

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

This season, Christie's and Sotheby's evening sales of Impressionist & Modern Art told two very different stories. Christie's played a safer game with a sale of traditional pictures, a third of the sale comprised of works by Picasso and Monet, and an additional failed high-level punt on a Paris-period Van Gogh. In contrast, Sotheby's emphasized excellent works by more niche artists, particularly from the Expressionist and Fauve movements. Portions of the sale were well curated and included a thematic homage to the centenary of the end of the Great War. They presented some exceptional, museum-quality and rare works by both well-known and less famous names.

Very unusually, the top valued lots from each house—a Van Gogh, Monet and Picasso at Christie's, the Hartley at Sotheby's—failed to find buyers, due primarily to inflated estimates. While there is enormous pressure to build the sales, increase lot count, and secure third-party guarantors, the same energy was not necessarily applied to, or as successful in, finding buyers and underbidders. This meant that consignments of ordinary quality risked being overlooked and failing if auctioned without a guarantee.

Ultimately, it was a strong if not incendiary season for the Impressionist & Modern Art market, and a very solid season for the Contemporary Art market. Forthwith our summary of the sales.

AUCTION SUMMARY

| <u>Christie's</u> | <u>Sotheby's</u> |
|--|---|
| <p style="text-align: center;"><u>Christie's, November 11, 2018:</u></p> <p style="text-align: center;"><u>Impressionist & Modern Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: \$279,253,500 - % sold by lot: 85% (52/61 lots) - % sold at a hammer price above the high estimate: 26% (16/61) - % sold at a hammer price within the estimates: 30% (18/61) - % sold at a hammer price below the low estimate: 30% (18/61) | <p style="text-align: center;"><u>Sotheby's, November 12, 2018:</u></p> <p style="text-align: center;"><u>Impressionist & Modern Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: \$315,478,500 - % sold by lot: 75% (49/65 lots) - % sold at a hammer price above the high estimate: 20% (13/65) - % sold at a hammer price within the estimates: 26% (17/65) - % sold at a hammer price below the low estimate: 29% (19/65) |
| <p style="text-align: center;"><u>Christie's, November 15, 2018:</u></p> <p style="text-align: center;"><u>Post-War & Contemporary Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: \$357,622,500 - % sold by lot: 85% (41/48 lots) | <p style="text-align: center;"><u>Sotheby's, November 14, 2018:</u></p> <p style="text-align: center;"><u>Contemporary Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: \$362,558,700 - % sold by lot: 97% (63/65 lots) |

Christie's, Impressionist & Modern Art Evening Sale

On Sunday evening, Christie's opened the New York November sale season with their Impressionist & Modern Art auction, bringing in a respectable sale total of \$279.3 million including buyer's premium, but falling shy of its presale estimate of \$304.7 to \$439.6 million. The 85% sold rate is solid and a testament to the skills of the evening's auctioneer, Adrien Meyer. In the sale room, energy was low and depth of bidding was thinner than the numbers might suggest. Christie's presented a more traditional sale than Sotheby's would the following night, catering to recent Asian buying interests with emphasis on Monet and Picasso, whose works comprised over a third of Christie's 61-lot sale. Although Christie's CEO, Guillaume Cerutti, confirmed Asian participation (not necessarily purchasing) on 12 lots (20% of the sale, a low figure compared to public perception), their bidding included works

SEYDOUX & ASSOCIES fine art

of lesser value and did not sustain the somewhat aggressive estimates placed on Picasso, Monet, or indeed Van Gogh, whose *Coin de jardin avec papillons*, estimated at \$40 million, failed to sell. More than half of the sale did not reach a hammer price above the low estimate, indicating that the estimates were too ambitious to tempt buyers, however necessary to convince consignors. Lesson learned for the future.

Though the sale contained works from two significant American estates, those of Herbert and Adele Klapper and of Elizabeth Stafford, it lacked a compelling blockbuster and didn't contain any truly A+ works. Both the Klapper and Stafford collections are well known in the art market and had previously sold their more significant works either privately or this year at auction. The remaining works brought to market this season were more traditional.

