

**The Latest Market Trends in Impressionist & Twentieth Century Art
May 2018, New York**

The May 2018 auction season brought the hotly anticipated sale of the encyclopedic collection of Peggy and David Rockefeller. Rumors abound that it could be the first single-owner sale to exceed \$1 billion. **Christie's sold the collection in its entirety for \$832.6 million, the proceeds of which went to charities supported by the Rockefellers. \$646 million of the total came from the single evening sale dedicated to the Rockefeller's collection of 19th and 20th Century Art.** The numbers are astounding, especially considering the week after the Rockefeller sales, Christie's and Sotheby's obtained additional strong results for their annual May sales of Impressionist & Modern Art and Contemporary Art. Forthwith, our perspective on the current market for Impressionist and 20th Century Art.

AUCTION SUMMARY

<u>Sotheby's</u>	<u>Christie's</u>
//	<p><u>Christie's, May 8, 2018</u></p> <p><u>Rockefeller Collection of 19th and 20th Century Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: \$646,133,594 - % sold by lot: 100% (44/44 lots) - % sold at a hammer price above the high estimate: 54% (24/44) - % sold at a hammer price within the estimates: 23% (10/44) - % sold at a hammer price below the low estimate: 23% (10/44)
<p><u>Sotheby's, May 14, 2018:</u></p> <p><u>Impressionist & Modern Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: \$318,313,600 - % sold by lot: 71% (32/45 lots) - % sold at a hammer price above the high estimate: 11% (5/45) - % sold at a hammer price within the estimates: 36% (16/45) - % sold at a hammer price below the low estimate: 24% (11/45) 	<p><u>Christie's, May 15, 2018:</u></p> <p><u>Impressionist & Modern Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: \$416,040,000 - % sold by lot: 89% (33/37 lots) - % sold at a hammer price above the high estimate: 35% (13/37) - % sold at a hammer price within the estimates: 30% (11/37) - % sold at a hammer price below the low estimate: 24% (9/37)
<p><u>Sotheby's, May 16, 2018:</u></p> <p><u>Contemporary Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: \$392,344,850 - % sold by lot: 97% (73/75 lots) 	<p><u>Christie's, May 17, 2018:</u></p> <p><u>Post-War & Contemporary Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: \$397,159,500 - % sold by lot: 91% (59/65 lots)

Christie's, The Collection of Peggy and David Rockefeller: 19th and 20th Century Art Evening Sale

On Tuesday, May 8, Christie's achieved an unprecedented result of \$646 million for 44 lots of 19th and 20th Century Art from the collection of Peggy and David Rockefeller. This was already an all-time record for a single-owner collection at auction, but just one of seven sales Christie's devoted to Rockefeller, which in total made \$832.6 million. The proceeds of the sales all went to charity.

The Rockefeller 19th and 20th Century Art evening sale attained world record prices for seven artists: Monet, Matisse, Corot, Delacroix, Seguin, Morandi and Redon. The artist records were led by the Monet, *Nymphéas en fleur* which sold for \$84.7 million including buyer's premium, topping the \$81 million achieved by Christie's in 2016 for a rare and wonderful Monet Haystack.

Despite the extraordinary numbers, the evening did not spark the fireworks and bidding wars of certain great collections sold in the past, such as those of Victor and Sally Ganz (Christie's, 1997), John Hay and Betsy Cushing Whitney (Sotheby's, 2004), and Yves Saint Laurent and Pierre Bergé (Christie's, 2009). Why not? The ingredients were all there from the fantastic provenance (the Rockefeller name reads like royalty in the U.S.), to the great works by famous artists (Monet and Picasso accounted for 40% of the overall total), and an extensive marketing campaign and international tour.

We believe the answer is structural vis-à-vis the current auction market. Specifically, the auction houses' need to sell buyers on the huge financial commitment of irrevocable bids in the months, weeks and days preceding an auction. Today, these third-party guarantees are an indispensable tool for the auction houses to secure significant consignments. Inversely, consignors of important works are often disinclined to go to auction without them. **However, selling the sale before the sale can take the wind out of the sails, so-to-speak, especially when the irrevocable bidders are the only bidders.** In order to secure irrevocable bids at extremely high levels, the auction houses must push expectations to exaggeratedly high levels, often beyond the reality of the market. Whispers flourished in the hours before the Rockefeller sale of prices well in excess of \$100 million for Matisse, *Odalisque couchée aux magnolias*, estimated at \$70 million. Given the staggering record price of \$450 million set by Da Vinci's *Salvator Mundi* last November, perhaps the market was right to consider the possibility for never-before-seen prices for great works across the board. The Matisse ultimately sold two bids north of its estimate for a hammer of \$71.5 million, or \$80.8 million with Christie's buyer's premium. This was exemplary of much of the sale and one reason the highest priced single-owner sale ever felt like a disappointment to observers and possibly also to Christie's staff.

