

## The Latest Market Trends in Impressionist & Modern Art June 2017, London

Putting together a 30-plus lot evening sale for the third time this year is a formidable effort by the specialists at Sotheby's and Christie's, chapeau! However, the scarcity of works available to the market forces these evening sales to rely heavily on paintings of lesser quality. Pricing these works on the back of two record breaking years in 2014 and 2015 is no easy task, and getting sellers to accept lower estimates as the appetite for B-quality works has dropped, is even more difficult. Brexit negotiations, Trump's endless tweets, turmoil in the Middle East, and repeated terrorist attacks on European capitals, may have contributed, or perhaps three rounds of Impressionist & Modern Art sales in a single semester is simply too many: less may indeed be more.

The fact that "A" quality pictures continue to break price records sends a contradictory message. As with the Brancusi last month in New York, artist records were set this season by the Van Rysselberghe and two Kandinskys at Sotheby's and the Beckmann and Hoch at Christie's. Interest for the highest quality works remains strong and deep, but record prices require "blue chip" status worldwide, which worked against Christie's unsold Schiele, a dark and ambitiously estimated painting that held little appeal for newer buyers such as those in Mainland China.

In the current market, "B" quality decorative works are subject to buyers' whims or of being forgotten all together. Enticing estimates are key to attracting interest from dealers and professionals: precious bids that will comfort private buyers. Otherwise, it would probably be better for the auction houses to exclude these works from the evening sales altogether, rather than allow them to flounder. The present situation—an uncomfortable tension between sellers' high hopes and consequential inflated estimates and guarantees, and buyers skepticism of overpaying for anything less than the best—will probably continue until Spring 2018, when the forthcoming and surely historic sale of the collection of Peggy and David Rockefeller may spark a new market cycle.

### AUCTION SUMMARY

<u>Sotheby's, June 21, 2017:</u>	<u>Christie's, June 27, 2017:</u>
<p><u>Actual Size: A Curated Evening Sale (including Impressionist, Modern, Contemporary and Old Masters)</u></p> <ul style="list-style-type: none"> <li>- Sale total: <b>£20,931,250 (\$26,373,375)</b></li> <li>- % sold by lot: <b>66%</b> (23/35 lots)</li> <li>- % sold at a <b>hammer price above the high estimate: 31%</b> (11/35)</li> <li>- % sold at a <b>hammer price within the estimates: 17%</b> (6/35)</li> <li>- % sold at a <b>hammer price below the low estimate: 17%</b> (6/35)</li> </ul>	<p><u>Impressionist &amp; Modern Art Evening Sale</u></p> <ul style="list-style-type: none"> <li>- Sale total: <b>£149,500,000 (\$189,865,000)</b></li> <li>- % sold by lot: <b>94%</b> (30/32 lots)</li> <li>- % sold at a <b>hammer price above the high estimate: 16%</b> (5/32)</li> <li>- % sold at a <b>hammer price within the estimates: 44%</b> (14/32)</li> <li>- % sold at a <b>hammer price below the low estimate: 34%</b> (11/32)</li> </ul>
<p><u>Impressionist &amp; Modern Art Evening Sale</u></p> <ul style="list-style-type: none"> <li>- Sale total: <b>£127,945,750 (\$161,211,645)</b></li> <li>- % sold by lot: <b>74%</b> (17/23 lots)</li> <li>- % sold at a <b>hammer price above the high estimate: 13%</b> (3/23)</li> <li>- % sold at a <b>hammer price within the estimates: 30%</b> (7/23)</li> <li>- % sold at a <b>hammer price below the low estimate: 30%</b> (7/23)</li> </ul>	

## Sotheby's, Actual Size: A Curated Evening Sale

Sotheby's kicked off the June sales in London with two evening sales in one night, beginning with the cute idea of a selection of works reproduced in the catalogue at scale. The sale, titled *Actual Size: A Curated Evening Sale*, played on the past success of theme sales that combined Modern with Post-War & Contemporary works, allowing the current strength of the Contemporary market to invigorate the more mature Modern market. Incidentally, the sale was led by an Old Master painting, a 17<sup>th</sup> century still life by Bosschaert the Elder that sold for £3 million (\$3.7 million). The sale encapsulated the market mood that smaller is sometimes better. By comparison, Christie's 2015 blockbuster theme sale, *Looking forward to the Past*, which earned over \$700 million, seems simply from another era. The "small" theme was moreover a clever attempt to address the ongoing difficulty sourcing high-ticket items for auction. The material in the evening sales further supports this with unusual protagonists such as Kandinsky, van Rysselberghe, Beckmann and Hoch, while more typical headliners like Monet, Picasso, Giacometti, Modigliani and Matisse were present, but of only good to average quality.

