

The Latest Market Trends in Impressionist & Modern Art November 2016, New York

A Complicated Season

For the past year, since November 2015, the Impressionist & Modern Art auctions have been uneven at best, trying to regain buyer confidence with the restrained guarantees now available. Not an easy task especially as management at Christie's and Sotheby's try to reduce overhead, maintain profitability, and increase yet again their buyer's premium (how far can they go before it becomes ludicrous?). This may in part explain the absence of Christie's curated evening sale, a staple of recent seasons. Add to all of this a turbulent presidential campaign in the United States, and, not surprisingly, the business-getting season ahead of this round of sales was one of the most difficult ever.

The U.S. Presidential Election

There is little doubt that the election of Donald Trump had no negative impact on the sales. On the contrary, dare we say, it seemed that the positive financial response seen on the stock market provided a much-needed boost of confidence to the art market.

Increased Transparency

Sotheby's and Christie's are now publishing the net prices paid by external guarantors when they acquire a lot, deducting the discount received in return for their guarantees and providing much-needed and most welcome transparency. Sotheby's Munch, *Girls on the Bridge*, for instance, sold to the third-party guarantor for a hammer price of \$50 million, which would have resulted in an aggregate price of \$56,250,000 at the standard buyer's premium, however, due to the guarantee, the price with buyer's premium was published as the discounted figure, \$54,487,500.

Guarantees

Of the five Impressionist & Modern Art lots guaranteed this season, only one, Christie's Kandinsky, received a bid from someone other than the guarantor. The other four all sold on merely one bid to the guarantors who had agreed to buy them at a pre-determined price before the sale. Although guarantees are sometimes needed, and in some cases encourage bidding, can they deter potential bidders? This season, it would seem so.

New Buyer's Premiums for Sotheby's and Christie's

Christie's followed by Sotheby's increased their buyer's premiums in advance of the November auctions. In New York, Christie's now applies to the hammer price a buyer's premium of 25% up to \$150,000, 20% from \$150,000 to \$3,000,000, and 12% over \$3,000,000 (previously: 25% up to \$100,000, 20% from \$100,000 to \$2,000,000, and 12% over \$2,000,000). For New York sales, Sotheby's now charges 25% up to and including \$250,000, 20% from \$250,000 to \$3,000,000, and 12.5% above \$3,000,000 (previously: 25% up to and including \$200,000, 20% from \$200,000 to \$3,000,000, and 12% above \$3,000,000).

AUCTION SUMMARY

Sotheby's, November 14, 2016:

Impressionist & Modern Art Evening Sale

Sale total: **\$157,714,750**
% sold by lot: **81%** (34/42 lots)

Christie's, November 16, 2016:

Impressionist & Modern Art Evening Sale

Sale total: **\$246,344,500**
% sold by lot: **81%** (39/48 lots)

Sotheby's Impressionist & Modern Art Evening Sale

Launching the now routinely combined New York Impressionist & Modern Art and Contemporary & Post-War Art sale week, which was wisely postponed to the second week of November, after the U.S. presidential elections, Sotheby's had the weaker Impressionist & Modern Art offerings with its modest sale of only 43 lots. Nonetheless, the sale was well managed and attained a respectable and reassuring 81% sell-through rate. The middle market performed well with occasionally deep bidding considering the paltry quality of much of the material on offer. The market seemed particularly sensitive to works that had been exposed in the last few years emphasizing the current desirability of fresh material. This was demonstrated by Feininger, *Side-Wheel Steamer at the Landing*, which sold for \$4.5 million, down from the \$5.1 million it achieved in 2011.