Ultimately, ten lots were guaranteed by third-party irrevocable bids and one was guaranteed by Christie's themselves. Seven of these sold with little to no upside, while two provided some upside to the third party. The sole in-house guarantee, Pissarro, *Neige, soleil couchant, Eragny*, estimated at \$1.4 - 1.8 million, remained unsold (the house cannot bid on their own guarantee). Half of the third-party guarantors likely now own the lot for lack of other bids.

Of the 15 Picassos offered, two were unsold, three surpassed their high estimate, seven attained hammer prices within estimate, and three sold at hammer prices below estimate, results demonstrating the strength and maturity of the Picasso market.

Six paintings by Monet were offered, only one of which failed to sell, but overall Monet performed less reliably than in the past and only one, *Effet de neige à Giverny*, outperformed expectations, selling for \$15.5 million including buyer's premium at an estimate of \$5-8 million. As with the Picasso market, this suggests the limits of the Monet market, although Christie's selection of both artists was ordinary, not outstanding.

More telling perhaps is the case for Pissarro: the cityscape, *La Rue Saint-Lazare, temps lumineux*, sold well for \$12.4 million, while five rural scenes fared less well with three selling for hammer prices below their low estimates and two failing to sell at all, exemplifying a growing price gap between excellent and more mundane quality works. If exceptional examples continue to see strong demand and prices, more average examples increasingly fail to seduce, looking tired and expensive. Going forward, the market must be careful that interest for an artist isn't diminished by a glut of lesser quality works filling the market.

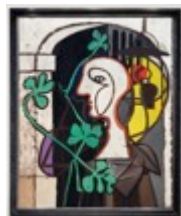
The sculpture market remains healthy with all of the 15 sculptures on offer selling. Modernist works by artists like Arp and Moore were particularly desirable, posthumous works by Rodin proved weaker this season, and the market for Giacometti seems about 15% off its highest levels reached 6-8 years ago.

When pricing is conservative, as in the case of the two Renoir paintings offered, it allows room for the market to find its footing. Considering the good to average quality on offer, the sale total remains a positive result and is encouraging, but a pricing correction would reinvigorate the market.

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



Monet
Le bassin aux nymphéas
Sold for:
\$31,812,500
Estimate:
\$30-50m



Picasso
La Lampe
Sold for:
\$29,562,500
Estimate:
\$25-35m



Giacometti
Le Chat
Sold for:
\$17,187,500
Estimate:
\$14-18m



Monet
Jeune fille dans le jardin de Giverny
Sold for:
\$16,062,500
Est.: \$15-25m



Monet
Effet de neige
Sold for:
\$15,500,000
Estimate:
\$5-8m

Sotheby's, Impressionist & Modern Art Evening Sale

Sotheby's followed on Monday with their Impressionist & Modern Art auction, bringing in a respectable total of \$315.5 million within its presale estimate of \$283.9–393.4 million, an achievement helped by the panache of the evening's auctioneer, Harry Dalmeny. The composition of Sotheby's sale was more interesting than Christie's, and championed important German Expressionist and Fauve works, something the market hasn't tested well in the last 6-7 years, so the sale ventured into somewhat uncharted waters. Sotheby's limited the risks by pre-arranging third-party guarantees for over a third of the lots. The sale included a number of works from private collections, including ten colorful paintings from the late David Josefowitz, as well as restituted works by Kirchner, *Das Soldatenbad (Artillerymen)* and Kokoschka, *Joseph de Montesquiou-Fezensac* from the heirs of famed pre-war dealer Alfred Flechtheim and a Schiele cityscape, *Dämmernde Stadt (Die kleine Stadt II)* from the heirs of collector Elsa Koditschek. This market showed unexpected depth and established world records with the Kokoschka, sold for \$20.4 million with buyer's premium, as well as for Ludwig Meidner's *Apokalyptische Landschaft*, sold for \$14.1 million with buyer's premium. In an effort to secure more A+ lots, Sotheby's went beyond the traditional scope of the Impressionist & Modern Art category, extending in several directions to include works by Diego Rivera, Sir Alfred James Munnings, and Marsden Hartley. It was a gamble on blue chip works rather than artists, and some were successful; in the 65-lot sale, seven works exceeded \$20 million, 41 lots exceeded \$1 million, and five artist's records were set. The sale suffered in the latter part due to too many secondary works, reflected in the lackluster sell through rate of 75%. Several B-quality works were unable to merit the protection of a third-party guarantee and failed to find buyers.