Another aspect that should be taken into account is the nature of the collection. For Peggy and David Rockefeller, it was a very personal collection assembled by them and to their own taste. To today's top collectors, many works felt conventional, bourgeois and dated, such as subdued seascapes by Corot, Manet, Matisse, Monet, Seurat, and Signac, and floral still lifes by Bonnard, Gauguin, Manet, and Redon. Other works were perhaps too sophisticated and insufficiently commercial for their price expectations, such as the top lot in the sale, Picasso, *Fillette à la corbeille fleurie*. More on this work later. There were exceptions in the wonderful cubist collage by Gris, *La table de musicien* that sold for \$31.8 million, the four-panel screen by Seguin, *Les délices de la vie* that sold for \$10 million, and Gauguin, *La Vague* that sold for \$35.2 million, all of which were sublime in quality and rarity, and stirred ferocious bidding sending the prices substantially beyond their estimates.

Besides exuberant market expectations, let's take a closer look at the collection itself, keeping in mind that Mr. and Mrs. Rockefeller's outstanding ethics meant that the very best artworks in the collection were gifted to New York's Museum of Modern Art (founded in part by David Rockefeller's mother, Abby Aldrich Rockefeller) and the Metropolitan Museum of Art.

The leading work of the sale was a rose period Picasso, *Fillette à la corbeille fleurie* from 1905, however, it did not depict “la vie en rose.” The sitter, a Parisian teenager well-known to the artists of Montmartre, was known for selling flowers outside of the Moulin Rouge, as well as her body. In the painting, Picasso makes a striking social statement by juxtaposing the woman’s frail pubescent figure with a weathered and tired face belying a world-weariness beyond her years. Courbet and Toulouse-Lautrec would have been proud of young Picasso’s realism, but commercially, the composition isn’t exactly easy to live with, which is why Mr. Rockefeller hung the painting in his private study at the request of his spouse. Christie’s did everything they could to promote the prestigious Gertrude Stein provenance and the work’s historic significance, but it was not enough to seduce the old guard or the newer buyers at the \$100 million estimate. Ultimately, it sold to the external guarantor, who we believe was a very experienced market professional, in front of a stone silent room for \$115 million, including buyer’s premium.

In contrast, the aforementioned Monet, *Nymphéas en fleurs* had less historic significance (although art history and MoMA consider these works a precursor to Abstract Expressionism) but had decorative appeal and a household name. Four contenders vied for the work over its \$50 million estimate and the painting ultimately went to Christie’s Xin Li Cohen, almost certainly for a Chinese buyer. Loosely painted and stamp signed on the back by Monet’s estate after his death, this was an average-quality waterlily and not the best painting of Rockefeller collection, but it was nonetheless one of the evening’s few higher-value lots to truly exceed expectations. This was a prime example of a buyer acquiring a “Rockefeller” as much as a Monet.

Matisse, *Odalisque couchée aux magnolias* sold for an all-in price of \$80.8 million, a new record for the artist, and nearly double the prior auction record for a Matisse painting. The luxurious composition had all the desirable elements but lacked the presence of Matisse’s greatest works. More wall power would have pushed the price higher and probably closer to market expectations. The estimate was set at \$70 million. The hammer price barely exceeded this at \$71.5 million, just edging out the third-party guarantor’s bid. Christie’s elected to maintain the Rockefeller’s frames, which we felt was a mistake in this case, as the gilded and lined frame made the painting look old and stuffy rather than audacious and modern. Ultimately it was a great buy for a very fine example of the Odalisque subject, albeit not as large or daring as comparable compositions.

Surprisingly, a rare but rather tired Seurat, *La rade de Grandcamp* also became a highlight achieving a world record of \$34 million. The work suffered from a restorer’s lining that muddied the composition and killed the original desired effect.

Finally, a group of relatively ordinary works by Pissarro, Sisley, Van Gogh, and Monet achieved good prices, not seen by the market since 2014. These works probably benefitted the most from the vast marketing campaign orchestrated by Christie’s and from the Rockefeller provenance.