The scarcity of available works in the current Impressionist and Modern Art market makes theme sales a challenge today and more difficult to "curate" content. With a little over 66% sold, one can only admire the effort and yet think that perhaps the timing was off. With Sotheby's or third parties guaranteeing 20% of the *Actual Size* lots offered and 30% of its sold lots bearing guarantees it had the feeling of a private sale in a public setting.

Several Contemporary works contributed to the results, as did significant prices achieved for Picasso, six of eight of which sold. The beautiful Cézanne watercolor, *Cézanne, Baigneuses, la montagne Sainte-Victoire au fond*, simply failed to convince bidders with its inflated estimate of £4-6 million. Other lots were unsold mainly due to lack of quality and decorative appeal. The ratio of unsold lots between Contemporary and Impressionist and Modern Art was logically 1:2, underscoring the difference of market depth in the two fields.



A downside of presenting an underwhelming group of works in a theme sale just before the evening sale is that it rather sucked the energy from the room prior to the main event. Both the *Actual Size* sale and the Impressionist and Modern Art evening sales saw over half of their lots either fail to sell or sell below the low estimate.

*Cézanne, Baigneuses, la montagne Sainte-Victoire au fond*

## Top Lots, Sotheby's, Actual Size: A Curated Evening Sale



Bosschaert  
*Still Life of Flowers*  
Sold for:  
£2,971,250  
(\$3,746,499)  
Estimate: £2-3m



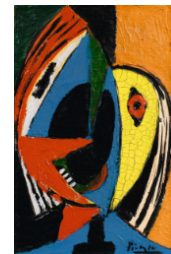
Picasso  
*Buste de femme*  
Sold for:  
£2,408,750  
(\$3,037,193)  
Est: £700-900,000



Picasso  
*Femme endormie*  
Sold for:  
£1,928,750  
(\$2,431,961)  
Estimate: £2-3m



van Gogh  
*Un coin de jardin*  
Sold for:  
£1,808,750  
(\$2,280,653)  
Estimate: £1.5-2m



Picasso  
*Tête de femme*  
Sold for:  
£1,688,750  
(\$2,129,345)  
Est: £600-800,000

### Sotheby's, Impressionist & Modern Art Evening Sale

Kandinsky was the star of Sotheby's Impressionist and Modern Art evening sale, breaking the auction record for the artist not once, but twice. *Murnau-Landscape with Green House* from 1909 was consigned by Werner Merzbacher and sold very well—for a moment a world record—at £21 million (\$26.4 million), its large scale and bright colors attracting several determined bidders. Later on, heavily chased and ultimately underbid by Sotheby's Patti Wong, who was missed during last month's New York sales, the top lot of the sale became Kandinsky's abstract, *Bild mit weissen Linien* from 1913. It had been guaranteed by a third party at £26 million and attained a new world record price of £33 million (\$41.6 million). The 1913 composition is rare and important but perhaps lacking in decorative appeal. Asian bidding on such a lot shows a certain market evolution beyond the taste for primarily Picasso, Monet and Modigliani that we have seen from Asia in the past year. The Kandinsky records were a stark contrast with the Heckel and Kirchner landscapes from the same period whose darker palettes failed to inspire, going unsold and selling below the low estimate respectively.

