

**The Latest Market Trends in Impressionist & Modern Art
November 2015, New York**

The dominant theme of the November 2015 New York Impressionist & Modern Art auction season was one of well-informed buyers who chased once-in-a-lifetime opportunities and other great works of art, but identified and skipped on those with exaggerated estimates, which was many of this season's offerings. Overly aggressive estimates led to a noticeable cooling of the market over the two weeks of sales. Now that the Fall 2015 auctions are over, please find below our summary of the sales and analysis of the present market for Impressionist & Modern Art.

AUCTION SUMMARY

Sotheby's, November 4, 2015

The Collection of A. Alfred Taubman: Masterworks

Sale total: **\$377,034,000** (\$238,536,000 for 57
Impressionist & Modern Art lots)
% sold by lot: 90% (69/77 lots)

Sotheby's, November 5, 2015

Impressionist & Modern Art Evening Sale

Sale total: **\$306,712,000**
% sold by lot: 77% (36/47 lots)

Christie's, November 9, 2015

The Artist's Muse: A Curated Evening Sale

Sale total: **\$491,352,000** (\$357,552,000 for 21
Impressionist & Modern Art lots)
% sold by lot: 71% (24/34 lots)

Christie's, November 12, 2015

Impressionist & Modern Art Evening Sale

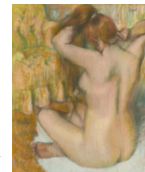
Sale total: **\$145,545,000**
% sold by lot: 83% (49/59 lots)

The Collection of A. Alfred Taubman: Masterworks

The 2015 November Impressionist & Modern Art auction season opened with Sotheby's hard-won sale of the collection of their **former owner and chairman, A. Alfred Taubman**. The Taubman estate pitted Sotheby's and Christie's against one another in a competitive bid for the privilege of selling this voluminous collection and the results were predictable. Sotheby's couldn't bear to lose the collection of their former leader and thus Christie's had nothing to lose by aggressively pursuing it, forcing their competitor to forego substantial potential profits for the honor of selling the collection. Ultimately, Sotheby's offered the Taubman heirs a reputed **\$515 million plus guarantee** for the group, which kicked off with the "Masterworks" sale featuring Impressionist, Modern, Contemporary and some American Paintings and will continue over several sales of varied categories in the coming months. With such an ambitious guarantee for the collection, which included a handful of truly great works and many more ordinary ones, Sotheby's found themselves in the awkward position of having overvalued the works in order to win the consignment, but then having to entice buyers at illogical values. They made a great effort to this end with much marketing and reduction of the reserve prices to far below the low estimates on the lots that did not garner much pre-sale interest, but the sale was palpably challenging. While the percentage of lots sold was impressive at 90%, many lots sold far below their low estimate and the bidding was often shallow, with about one third of the lots selling to a single bidder against the reserve.

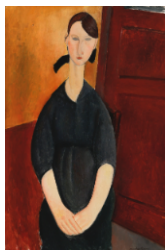
The evening's only big winner was **Modigliani's *Paulette Jourdain***, which soared above its pre-sale estimate of an unpublished "upwards of \$25 million" to an aggregate price of **\$42.8 million**. The night's most notable casualty was Degas' pastel, *Femme nue, de dos, se coiffant*, a beautiful example that failed to find a buyer with an excessive estimate of \$15-20 million.

Degas, *Femme nue, de dos, se coiffant*, unsold

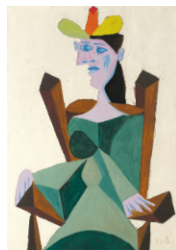


The tragedy of the Taubman sale is that it resulted in no winners. Not Sotheby's for whom it was an expensive piece of market share. Not Christie's who lost the collection. Not the Taubman heirs who were surely disappointed after being tempted into inflated expectations. Such aggressive estimates stressed the sale, and the market, though both were saved from collapse by the low reserves. Going forward, the auction houses must not stake their profits and threaten buyer enthusiasm for the sake of their own fragile market share.