Strategically, Christie’s decided against publishing estimates for many of the Rockefeller works, making the estimates available only on request. Given that Christie’s had guaranteed the entire collection for a reported \$650 million, the “estimate on request” approach allowed them considerable flexibility in selling their risk to third-party guarantors for individual lots. “Estimate on request” backfired on several examples, including Signac, *Portrieux. La Comtesse (Opus no. 191)*, which sold for a hammer of \$12 million, or \$13.8 million with fees. As the estimate was hidden, one was led to believe it was in the range of \$20 million (in fact, if you inquired, Christie’s estimate was \$22 million). We feel that had the estimate been published, and at a reasonable level like \$8-12 million, interest would have increased, and the work would have sold for at least \$15 million. Another example is Bonnard, *Intérieur (Appartement de Bonnard à Paris)*, which apparently had serious but well-repaired condition issues. Christie’s decision to hide their \$6 million estimate threw a cloud of confusion over the painting, which sold for \$6.6 million with buyer’s premium, but deserved to do much better and we think would have with a suitable, published estimate.

Top Lots, Christie's, Rockefeller Collection, 19th and 20th Century Art Evening Sale



Picasso
Fille à la corbeille fleurie
Sold for:
\$115,000,000
Estimate on request (\$100m)



Monet
Nymphéas en fleur
Sold for:
\$84,687,500
Estimate on request (\$50m)



Matisse
Odalisque couchée aux magnolias
Sold for:
\$80,750,000
Estimate on request (\$70m)



Gauguin
La Vague
Sold for:
\$35,187,500
Estimate on request (\$18-25m)



Seurat
La rade de Grandcamp
Sold for:
\$34,062,500
Estimate on request (\$40m)

Sotheby's, Impressionist & Modern Art Evening Sale

Sotheby's Impressionist & Modern Art sale was the first various owner sale of the season after Christie's monumental Rockefeller sales, a tough act to follow. Preparing for their May 2018 season must have been extraordinarily difficult for Sotheby's and their low sold rate of 71% by lot, with 13 of 45 lots failing to find buyers, attests to the challenge indeed. Nonetheless, the sale amounted to \$318 million, a strong total given the circumstances and significantly better than a year ago in May 2017 when the same sale achieved only \$173 million. Well done to the specialists.

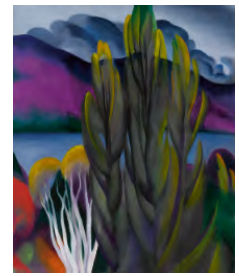
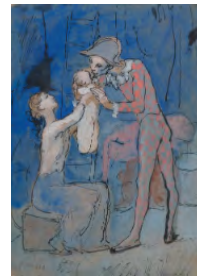
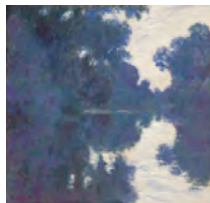
Nearly half of the sale total was due to the \$157 million Modigliani, *Nu couché (sur le côté gauche)*. This was the second highest price for the artist, after the \$170 million paid for another reclining nude at Christie's in November 2015. Sotheby's work sold to the third-party guarantor after auctioneer Helena Newman awkwardly took bids from midair from the starting point of \$125 million up to the irrevocable—and only—bid of \$139 million. The consignor purchased the painting in 2003 for \$26.9 million, and understandably accepted the secured profit in excess of 5x assured by the third-party guarantee. The fact that no one bid above the guarantee shows the thinness of the market at the upper echelons. This was simply a private sale executed at the auctioneer's rostrum, allowing others a chance to raise their paddles; an offer that was globally declined. Even if Sotheby's had made nothing from the sale of this work, it gave them a beacon of relevance in the Impressionist & Modern Art market this season.

A strong price was also realized for a wonderful 1932 Picasso, *Le Repos*, which sold for \$37 million with buyer's premium. It sold previously in 2000 for \$7.9 million. Sotheby's Asia Chairwoman Patti Wong, purchased the painting for a client, strongly suggesting sustained interest for Picasso from Asia.

Monet, *Matinée sur la Seine* completed the podium selling within estimate for \$20.6 million including Sotheby's fees. It was the second highest auction price achieved for a work from this series. A sunnier and far better example sold at Christie's in November 2017 for \$23.4 million.

Works by Rufino Tamayo, normally sold in Latin American Art sales, and Georgia O'Keeffe, normally sold in American Paintings sales, did well, selling for \$5.9 million and \$11.3 million respectively. Broadening the range of artists included in Impressionist & Modern Art sales may be the way forward, bolstering the sales with higher quality works, if atypical for the category, rather than padding a sale with overpriced lower quality works.