The Miró gouache, *Femme et oiseaux*, from his Constellations series, sold to the guarantor. This was a logical result for a small-format work on paper, a medium that does not currently stir Asian interest, even at the highest quality. A masterpiece by Van Rysselberghe, *L'Escant en amont d'Anvers, le soir*, established a new world record for the artist at £8.5 million (\$10.7 million) though was chased by only two bidders, possibly because of the steep estimate backed by a third-party guarantee. A beautiful Klee from 1918, *Salon Tunisien* sold for £2 million (\$2.6 million) and probably deserved to do even better, an excellent purchase. A good Léger from 1922, *Nature morte au profil*, obtained a hammer price of £3.2 million, or £3.8 million (\$4.7 million) with buyer's premium, thus, below the estimated hammer price of £3.5-5 million. This confirmed a drop of interest we've seen for the past two years.



Klee, *Salon Tunisien*

A single Impressionist painting was offered in Pissarro's *Le repos sous les arbres* and it failed to sell. Pissarro's landscapes have been very difficult to sell over the past year, thus estimates must be lowered in the future.

### Top Lots, Sotheby's, Impressionist & Modern Art Evening Sale



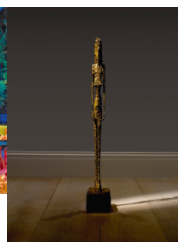
Kandinsky  
*Bild mit weissen*  
Sold for:  
£33,008,750  
(\$41,591,025)  
Est. on request



Miró  
*Femme et oiseaux*  
Sold for:  
£24,571,250  
(\$30,959,775)  
Est. on request



Kandinsky  
*Murnau Landscape*  
Sold for:  
£20,971,250  
(\$26,442,649)  
Estimate: £15-25m



Giacometti  
*Grande figure*  
Sold for:  
£17,933,750  
(\$22,612,665)  
Estimate: £15-25m



Van Rysselberghe  
*L'escant*  
Sold for:  
£8,483,750  
(\$10,697,160)  
Estimate: £7-10m

## Christie's, Impressionist & Modern Art Evening Sale

Christie's presented a tight Impressionist and Modern Art evening sale of 32 lots, after a small Renoir was withdrawn. This approach better fit the mood of the season and Christie's had a largely successful £149.5 million (\$189.9 million) sale—six times their £25.6 million sale total from one year ago—with an impressive 94% sell-through rate. With Christie's sale placed the week after Sotheby's sale in the same category, Christie's used the additional time to lower reserve prices and obtain a third-party guarantee for one of their top lots, a 1934 Picasso, *Femme écrivant (Marie-Thérèse)*, which sold for £34.9 million (\$44.4 million), likely to a Chinese buyer. As happened with the Brancusi sold last month at Christie's New York for \$57.4 million, the estimate was raised after catalogue publication to £30-40 million from £25-40 million, to match the guarantee level. Hopefully this new practice, needed to convince the vendor to accept a last minute irrevocable bid, will not become the standard going forward; it's unfair to potential bidders in the room, and not exactly a sign of market confidence.

The sale was led by Beckmann, *Hölle der Vögel*, which sold for £36 million (\$45.8 million), more than double the artist's prior record, against an unpublished estimate of upwards of £30 million to buyer Larry Gagosian. Like Picasso, *Femme écrivant (Marie-Thérèse)*, it relied heavily on the guarantee, topping it by just a few bids, to achieve a logical private sale price. The difficult composition and treatment was never going to appeal to a wide audience. The Beckmann was one of the sale's two guaranteed works, the other being van Gogh's, *Le Moissonneur (d'après Millet)*, a small but excellent painting that exceeded its estimate of £12.5-16.5 million and sold to an American buyer for £24.2 million (\$30.9 million) after being chased by a Chinese bidder.

While Asian bidders participated well in Christie's sale, their focus can range significantly, and when absent, the market must rely on the old guard of mainly American collectors with more experience and different criteria for quality and value. A casualty of this was the Schiele landscape, *Einzelne Häuser*, estimated at £20-30 million, which was too somber to attract Asian bidding and too expensive for savvy collectors in Europe and the Americas. Stuck between two markets, the Schiele never really had a chance, underlining the current market intricacies above \$10 million. The very green Monet, *Saule pleureur* could have had the same fate, but Christie's managed the extraordinary feat of lowering the reserve to half the low estimate. The work sold for £8.9 million (\$11.3 million) against an estimate of £15-25 million. The final price was in fact reasonable, though the work may have sold better with a more enticing estimate. This was the case with Monet, *Le chemin creux*, a much less important work though with good light, which sold for £5.7 million (\$7.2 million). Its £2-3 million estimate attracted heavy bidding from Asia.