Sophisticated buyers fought to secure rare and exceptional works, even if the subjects were unusual. Magritte, *Le principe du plaisir* led the sale and achieved a record price of \$26.8 million for a historically significant though less popular 1930s Surrealist work, which is invigorating for the market. Historic offerings by Schiele, Kokoschka, and Kirchner, rather than those with just decorative appeal, secured some of the top prices of the sale. Many weren't easy or pretty pictures, but rather tough images of museum quality and they sold well. In the past few years, art historical significance hasn't been the primary driver for purchasing and it is refreshing to witness a shift in that regard.

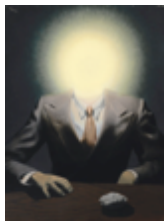
In an effort to secure another masterpiece, Sotheby's provided an aggressive in-house guarantee for a wonderful painting, *Pre-War Pageant*, by Marsden Hartley, a well-known American artist, but one with little market track record. Estimated at \$30 million, it failed to sell, becoming the biggest casualty of the evening. One wonders why this was not withdrawn from the sale considering the significant financial exposure from the in-house guarantee. Although the overall results were strong, it is hard to forget the latter part of the sale which remained largely unsold. It seems difficult for the departments to focus on selling the entirety of a 65-lot sale at those price levels and we expect to see tighter sales in the future as a consequence.

Of the 24 guaranteed lots, 23 were backed by third-parties. Only half of these likely provided any upside to irrevocable bidder. Of the 41 unguaranteed lots, 16 were unsold. The moral of the story is if you're selling at auction, get a guarantee, especially if the work is anything less than A+ quality.

Like Christie's, Sotheby's achieved strong results for sculpture with all but one of the nine sculptures on offer selling.

More traditional works of great decorative quality sold well, such as works by Signac, Caillebotte, and Monet. This is testimony to the range of movements included in the sale, and, if you ignore the poor performance of the latter half of the auction, Sotheby's had a healthy mix of decorative and important historical works, not just Picasso and Monet, making it a more interesting sale that would have benefitted from tighter editing and perhaps the exclusion of several works not typically included in sales of Impressionist & Modern Art.

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



Magritte
Le principe du plaisir
Sold for:
\$26,830,500
Estimate:
\$15-20m



Schiele
Dämmernde Stadt
Sold for:
\$24,572,500
Estimate:
\$12-18m



Kandinsky
Improvisation on Mahogany
Sold for:
\$24,233,800
Estimate: \$15-20m



Kandinsky
On the Theme of the Last Judgement
Sold for:
\$22,879,000
Est.: \$22-35m



Kirchner
Artillerymen
Sold for:
\$21,975,800
Estimate:
\$15-20m

Christie's, An American Place: The Barney A. Ebsworth Collection Evening Sale

On Tuesday evening, Christie's held the 42-lot evening sale of the ranging but Contemporary and American Art-focused estate of Seattle-based collector Barney Ebsworth. The sale brought in \$318 million with 88% of the lots sold, six for over \$10 million including buyer's premium; a great result for a deserving collection. The sale was led by Edward Hopper's *Chop Suey* which sold for \$92 million including buyer's premium against an estimate of \$70-100 million, a record for the artist. It was an exceedingly rare opportunity to acquire a Hopper of this quality and was bought by the third-party guarantor against one other bidder.