Feininger, *Side-Wheel Steamer at the Landing*

The two top lots—Munch, *Girls on the Bridge* and Picasso, *Le Peintre et son modèle*—carried third-party guarantees set at stratospheric levels, and, unsurprisingly, each sold to the guarantor with no other bids, bringing \$54.5 million for the Munch (which sold in 2008 for \$30.8 million) and \$12.9 million for the Picasso. It was the same story for the third guaranteed lot in the sale, an early van Gogh, *Nature morte: vase aux Glaiëuls*, which sold on one bid to the guarantor for \$5.9 million. In view of the very high estimates, the guaranteed lots felt more like private sales. The only one of these of real quality was the Munch. The painting was no doubt a true masterpiece, but the artist commands a limited audience and does not have the reach of Picasso or Monet. Taking this into account, and the fact that the subject was perhaps not expressionist enough to be considered iconic, the price achieved remains impressive.

There were some interesting results, notably for Moholy-Nagy, which sold for an extraordinary \$6 million on the heels of an important retrospective at New York's Guggenheim Museum, underlining the current taste for pure modernism. Sotheby's offered no major Impressionist paintings this season; only a decorative Sisley, which sold to a single bidder, and a somber Pissarro, which did not sell, represented the movement. A very nice Fauve Vlaminck landscape, *Le Verger*, which previously sold at Sotheby's London in 2006 for \$4.3 million, sold to a single bidder, perhaps due to the pushed estimate of \$7-10 million. The Fauve market, which had blossomed a few years ago, seems to have matured, attracting fewer bidders than in the past sale seasons.

Sotheby's tried heavily to get Asia involved but failed to secure a bid. Asia remains the go-to place to find purchasers for high-value lots, but it isn't as reliable as the market would hope. They have clearly acquired market intelligence, and remain focused on a handful of artists at the higher end.

In conclusion, Sotheby's sale confirmed a stable market. It was selective but strong at the lower end, yet, due in part to the guarantees, difficult to fully comprehend at the higher end. Seller expectations are still too high, leading to strong guarantees with little to no upside. Future sales hopefully will provide greater insights. That was certainly the case two days later at Christie's.

While a drop in value from last year, Sotheby's Impressionist & Modern Art Day Sale posted some interesting results for individual lots. A Diego Giacometti table set a new world record for the artist selling for \$3.8 million against an estimate of \$300-400,000. Strong prices were achieved for the three consigned sculptures by Maillol. A small Miró from 1939 did not find a buyer at an estimate of \$1-1.5 million.

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



Munch
Girls on the Bridge
Sold for:
\$54,487,500
On request (\$50m)

Picasso
Le peintre et son modèle
Sold for:
\$12,906,000
Est.: \$12-18m

Picasso
Tête de femme
Sold for:
\$8,540,000
Est.: \$6-8m

Vlaminck
Le Verger
Sold for:
\$7,550,000
Est.: \$7-10m

Moholy-Nagy
EM 1 Telephonbild
Sold for:
\$6,087,500
Est.: \$3-4m

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

Though on the surface a strong sale with 89% sold and a sale total of \$277 million, with nearly a third of the lots guaranteed either by the auction house or by third-party guarantors, Christie's Post-War & Contemporary Art Evening Sale was not necessarily indicative of the overall health of this market. That said it was an impressive showing after the aforementioned challenging business-getting season before the sale.

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



De Kooning
Untitled XXV
Sold for:
\$66,326,500
On request (\$40m)

Dubuffet
Les Grandes Artères
Sold for:
\$23,767,500
Est.: \$15-20m

Richter
Abstraktes Bild
Sold for:
\$22,087,500
Est.: \$18-25m

Currin
Nice 'n Easy
Sold for:
\$12,007,500
Est.: \$12-18m

Ryman
Connect
Sold for:
\$10,775,500
Est.: \$10-15m

Christie's, Impressionist & Modern Art Evening Sale

The sale the market was waiting for!

After a long and painful transitional year since the sale of the Taubman Collection at Sotheby's in November 2015, the Impressionist & Modern Art market had to wait until the last sale of the season to renew buyer confidence and secure footing.