Top Impressionist & Modern Lots from the Collection of A. Alfred Taubman: Masterworks:



Modigliani
Paulette Jourdain
Sold for:
\$42,810,000
Estimate: on
request (\$25m)



Picasso
Femme assise
Sold for:
\$20,074,000
Estimate: \$25-35m



Degas
Danseuses en blanc
Sold for:
\$17,050,000
Estimate: \$18-25m



Matisse
Mlle Matisse
Sold for:
\$13,690,000
Estimate: \$12-18m



Miro
La porte (objet)
Sold for:
\$13,410,000
Estimate: \$15-20m

Sotheby's, Impressionist & Modern Art Evening Sale:

Sotheby's Impressionist & Modern Art evening sale did ostensibly well, selling several fairly fresh to the market paintings for strong prices. This said, there was timidity at the high end and the top four lots—Picasso, van Gogh, Malevich and Monet—each sold on one bid near the low estimate with notably shallow bidding. Nevertheless, the top lots all sold and generally this sale could be commended for having estimates that were more reasonable and aligned with market reality than those of the Taubman sale the night prior.

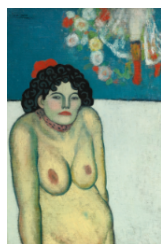
While the strength of the top end of the market held, the middle market, or \$2-8 million range, with overly high estimates softened, as evidenced by unsold School of Paris works by Soutine and Chagall, and especially 1920s Picassos, though more attractively estimated works in this segment typically found buyers.

An eclectic group of 11 works from the **Estate of Louis and Evelyn Franck** sold well with only one failure. One of their three James Ensor paintings, *Les poissardes mélancoliques*, among the best left in private hands, set a new artist's record of **\$7 million**. The sellers forewent a guarantee for the group in favor of a low-estimate strategy and a **reportedly low negotiated commission of \$1 million** for Sotheby's, a number undoubtedly diminished by the high costs of touring and marketing such a group. Low estimates often pique interest, inciting bidding wars, and driving up the final price, but this strategy was not particularly successful for **van Gogh's *Paysage sous un ciel mouvementé*** which sold just over its low estimate at **\$54 million**, a bargain for a van Gogh of this quality, despite the repaired tear in the lower right corner. We attribute this relatively low price to buyer caution and fear of inflated estimates, rather than to any great shortcoming of the painting. The results of the Franck collection sale should encourage vendors not to walk away from guarantees in the future.



Ensor, *Les poissardes mélancoliques*; sold, \$7m

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



Picasso
La Gommeuse
Sold for:
\$67,450,000
Estimate: on
request (\$60m)



Van Gogh
Paysage, ciel mouvementé
Sold for:
\$54,010,000
Estimate: \$50-70m



Malevich
Mystic Suprematism
Sold for:
\$37,770,000
Estimate: \$35-45m



Monet
Nymphéas
Sold for:
\$33,850,000
Estimate: \$30-50m



Picasso
Nu aux jambes croisées
Sold for:
\$12,010,000
Estimate: \$8-12m

Christie's, The Artist's Muse: A Curated Evening Sale:

As in May of this year, Christie's again pooled the best of its Impressionist & Modern and Post-War & Contemporary works into a single masterworks evening sale curated around the title theme of "The Artist's Muse." The highlight of the sale, and the only work this season to authoritatively smash the \$100 million mark, was Modigliani's *Nu couché*, perhaps the most alluring of the artist's series of 36 nudes, which fetched **\$170 million** after an extended bidding war between at least six interested parties. While a pre-sale estimate of \$100 million may have seemed high, several other Modigliani nudes are known to have traded privately around this level in the past few years.

While the Modigliani took everyone's breath away, 10 of the 34 lots failed to sell. The sellers of at least two of the guaranteed and sold lots had declined higher private sale offers before consigning to auction, betting that the competitive atmosphere would drive higher returns, but it did not. Christie's or a third-party guaranteed 17 of the 34 lots offered, half the sale. Four of the in-house guaranteed lots—a Léger, de Kooning, Lichtenstein and Close—failed to sell and thus are now Christie's property. Another Léger was and remains owned by Christie's, having been guaranteed and bought-in last November and again in this sale. The third-party guaranteed lots sold, though likely to their guarantors. At this stage, it seems that both the in-house and third party guarantees are at their ceiling, in several cases sticking the guarantor with a work valued less highly by the rest of the market. In the future, we expect to see fewer third-party guarantees, as it would seem more compelling to simply bid in the sale or buy privately. Guarantees tend to hinder the auction process, causing auctioneers to begin bidding at an end price rather than the reserve, and we would see a move away from guarantees as healthy for the market.