Top Lots, Christie's, An American Place: The Barney A. Ebsworth Collection Evening Sale



Hopper
Chop Suey
Sold for:
\$91,875,000
Estimate:
\$70-100m



de Kooning
Woman as Landscape
Sold for:
\$68,937,500
Est.: \$60-80m



Pollock
Composition with Red
Sold for:
\$55,437,500
Estimate:
\$50-70m



Johns
Gray Rectangles
Sold for:
\$21,125,000
Estimate:
\$18-25m

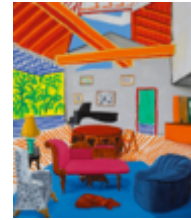


Gorky
Good Afternoon, Mrs. Lincoln
Sold for:
\$14,037,500
Est.: \$7-9m

Sotheby's, Contemporary Art Evening Sale

Sotheby's delivered an exceptionally strong evening sale of Contemporary Art, totaling \$362.6 million and selling all but two of the 65 lots offered. 33 lots were guaranteed by third-parties and two by Sotheby's themselves. Though the sale lacked a \$50+ million blockbuster, it was well-curated and well-sold throughout.

Top Lots, Sotheby's, Contemporary Art Evening Sale



Richter
Abstraktes Bild

Sold for:
\$32,000,000
Estimate on request
(\$30m)

Basquiat
Untitled (Pollo Frito)

Sold for:
\$25,701,500
Estimate on request
(\$25m)

O'Keeffe
A Street

Sold for:
\$13,282,500
Estimate:
\$12-18m

Johns
Flag

Sold for:
\$13,056,000
Estimate:
\$12-18m

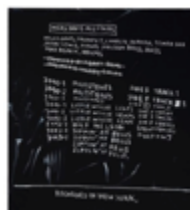
Hockney
Montcalm Interior

Sold for:
\$12,718,000
Estimate:
\$9-12m

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

Christie's sale totaled \$357.6 million for 48 lots offered, seven of which did not sell. The auction was led by the highly anticipated sale of David Hockney's 1972 masterpiece, *Portrait of an Artist (Pool with Two Figures)*. Placing full trust in the purity of the auction marketplace, and the unrivaled quality of the work, the consignor declined third-party guarantee offers and sold the work without reserve, an unprecedented decision for a work of this magnitude in today's market. The bold approach succeeded, with the work selling for \$90.3 million including buyer's premium, eclipsing the prior world record for a work by a living artist, previously held by Koons, *Balloon Dog (Orange)* sold for \$58.4 million at Christie's in 2013, and creating a true moment of drama during the auction. In general, it is refreshing to see a long overdue renewed appreciation for figurative works in the Contemporary market.

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



Hockney
Portrait of an Artist

Sold for:
\$90,312,500
Sold without reserve

Rothko
Untitled

Sold for:
\$35,712,500
Estimate:
\$35-45m

Basquiat
Discography Two

Sold for:
\$20,900,000
Estimate:
\$20-30m

Diebenkorn
Ocean Park #137

Sold for:
\$22,587,500
Estimate:
\$18-22m

Bacon
Study of Henrietta

Sold for:
\$21,687,500
Estimate:
\$14-18m

Phillips, 20th Century & Contemporary Art Evening Sale

Taking place on the same evening as Christie's Post-War & Contemporary Art Evening Sale and the first major snowstorm of the season in New York City, Phillips Modern and Contemporary Evening Sale struggled and fell short, selling just \$88.5 million, well below the presale estimates of \$100 - \$142 million. Significantly contributing to the shortfall was the fact that the sale's top two lots, Alberto Burri's *Grande legno e rosso* and Jackson Pollock's *Number 16*, did not find buyers. Of the 41 lots listed for the evening, three were withdrawn presale and six failed to find buyers, resulting in an 82 percent sell-through rate by lot and 71 percent by value. Though Joan Miró's *Femme dans la nuit* (1945) achieved a price of \$22.6 million, above its \$18 million high estimate, that the Pollock and the Burri failed to sufficiently entice buyers translates to a possible oversaturation of the market for the week.