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



Modigliani
Nu couché (sur le côté gauche)
 Sold for:
 \$157,159,000
 Estimate on request
 (\$150m)

Picasso
Le Repos
 Sold for:
 \$36,920,500
 Estimate:
 \$25-35m

Monet
Matinée sur la Seine
 Sold for:
 \$20,550,000
 Estimate:
 \$18-25m

Picasso
Famille d'arlequin
 Sold for:
 \$11,518,000
 Estimate:
 \$12-18m

O'Keeffe
Lake George
 Sold for:
 \$11,292,200
 Estimate:
 \$4-6m

Christie's, Impressionist & Modern Art Evening Sale

The contrast between Sotheby's and Christie's evening sales of Impressionist & Modern Art was stark on many levels. Where the Rockefeller consignment to Christie's created a difficult gathering season for Sotheby's, it appeared to aid Christie's efforts. They put together a strong, well-edited sale of 40 lots, minus three which were withdrawn. After Sotheby's relatively weak performance on Monday night, Christie's surely had an easy time convincing sellers to lower their reserve prices, contributing to the strong 89% of lots sold. Auctioneer Adrien Meyer deftly handled the theatre of auction, even, on several occasions, convincingly taking bids from midair as he brought the bidding up to reserve or irrevocable bid levels.

We observed that the momentum of Rockefeller had a positive influence on the overall results of Christie's Impressionist & Modern Art evening sale. It appeared that works under \$5 million performed better than normal. The allure of the Rockefeller name drew in viewers and bidders who are not normally active at auction. Some of these more moderately priced lots, particularly those by household name artists with enticingly low estimates, may have benefitted from this, for example, Picasso, *Deux nues*, a small colorful crayon on paper that sold for \$3.4 million including buyer's premium against an estimate of \$700,000 to \$1 million to Christie's American Paintings specialist Eric Widing on the phone. Another example was Monet, *Le Pommier* which sold for \$7 million against the below-market estimate of \$1.5 to 2.5 million.

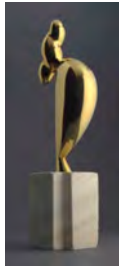
The evening's two top lots were Malevich, *Suprematist Composition*, which sold for \$85.8 million with buyer's premium and Brancusi, *La jeune fille sophistiquée (Portrait de Nancy Cunard)* which sold for \$71 million including fees. Both were estimated to sell for an unpublished \$70 million. The Brancusi was being sold by the heirs of the original owner who, at the last minute, accepted a third-party guarantee for the work which sold without real competition to the irrevocable bidder. The Malevich was being sold sans guarantee by the Nahmad family of art dealers who acquired the work for \$60 million in 2008. Only two bidders appeared to vie for the work. The shallowness of bidding for these works, along with the example of Sotheby's Modigliani nude selling to its guarantor, again highlight the thinness of the air at the top of the market.

One of the sale's highlights, Picasso, *Le Marin* was withdrawn due to damage likely sustained during the installation of the pre-sale exhibition. It was consigned by Steve Wynn (who famously put his elbow through another of his Picassos) and estimated to sell for \$70 million. With a sale total of \$416 million, Christie's nonetheless improved dramatically on the \$289 million made at this sale one year ago.

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



Malevich
*Suprematist
Composition*
Sold for:
\$85,812,500
Estimate on request
(\$70m)



Brancusi
*La jeune fille
sophistiquée*
Sold for:
\$71,000,000
Estimate on request
(\$70m)



Van Gogh
*Vue de l'asile et de la
Chapelle*
Sold for:
\$39,687,500
Estimate:
\$35-55m



Miró
*Femme entendant de
la musique*
Sold for:
\$21,687,500
Estimate:
\$10-15m



Léger
Le grand déjeuner
Sold for:
\$19,437,500
Estimate:
\$15-25m

Sotheby's, Contemporary Art Evening Sale

In deep contrast to their Impressionist & Modern Art evening sale on Monday night, Sotheby's Contemporary Art evening sale was characterized by buzzing energy and deep bidding. The Contemporary Art evening sale was comprised of two portions, Raising the Bar: Masterworks from the Collection of Morton and Barbara Mandel and the Contemporary Art Evening Auction, including five works donated by artists for the benefit of the Studio Museum in Harlem's new building. Of the evening's 75 lots offered, 73 sold for an impressive \$392.3 million. The sale twice broke David Hockney's world auction record, first with a work on paper, *Piscine de Medianoche (Paper Pool 30)* that sold for \$11.7 million and then by a large colorful landscape from 1990, *Pacific Coast Highway and Santa Monica* which sold for \$28.5 million.