Léger, *Les constructeurs avec arbre*, still owned by Christie's

With the exception of the Modigliani and a few other seemingly perfect works of art with outstanding provenance and excellent condition, such as the rare Kirchner wooden sculpture, which exceeded their estimates, generally the results of "The Artist's Muse" showed a cooling in the market that recently saw nearly boundless enthusiasm with limited regard for quality. Buyers are now better informed and showed a refusal to be guided by excessive estimates. This could simply be a maturation of the market with fewer first-time big bidders and new buyers seeking the guidance of advisors and dealers, so as not to get stuck with overpriced works of limited quality.



Kirchner, *Tänzerin mit gehobenem Bein*, sold for \$8m

Top Impressionist & Modern Lots from Christie's, The Artist's Muse: A Curated Evening Sale:



Modigliani
Nu couché
Sold for:
\$170,405,000
Estimate: on request
(\$100m)



Gauguin
Thérèse
Sold for:
\$30,965,000
Estimate:
\$18-25m



Picasso
Homme à l'épée
Sold for:
\$22,565,000
Estimate: on
request (\$27m)



Cézanne
L'homme à la pipe
Sold for:
\$20,885,000
Estimate: \$18-25m



Giacometti
James Lord
Sold for:
\$20,885,000
Estimate: \$22-30m

Christie's Impressionist & Modern Art Evening Sale:

Christie's Impressionist & Modern Art evening sale ended the New York sale season with a modest total of **\$145.5 million**, since the highlights of this category had been sold in Monday's "The Artist's Muse" sale. Nevertheless, the sale went well **showing strength in the middle market, especially when well estimated**.

Christie's presented a selection of highly decorative works on paper and sculptures that carried attractive estimates. All sold well, confirming the market's generosity when given sufficient latitude to breathe. Oil on canvas paintings, with the exception of a Magritte, Cézanne and a Cubist Picasso, carried ambitious estimates, in an effort to meet sellers' expectations, and on these the bidding was logically more contained. All of the evening's six guaranteed lots, two third-party and four in-house, sold, though three of Christie's guarantees, squeaked by, meaning they were likely costly bets for the house.

Matisse, *Étude pour la dormeuse*, sold for \$3.8m



With so much material offered at auction each season, buyers can be selective in the middle market, and will move on when price expectations are unrealistic.

Magritte, *Le miroir universel*, sold for \$6.6m

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



Picasso
La Carafe
Sold for:
\$10,469,000
Estimate: \$6-9m



Cézanne
Pommes sur un linge
Sold for:
\$9,125,000
Estimate: \$7-10m



Matisse
Nu à la serviette blanche
Sold for:
\$9,125,000
Estimate: \$3.5-4.5m



Moore
Two Piece Reclining Figure
Sold for:
\$7,669,000
Estimate: \$7-10m



Miro
Personnage
Sold for:
\$7,109,000
Estimate: \$4-6m

MARKET TRENDS

- Sculpture:

Sculpture got off to a strong start this season with all of those offered in Sotheby's Taubman and Impressionist & Modern Art evening sales selling either between the pre-sale estimates or above the high estimate. The exceptional wooden sculptures by Kirchner and Gauguin in "The Artist's Muse" sale did very well, though more ordinary bronzes by Rodin and Giacometti did not sell. By the time of Christie's Impressionist & Modern Art sale, the fourth and final evening sale containing works of this category in the two week period, bidders did not raise their hands for five of the 19 sculptures offered, though these may have been better placed in the context of a day sale. The expectations for sculpture were generally lower than paintings, giving sculptures the breathing room needed to find their correct values. Notably, appealing figurative forms, such as those by Maillol, Lipchitz, Marini and Moore, were chased farther than abstract works.