Monet, *Le chemin creux*

Christie's rounded out their sale with interesting and unusual works, such as a De Stijl painting by Georges Vantongerloo which fetched £1 million (\$1.4 million) and Hannah Hoch's, *Frau und Saturn* which sold for £1million (\$1.4 million), both world records for the artists. Christie's also included paintings by Lucio Fontana and Jean-Paul Riopelle, both typically placed in Post-War and Contemporary sales. Were they playing with their sale category boundaries or simply trying to fill their evening sale? Notably Christie's postponed what has historically been their June or July evening Contemporary sale to October, so perhaps these unusual inclusions were simply to accommodate the timelines of the consignors.

Hoch, *Frau und Saturn*





### Top Lots, Christie's, Impressionist & Modern Art Evening Sale:



Beckmann  
*Hölle der Vögel*  
Sold for:  
£36,005,000  
(\$45,834,365)  
Est. on request (£30m+)



Picasso  
*Femme écrivant*  
Sold for:  
£34,885,000  
(\$44,408,605)  
Est.: £30-40m



van Gogh  
*Le moissonneur*  
Sold for:  
£24,245,000  
(\$30,863,885)  
Est.: £12.5-16.5m



Monet  
*Saule pleureur*  
Sold for:  
£8,901,000  
(\$11,330,973)  
Estimate: £15-25m



Modigliani  
*Cariatide*  
Sold for:  
£6,885,000  
(\$8,764,605)  
Estimate: £6-9m

### THOUGHTS ON THE CURRENT MARKET

Many of the big buyers from 2014 and 2015 have disappeared, leaving a thinner group of sophisticated buyers who may chase important works, like the Beckmann at Christie's, but are not necessarily interested in decorative works, let alone mediocre examples. Asian buyers are often tempted by colorful and commercial works by widely recognizable names, such as Monet, *Le chemin creux* at Christie's, but their buying interests are currently all over the map.

Today's market deciphers between great and anything less, but the competitive nature of the auction houses forces them to fill their sales. With prices having retreated from the peak levels, sellers are more reticent and the evening sales are padded with B-quality works ordinarily better suited to day sales, which then scrape by if sold at all. While A-quality works with logical estimates, such as the van Gogh at Christie's, do as well as ever today, even without a guarantee; the market for B and C works is suffering.

Regarding guarantees, there is a cycle of opportunity and, at this point, it only makes sense to guarantee a work at auction if you are happy to own it for a full retail price. Currently, guarantee levels match or overshoot natural auction prices and thus amount to more of a maximum purchase price than a minimum price needed to assure a seller. When the auction houses step away from third-party guarantees, which cut into their profitability, is when irrevocable bids tend to carry the most potential upside for the guarantor.

From a buyer's perspective, it is important to be well informed, as guarantee levels today are often illogically high, representing strong private sale prices confirmed on the public market, rather than pure auction prices. This was the case with both Miró, *Femme et oiseaux* at Sotheby's and Beckmann, *Hölle der Vögel* at Christie's. Bear in mind also that the auction houses often inflate their estimates to tempt sellers.