Top Lots, Sotheby's, Contemporary Art Evening Sale



Pollock
Number 3, 1949
Sold for:
\$34,098,000
Estimate:
\$30-40m



Basquiat
Flesh and Spirit
Sold for:
\$30,711,000
Estimate on request
(\$30m)



Hockney
Pacific Coast Highway
Sold for:
\$28,453,000
Estimate:
\$20-30m



Marshall
Past Times
Sold for:
\$21,114,500
Estimate:
\$8-12m



Rothko
Untitled
Sold for:
\$18,856,500
Estimate:
\$7-10m

Christie's, Post-War & Contemporary Art Evening Sale

Christie's Post-War & Contemporary Art evening sale ended with a total of \$397 million, remarkably similar to Sotheby's total the night before, although the sales were somewhat differently composed, Sotheby's having focused on the blazing category of African Diaspora Art and Christie's having emphasized Post-War staples like Bacon, Warhol and a collection of 13 Diebenkorn paintings. Christie's sold 91%, or 59 of their 65 lots offered.

Top Lots, Christie's, Post-War & Contemporary Art Evening Sale



Bacon
Study for Portrait
Sold for:
\$49,812,500
Estimate on
request

Warhol
Double Elvis
Sold for:
\$37,000,000
Estimate on
request

Rothko
No. 7
Sold for:
\$30,687,500
Estimate on
request

Warhol
Most Wanted Men
Sold for:
\$28,437,500
Estimate on
request

Diebenkorn
Ocean Park #126
Sold for:
\$23,937,500
Estimate:
\$16-20m

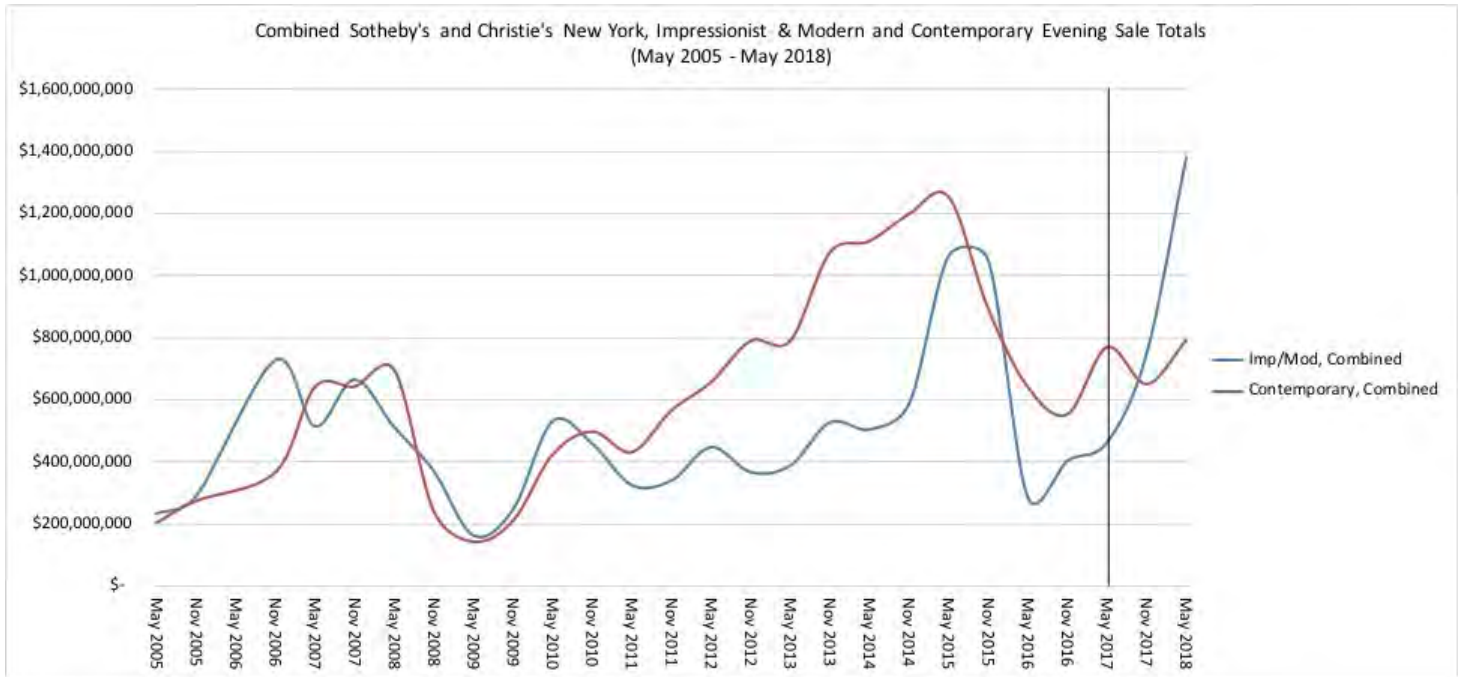
PRIVATE SALES

With all of the third-party guaranteed lots on offer that went to their guarantors, the auctions gave a sense of the private market for Impressionist & Twentieth Century Art in that the third party guaranteed lots were essentially private sales concluded in a very public way. The private market is robust, and buyers and sellers of great works are often meeting at strong but logical prices. For the most extraordinary works—those estimated in the \$70 million plus range—auctions can be an enticing option, but today, if you decide to go to auction, we suggest the safety of an in-house guarantee with the pledge that the auction house will not shop for a third-party irrevocable bid, at least not before the catalogue is published. Such exposure can dampen interest that might otherwise excite a bidding war. In today's market, the auction houses may consider taking the risk of in-house guarantees, but these moments tend to expire quickly once the houses get stuck owning artwork they'd rather not. Works valued under \$20 million are trading well both privately and at auction and sellers and buyers may want to consider the relative merits of both approaches.