Maillol, *Vénus (sans collier)*, sold for \$2.65m

- Modigliani:

Modigliani paintings graced the covers of both Sotheby's Taubman sale and Christie's "The Artist's Muse" sale catalogues and the cover lots did exceptionally well in both sales, with notable depth of bidding. The top six prices achieved for Modigliani, both paintings and sculpture, date from 2010 through today, and with a good if dwindling portion remaining in private hands, excellent and intelligently priced works by Modigliani should continue to fare well in the present market.

Quality

Simply put, strong and logically-estimated works performed well and aggressively-estimated ordinary examples did poorly across the board, whether for Futurism, German & Austrian Art or for single artists such as Soutine, Picasso and Léger. It is clear that big prices achieved for great works by an artist did not elevate the prices for lesser works by the same artist.

- Picasso



Ten of the 27 Picasso works offered in evening sales over the past two weeks failed to find buyers. This is due primarily to pushed estimates rather than lack of appetite. Where the estimates were appealing and the reserves reasonable, the works sold. Christie's was more disciplined in their estimates and sold all but three of the 14 Picassos they offered (though two in the Impressionist & Modern Art evening sale were withdrawn), whereas seven of the 13 offered by Sotheby's did not find buyers.

Picasso, *Femme à la couronne de fleurs* (Marie-Thérèse); unsold

- Léger

Of the seven Léger paintings presented in evening sales, two failed, both in Christie's "The Artist's Muse" sale. Five sold within their estimates and one in Christie's Impressionist & Modern Art sale sold below.

- Decorative versus Abstract

Good recognizable images continue to do exceedingly well and are pursued by bidders, but buyers are clearly well informed about prices and will be dissuaded from bidding if estimates are too high, as was the case for the Degas bather in the Taubman sale as well as a candy-colored if unenthused 1937 portrait of Marie-Thérèse by Picasso, estimated at \$12-16 million and unsold. Attractive works representative of artists' best-loved themes, like the Magritte gouache featuring a man in a bowling cap and a lovely Caillebotte of sailing boats on the Seine, both succeeded at Sotheby's.



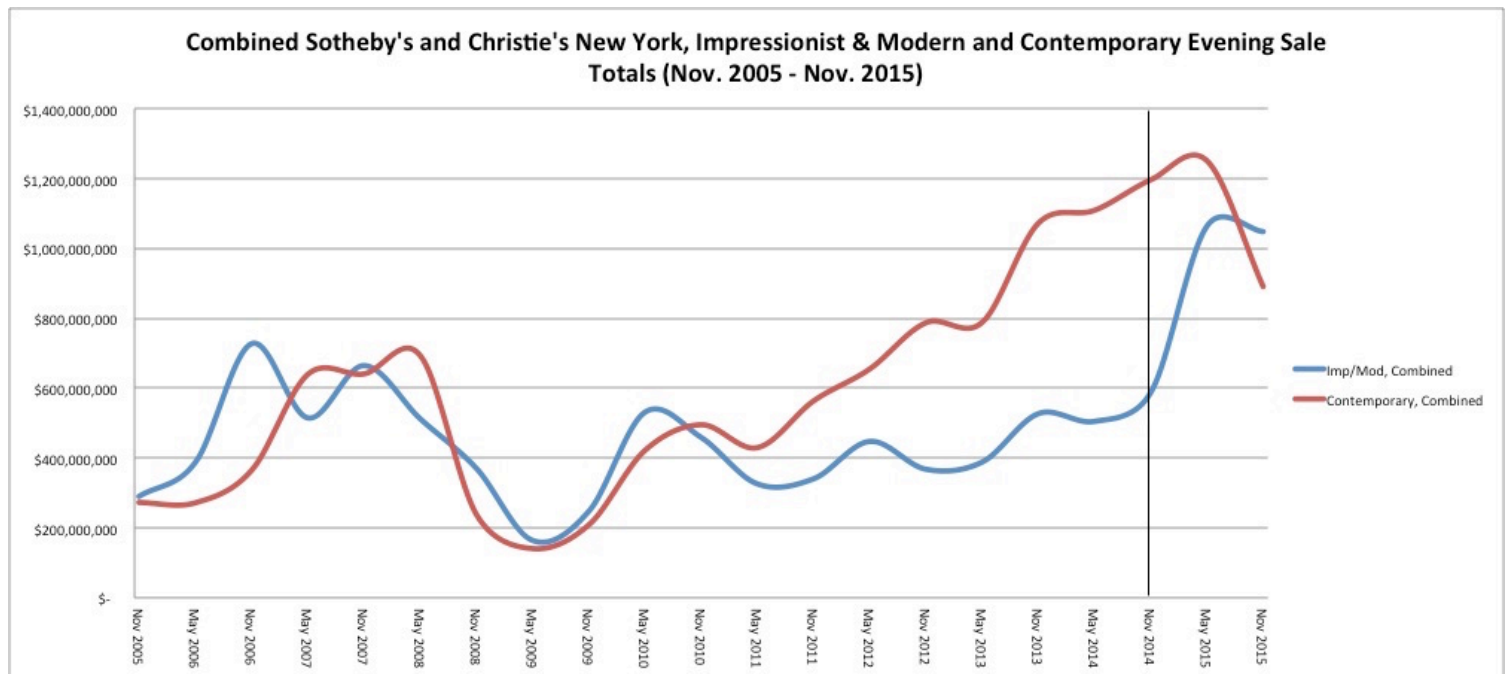
Magritte, *Le maître d'école*; sold for \$6.7m