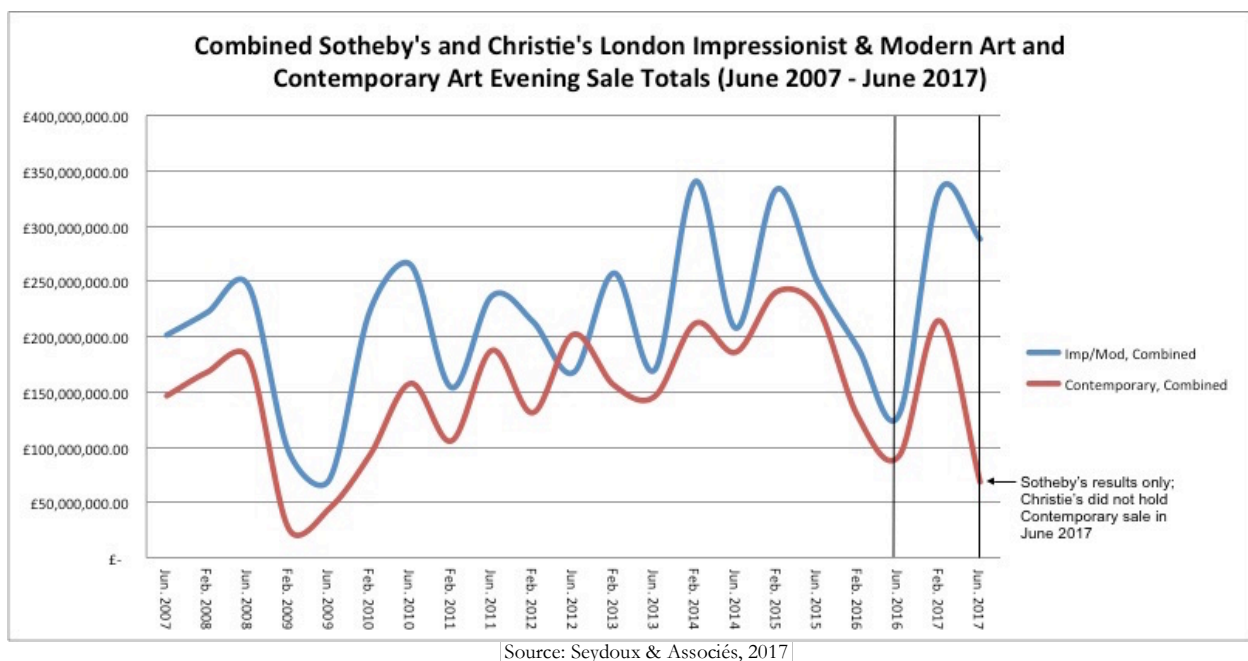
### PRIVATE SALES

As has been the case for several years now, exceptional quality works can generate excitement and record prices at auction, but selling at auction without a guarantee brings the real risk of failure to sell publicly and the potential market stigma that comes with it, as with this season's Schiele, *Einzelne Häuser*, unsold at £20-30 million. With limited commercial appeal, this work should have been offered privately at a lower price or auctioned with a guarantee. Selling privately is always safer and the private market continues to see extraordinary quality works sell for robust prices in line with the current market, though below the peak levels of the 2014-2015 auctions.

## SALE CATEGORY COMPARISON

The Impressionist and Modern Art combined London evening sale totals for Sotheby's and Christie's were down slightly in value from February—no surprise as both houses hold Surrealist Art theme sales in February in addition to their regular Impressionist and Modern Art evening sales—but notably remain significantly higher than June of last year, when the market underwent a transitional phase out of the extreme effervescence of 2014-15 and into the more subdued phase in which it remains.

This season, Christie's cancelled their June/July Post-War and Contemporary sale citing a particularly busy season with the Venice Biennale, Art Basel, Documenta and other events falling around the same time. It is unclear if they plan to reintroduce this sale in the future.



## ARTICLES RELATED TO THE JUNE 2017 IMPRESSIONIST & MODERN ART SALES:

<https://www.nytimes.com/2017/06/23/arts/christies-sothebys-london-art-auctions.html>

<http://www.blouinartinfo.com/visual-arts/auctions/news>

<http://www.artnews.com/2017/06/21/sothebys-pulls-in-161-3-m-at-impressionist-and-modern-sale-in-london-led-by-record-breaking-41-6-m-kandinsky/>

<http://www.artmarketmonitor.com/2017/06/28/estimates-keep-the-imp-mod-market-in-check-at-christies-london-evening-sale/>

<http://www.artnews.com/2017/06/27/at-christies-191-7-m-imp-mod-sale-in-london-record-breaking-45-8-m-beckmann-goes-to-gagosian/>

<http://www.blouinartinfo.com/news/story/2313523/christies-sells-max-beckmann-painting-for-record-ps36m-in>

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