dawson (\$50-\$70K) ... I say one 1 because in a few of the previous sales there have been quite a number of them.

So I am sure you want to know how the sale did ... and now that it is over I can tell you. Figuring an 82 lot sale would be fast and furious I went ... well, it took 2 hours! When I arrived (5 minutes before sale time) there are about 12 people in the room ... a stark contrast to what the salerooms look like during a Contemporary sale. By the time the sale started there were about 45 people seated. You should know that this is typical for a 19th century sale – we really get no respect.

Taking the top slot was Bouguereau's *Idylle: famille antique* which beat its \$400-\$600K estimate when it sold for \$782,500. In second was de Schryver's *Rue Royale, Paris* which made \$662,500 (easily beating its \$250-\$450K est.) and coming in third was Beraud's *Boulevard Poissonnière en automne* at \$506,500 (exceeding its \$350-\$500K estimate with the buyer's premium added in). Rounding out the top five was Bouguereau's *Pifferaro* at \$458,500 – wow! (est. \$250-\$350K) and Grimshaw's *Reekie, Glasgow* at \$314,500 (est. \$160-\$200K) ... as you will note, one way or another, all of these lots beat their estimates.

Now for some of the other offerings. Among my favorites were a beautiful early Corot that last sold at auction in 1994 for \$409,000 ... this time around it made a bargain basement price of \$182,500 – we bought that one; Alois Schram's *Making Music* was a lovely work and it sold for \$40,000 (est. \$20-\$30K); a nice Reggianini titled *The Recital* made \$218,500 (\$150-\$250K est.); an interesting Ziem of Istanbul

crushed its \$15-\$20K est. ... selling for \$170,500; the Ribot made \$56,250; the wonderful Unterberger failed to find a buyer as its estimate was just too high (\$200-\$250K) as did a very nice Leickert that carried a \$100-\$150K est.; the nice Herring, Jr. (mentioned earlier) brought \$37,500 and the Herring, Sr. made just \$86,500 ... the sporting market still has a long way to go.

Among the works I personally did not like (for one reason or another): the Delacroix portrait sold for \$218,500 (est. \$60-\$80K) – guess a few people liked that one; the large Seignac which had heavy, and I mean heavy, cracking made \$86,500; and the Tissot, Sandys, Lidderdale, Alma-Tadema, Zandomeneghi and van Blaas all failed to sell ... and too be honest, they really should not have sold.

When the two hour sale was finally finished, of the 82 lots offered 58 sold (about 70%) and the total take was \$6.28M ... the low end of their presale estimate was about \$5.7M and the high end was a little over \$8M, so they made it with the buyer's commissions added in. Overall, for what was being offered, the sale did pretty well ... better than I would have thought. What kept the sale from doing better were the big estimates placed on many of the works that failed to find buyers (they were just out of line with the current market) and a couple of works that should never have been offered.

Now, to be fair, we must remember that this is only the second 19th Century standalone sale Christie's has had in a number of years ... a few years ago they figured it would be smart to merge the 19th Century Old Master departments and they were wrong; so it will take time to rebuild. The only recent sale I can compare this to is their November 2011 sale which has a sell-through rate of just 44% (selling 47 of the 107 offered)... so 70% this time is a huge improvement; and while the total take was a little less \$6.28M (2012) vs. \$6.6M (2011) one must remember that the 2011 sale included a Boldini that made \$1.87M ... about 28% of the final number ... and there were no million dollar lots this time.

Bonhams

Later that week Bonham's presented their 19th century sale ... which featured a good deal of lower and middle market material; material that, unless it is in outstanding condition and a great example, has seen difficult times since late 2008. Well, there is change in the wind ... buyer's are definitely starved for material and works that just a year or two ago would not have sold, are now finding buyers.

There were 185 lots in this sale and the first 27 fell into their 'Old Master' category. Of those, only 9 sold (a dismal 33.3%) and the top seller was a Circle of Pietro Paolini titled *A Young Man Holding a Butterfly* which made \$43,750 (est. \$4-\$6K ... the fourth most expensive lot in the sale) ... not a very good beginning, but things were about to change.

This was followed by series of 19th century paintings from one estate ... many of which were very recently purchased at various auctions/dealers, including Bonhams. Of the 49 works 40 sold (81.6% -- far better than the first 27 lots). Top seller in this group was F.H. Kaemmerer's *The Boating Party* which made \$40,000 (it was last sold on May 4, 2011 for \$24,400 ... so that was a pretty good return in less than 1 year – far better than leaving your money in the bank).

The balance of the sale was comprised of a variety of European paintings ... 108 in all and of those 88 sold (81.5% -- another strong showing). This section also held their top 3 works: O. Toscani's *A Busy Street Outside of a Mosque* which made \$134,500 (est. \$6-\$8K); F. Ziem's *Le Bucentaure, Venise* at \$122,500 (est. \$70-\$90K – even its cracked panel did not deter buyers); and F. Soulacroix's *Tea Time* at \$104,500 (est. \$30-\$50K) ... so all of their top lots beat or crushed their estimates.

Bonham's rarely releases their presale estimates and they do not provide post sale press releases (at least they are not featured on their web site) so I figured out most of the numbers the old fashion way – with a calculator! Of the 185 lots offered 138 sold (74.6% ... to try and keep them honest, it appears that they sold a few works after the sale and then posted those results in the sale record on their web site ... so the real number of works sold during the sale was 133 or 71.9% ... still not bad) and the total take -- \$2.13M (presale estimate range was \$1.8 - \$2.6M) ... also not too bad.

To give you a slightly better picture of what was offered here, the following is a breakdown by price levels: 72 lots sold for \$10K or less; 40 sold between \$10.1-\$20K; 12 sold between \$20.1-\$30K and the last 14 were between \$30.1-\$134.5K. In other words, 81% of the sold works were under \$20K --- a level of the market that was all but dead just a few short months ago. I do not know about you, but I am impressed.

What the results from these two sales show is that the 19th century market is starved for good quality material and when properly priced, it will sell ... even if the condition/quality is less than stellar. In addition, the higher sell-through rates in the lower price ranges indicates that more people are coming to the market; believing that art can be a safe and enjoyable place to park some of their money – and it can be. What everyone must remember is that you need to be careful what you buy. As the market continues to improve, prices will continue to rise --- even for the poorer quality works --- and as we have all seen in the past, one day the market will take a hit and those people who own the difficult works will either take a big loss if they need to sell, or will have to be patient and wait until the good times roll back around.

Howard L. Rehs

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Gallery Updates: Another reminder that we will be exhibiting at The Spring Show NYC

Web Site Updates: A number of works made their way through the gallery this month; included were paintings by: Guillaume Seignac, Charles Frere, Ronner-Knip, Edouard Cortès, Pablo Picasso and 5 by Ben Bauer. Don't forget to look for the new works by Viry, Bergamini, Brunery, Hollingsworth, Bauer, Jahn and Kuhn that have been, or will be, added to the web site. A few of the new works are illustrated below:

TRADITIONAL



Francois Brunery
The Menu
24 x 19 ½ inches

CONTEMPORARY



Ben Bauer
Spring Moonrise in South Dakota
24 x 29 inches



Ben Bauer
Soft in Wilernie
19 x 21 inches



James Neil Hollingsworth
3 Alarm
24 x 36 inches



Timothy Jahn
Tangible Reprieve
14 x 11 1/2 inches



Timothy Jahn
Tough Choices
7 1/8 x 5 inches

Next Month: There will be a great deal of auction action to cover!