We will add here that if you choose to sell at auction, there are advantages to carefully managing the marketing of your consignment. Christie's marketing efforts around the Rockefeller collection were above and beyond and were essential promises in securing the consignment of the collection. In contrast, we felt Christie's marketing of Brancusi, *La jeune fille sophistiquée (Portrait de Nancy Cunard)* fell short, particularly in how it was exhibited at Christie's New York premises. While on long-term loan to the Metropolitan Museum of Art, the sculpture was displayed in a sublime chapel-like setting that made it appear marvelous and powerful. At Christie's it was not given due pride of place and felt lost among a sea of loud Post-War abstraction.

SALE CATEGORY COMPARISON

Discounting Christie’s \$646 million evening sale of the Rockefeller’s 19th and 20th Century Art, the totals of Impressionist & Modern Art and Post-War & Contemporary Art sold by Sotheby’s and Christie’s in their May New York evening sales have been fairly consistent over the past year—comparable also to the peak in 2007 and early 2008, but remaining below the peak levels seen in 2014-15. Without the Rockefeller sale this season, the Contemporary Art category would have slightly outpaced the Impressionist & Modern Art category.



Source: Seydoux & Associates, 2018

ARTICLES RELATED TO THE MAY 2018 IMPRESSIONIST & MODERN ART SALES:

- <https://www.nytimes.com/2018/05/08/arts/rockefeller-auction-picasso.html>
- <https://www.wsj.com/articles/rockefeller-art-smashes-records-at-christies-1525835577>
- <http://www.blouinartinfo.com/news/story/3026572/rose-period-picasso-leads-646-million-christies-rockefeller>
- <https://www.artmarketmonitor.com/2018/05/09/christies-brings-rockefeller-jumbo-jet-in-for-safe-646m-landing/>
- <https://www.nytimes.com/2018/05/14/arts/design/picasso-painting-damaged-christies.html>
- <https://www.artmarketmonitor.com/2018/05/16/christies-415m-imp-mod-sale-a-lesson-in-teamwork/>
- <https://www.bloomberg.com/news/articles/2018-05-15/malevich-painting-sells-for-record-85-8-million-at-christie-s>
- <https://pagesix.com/2018/05/16/steve-wynn-furious-at-christies-for-damaging-his-picasso-masterpiece/>
- <https://www.artmarketmonitor.com/2018/05/17/sothebys-surprises-with-strength-for-rising-new-chip-names/>
- <https://www.theartnewspaper.com/news/tastes-shift-in-sotheby-s-usd392-3m-contemporary-sale>
- <http://www.artnews.com/2018/05/17/kerry-james-marshall-painting-sells-record-smashing-21-1-m-sothebys-high-flying-contemporary-art-evening-sale/>
- <https://daily.artnewspaper.fr/articles/lexpert-thomas-seydoux-analyse-les-resultats-des-ventes-dart-moderne-de-newyork>

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