Top Lots, Phillips, 20th Century & Contemporary Art Evening Sale



Miró
Femme dans la nuit
Sold for:
\$22,590,000
Estimate:
\$12-18m

Warhol
Gun
Sold for:
\$9,540,000
Estimate:
\$7-10m

Basquiat
Untitled
Sold for:
\$9,000,000
Estimate:
\$9-12m

Basquiat
Untitled
Sold for:
\$4,575,000
Estimate:
\$4-6m

Rothko
Black Blue Painting
Sold for:
\$4,215,000
Estimate:
\$2.5-3.5m

PRIVATE SALES

Today's intelligent market does not decisively point to the merits of buying and selling privately or at auction, but rather to the reasons one might pursue one avenue or the other for any particular work. Private sales clearly afford the advantage of discretion and targeted focus which protects from swings in the market, if the work transacting is not by an artist who is the "flavor of the month."

ADDITIONAL TAKEAWAYS

Guarantees

If selling at auction, consider a guarantee. They provide cushion, set a price floor, and often encourage bidding, as was the case for Sotheby's Magritte, *Le principe du plaisir*. While it can be risky to go to auction without the security of a guarantee, a seller must weigh the benefits of the guarantee against the risk of exposing the work and the lack of visibility of the buyers. In the context of guarantees, the result for Sotheby's in-house guarantee of Hartley, *Pre-War Pageant* merits some examination. It carried a reported presale estimate of \$30 million, but who would guarantee at a level heretofore untested at auction for this artist? Was there no presale focus on the Hartley? Why not withdraw if there was no interest? It was a massive misstep. If the house does not tend to such a significant guarantee on their part, how are they going to look after something more regular, such as a \$4-6 million Monet?

Sale Placement

Sale construction is also important in that if you do sell at auction in this market, make sure your lot has early sale placement, ideally in the first third. There is an element of fatigue for buyers, as well as specialists, in an auction with

SEYDOUX & ASSOCIES fine art

upwards of 45 lots, let alone 60+ lots. Decreasing performance in the latter half of the Impressionist & Modern Art sales reflects this.

Impressionism & Quality

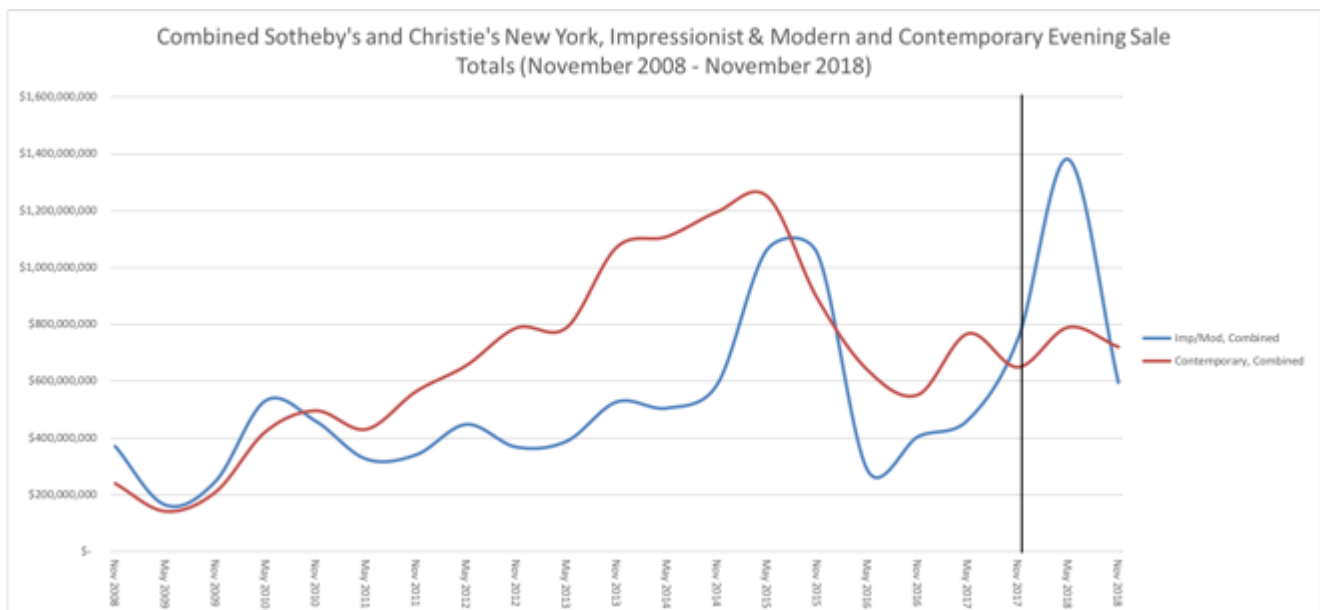
While we still believe strongly in Impressionist works, it is increasingly evident that works of lesser quality fail to sell well, with the exception of Monet. For Renoir, there is not much market at \$8-12 million. For Sisley, Pissarro, Degas, and others, if the works are not great, keep the estimates enticing or they won't sell, exacerbating the idea that Impressionist works are passé.