CURRENT AUCTION PRACTICES: WHAT'S HAPPENING AND CAN IT CONTINUE?

Although Sotheby's sold well over half a billion dollars worth of Impressionist & Modern Art in a single week, we can't imagine a lower profitability, given the excessive guarantee and pushed estimates of the Taubman collection and limited commission on the Franck Estate. The financial risks are enormous, the market stretched, and the teams must be exhausted, all for next to nothing and potentially significant losses. After **\$1.1 billion** worth of art sold in 10 days, Sotheby's announced buyouts to staff and implied that it may turn to layoffs if insufficient numbers of volunteers resign. In our view, it is time for the auction houses to walk away from guarantees and announce a fixed-rate commission. The auctioneers should act before one of them gets really hurt financially, or the market stops following.

SALE CATEGORY COMPARISON

For the first time in five years, the Impressionist & Modern Art category topped the Contemporary category for overall value for works sold in evening sales in the respective categories, though this was largely due to the volume of Impressionist & Modern Art works on the block from the single-owner Taubman estate sale along with Christie's Modigliani *Nu couché* selling for \$170 million. Both the Contemporary and Impressionist & Modern Art categories dipped in value from the May 2015 New York sales.



Source: Connery & Associates Fine Art, 2015

PRIVATE SALES

With auction prices and enthusiasm for works with outsized estimates cooling, we expect the top prices in the market will return to the private side, after a few seasons of largely unsurpassed prices achieved by the auctioneers. In the past six months we've seen several private offers declined by sellers in favor of going to auction, only to see the auction prices come in lower than the private offers.

ARTICLES RELATED TO THE FALL IMPRESSIONIST & MODERN ART SALES:

http://www.nytimes.com/2015/11/06/arts/design/warmer-response-at-sothebys-2nd-night-of-auctions.html?smprod=nytcore-iphone&csmid=nytcore-iphone-share&_r=0

<http://www.wsj.com/articles/bill-koch-sells-picasso-for-67-5-million-at-sothebys-1446782510?alg=y>

https://news.artnet.com/market/taubman-masterworks-sothebys-tkm-356510?utm_campaign=artnetnews&utm_source=110515daily&utm_medium=email

<http://observer.com/2015/11/sothebys-art-sale-and-the-10-fold-climb-in-impressionist-and-modern-art/>

<http://artdaily.com/news/82705/Pablo-Picasso-s-La-Gommeuse--sells-for-67-45-million-in-windfall-for-US-tycoon-.Vj9h4K6rS8U>

<http://theartnewspaper.com/market/auctions/160956/>

<http://www.wsj.com/articles/christies-sells-modigliani-for-170-4-million-1447122834>

<http://theartnewspaper.com/market/art-market-news/160911/>

<http://artdaily.com/news/82793/Christie-s-New-York-sets-world-record-prices-for-Amedeo-Modigliani-and-Roy-Lichtenstein-.VkJCJq6rS8U>

<http://www.blouinartinfo.com/news/story/1278003/evening-auctions-end-on-a-modestly-cheery-note-at-christies>

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