Monet, *Meule* achieved not only a world record for the artist at auction, but the highest auction price of 2016, quite an achievement. This extraordinary result was not fortuitous either. Monet's haystack series is one of the most modern subjects the artist ever painted, and this example was not only of great quality, but one of the very few left in private hands. Last but not least, it had an amazing light and had a very strong presence, two additional key factors required by the market. Rightly so, Christie's was brave enough to estimate the painting at \$45 million (the previous auction record for the subject was \$14 million). Courage that paid off.

Overall, Christie's sold a very respectable 81% by lot (the same percentage as Sotheby's). Although the disappointments of last spring's sales seem very far away, Christie's remained cautious and rightly so. Poor quality and messy subjects remain unconvincing, as the selection of secondary Matisse works demonstrated.

Other great prices were achieved at Christie's on Wednesday night, notably for the small but beautiful Picasso, *Buste de femme*, a portrait of Dora Maar that fetched \$22.6 million, purchased by the Japanese collector Yusaku Maezawa. Great subject, iconic sitter, and strong presence, it was by far the best Picasso on the block this week. Picasso was well represented with seven works from different periods, all sold for a combined \$52 million.

Kandinsky, *Rigide et Courbé*, fetched a very convincing \$23.3 million, surpassing its guarantee. Of large scale, it was certainly one of Kandinsky's best paintings from his Paris period, but 1935 isn't Kandinsky's best period by far. The new world record price makes you wonder what a great Kandinsky from 1912-1916 would fetch today.

High estimates can still keep away bidders as exemplified by a lovely and rare Cézanne gouache and watercolor still life, *Théière et oranges*. It sold to a single bidder for \$7 million against a too strong estimate of \$8-12 million. It deserved more bids, which it would have received had the estimate been lower. A Cézanne landscape, which wasn't vibrant and strong enough to command its pre-sale estimate of \$10-15 million, was the biggest casualty of the evening, but understandably so. Vibrancy and presence were key factors last night and when quality is present and sufficient room is given to bidders to fight it out, the results are outstanding.



Cézanne, *Théière et oranges*

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



Monet
Meule
Sold for:
\$81,447,500
Est.: \$45m

Kandinsky
Rigide et courbé
Sold for:
\$23,319,500
Est.: \$18-25m

Picasso
Buste de femme
Sold for:
\$22,647,500
Est.: \$18-25m

Picasso
Homme à la pipe
Sold for:
\$18,391,500
Est.: \$15-20m

Chagall
L'hiver
Sold for:
\$7,639,500
Est.: \$7-10m

Sotheby's, Contemporary Art Evening Sale

Sotheby's Contemporary Art Evening sale brought in \$276.6 million and a very impressive 94% sell-through rate. Though an exemplary sale that capped the week on a positive note, 35 of the sale's 64 lots were guaranteed either by Sotheby's or by third parties. As was the case at Christie's, this makes the real state of the Contemporary Art market harder to ascertain.