Too much to do, too little time?

After a full week of non-stop evening and day sales of Impressionist & Modern Art, Contemporary Art, and the Ebsworth sale (plus evening and day sales in the same categories at Phillips and Bonhams), it is becoming glaringly apparent, that while there are certain advantages to holding these sales in one week, the resources are finite. These important sales need to be sold, and, with so many lots, the specialists can't possibly have the focus or ability to find buyers for so much in so short a window. Furthermore, it is difficult for top level buyers to know where to focus: Hockney, Magritte, Hopper, Koons? Both houses should have edited their evening sales and pruned their estimates, particularly for Impressionist & Modern Art. The market has its limits and this season, in the somewhat high unsold rates and failure of several top lots, we saw these stretched.

SALE CATEGORY COMPARISON

After the Impressionist & Modern Art category saw a big boost last May with Christie's sale of the monumental collection of Peggy and David Rockefeller, this season, the Contemporary art category outsold the Impressionist & Modern Art category across Christie's and Sotheby's evening sales by about \$125 million. In today's market, which has been in a period of relative stability and discernment for several seasons now, it is not surprising to see the generally more speculative Contemporary category slightly outpacing the more mature Impressionist & Modern Art market. If there were a market correction, we expect this would likely reverse.



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

<http://www.artnews.com/2018/11/12/tepid-christies-impressionist-modern-sale-brings-279-3-m-sets-records-tamara-de-lempicka-jean-arp/>

<http://www.artnews.com/2018/11/13/record-smashing-26-8-m-magritte-leads-solid-sothebys-imp-mod-sale-new-york/>

<https://www.wsj.com/articles/92-million-edward-hopper-highlights-christies-auction-1542168935>

<https://news.artnet.com/market/sothebys-contemporary-evening-sale-1395949>

<http://artdaily.com/news/109190/Hockney-sells-for-90-million-at-Christie-s-New-York--sets-living-artist-record>

<https://www.wsj.com/articles/david-hockneys-pool-painting-sells-for-90-3-million-1542332309>

<https://www.artmarketmonitor.com/2018/11/14/christies-cbsworth-scores-with-317m-evening-sale/>

<https://judithbenhamouhuet.com/report/modern-and-contemporary-art-sales-in-new-york-the-big-excitement-is-over-analysis-in-8-artists/>

These materials have been provided for educational purposes only and are not to be relied upon in making any particular purchase, sale or other decision; have been assembled from various public sources and considered to be reliable but no representation or warranty is given as to their accuracy or completeness and should not be relied upon as such; and finally that the opinions stated are those of the individuals preparing the summary based on the information available and also not to be relied upon.