Top Lots, Sotheby's, Contemporary Art Evening Sale



Richter
A B, Still
Sold for:
\$33,987,500
Est.: \$20-30m

Warhol
Self-Portrait
Sold for:
\$24,425,000
Est.: \$20-30m

Richter
A B, St. James
Sold for:
\$22,737,500
Est.: \$20-30m

Basquiat
Brother's Sausage
Sold for:
\$18,650,000
Est.: \$15-20m

Hockney
Woldgate Woods
Sold for:
\$11,712,500
Est.: \$9-12m

GOING FORWARD

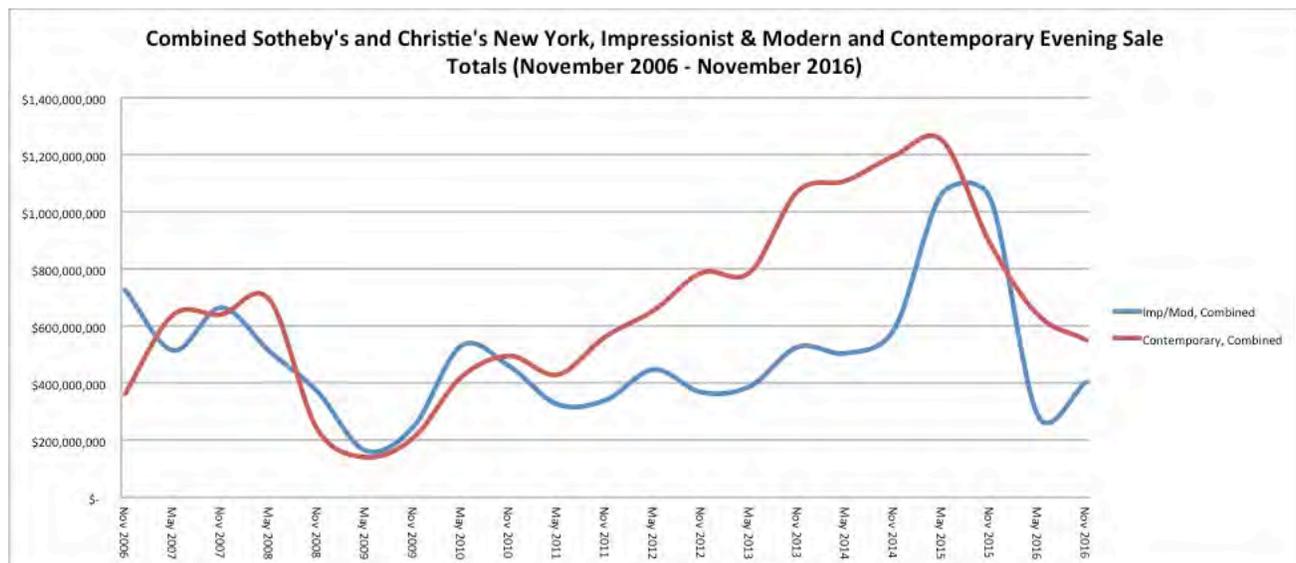
This Impressionist & Modern Art auction season showed convincing results and a promising future, even though the already limited supply is still diminishing. Owners must realize more than ever that buyers can be trusted and will be present where great quality and attractive paintings are offered. Lesser works will face even more selectivity going forward and will require lower estimates to tempt the market.

PRIVATE SALES

With the astronomical prices that the auctions were achieving for masterpieces at the peak in 2014-2015 having cooled, many sellers of outstanding works have opted for the security and confidentiality of selling privately over the past year. For the moment, sellers of truly great works will do well either privately or at auction. Sellers in the middle market, would generally do well to try selling privately at the desired price, or going to auction with enticing estimates and the risk of selling for a low price that this approach entails.

SALE CATEGORY COMPARISON

After the challenge of putting together the fall auction under the uncertainty cast by Brexit in June followed by the U.S. presidential election at the beginning of November, the sale total results for Impressionist & Modern Art appear modest, but buyer enthusiasm for great works with reasonable estimates was clearly there. The Contemporary sale totals were supported by the very high number of guarantees, but nonetheless buyers were present and active. Hopefully the success of this past week will encourage sellers for the next round.



Source: Seydoux & Associés, 2016

ARTICLES RELATED TO THE MAY 2016 IMPRESSIONIST & MODERN ART SALES:

<http://www.wsj.com/articles/sothebys-sale-makes-a-thin-impression-1479181883>

<http://theartnewspaper.com/market/auctions/munch-s-girls-on-the-bridge-fetches-more-than-50m-in-bellwether-new-york-auction-/>

<http://www.nytimes.com/2016/11/15/arts/design/sothebys-impressionist-modern-auction-results.html?rref=collection%2Fsectioncollection%2Fdesign>

<http://news.artnet.com/market/sothebys-impressionist-auction-ny-747509>

<http://news.artnet.com/market/christies-impressionist-auction-750965>

<http://www.nytimes.com/2016/11/17/arts/monets-grainstack-sets-record-with-81-4-million-at-auction.html?smid=pl-share>

<http://www.wsj.com/articles/christies-sells-monet-painting-for-81-4-million-1479345442>

<http://www.artnews.com/2016/11/16/christies-postwar-contemporary/>

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