

Skate's Art Market Research

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Skate's Market Notes

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Headline Sales of Modigliani in New York Set Stage for November Milan Auctions

The auctions in Milan this November are taking place against the backdrop of global art market euphoria. Sales in New York earlier this month confirm continued strength for proven Impressionist and Modernist artists, but they also point to recovery for a number of established Contemporary artists like Richter, Basquiat and Murakami.

While great attention is always paid to sales in New York and London, as well as in Hong Kong to a certain extent, other markets are also seeing interesting activity. What is happening in the world of Italian art, for example?

First, the market extravaganza in New York this month saw spectacular sales of works by Livorno-born Amedeo Clemente Modigliani, most notably *Nu assis sur un divan* (1917), which sold for \$68,962,500 – a record for the artist. With this month's sales, Modigliani has overtaken Vincent van Gogh as the world's 9th most valuable artist on the basis of total auction sales. So far, Modigliani has proven to be a strong investment case; repeat auction sales of his works consistently achieve positive investment returns (on average, 11-13% on an annualized basis).

Aside from Modigliani, two other Italian artists (Boldini and Morandi) enjoyed positive returns on the repeat sales of their works that took place in New York earlier this month.

While it will come as no surprise to many that Modigliani is Italy's most valuable artist by total auction sales, the respective performance of other names is probably not what one would expect. Below, we present a table of the 15 most valuable Italian artists. We have compiled this list on the basis of the total market value of these artists' works in Skate's Top 5000, our ranking of the world's most valuable art by nominal auction prices (USD):

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ITALY'S MOST VALUABLE ARTISTS

Source: www.skatepress.com

Rank	Artist	Capitalization in Skate's Top 5000, USD	Rank in Skate's Top Artists
1	Amedeo Modigliani	642,465,784	9
2	Canaletto	188,492,160	28
3	Lucio Fontana	148,624,326	45
4	Francesco Guardi	72,875,233	61
5	Bernardo Bellotto	59,899,774	68
6	Giorgio de Chirico	45,772,551	95
7	Piero Manzoni	56,871,782	90
8	Michelangelo (Buonarroti)	34,487,719	101
9	Leonardo da Vinci	26,288,633	112
10	Giacomo Balla	18,078,312	146
11	Andrea del Sarto	11,436,610	225
12	Guercino	12,122,599	227
13	Giorgio Morandi	11,127,790	250
14	Giovanni Battista Tiepolo	8,906,563	262
15	Orazio Gentileschi	7,843,273	280

As for the seemingly low positioning of Michelangelo and Leonardo da Vinci, especially in the context of Skate's Top 5000, their rankings are most easily explained by the extreme scarcity of these artists' works on the auction market. Put another way, most works by Michelangelo and da Vinci have long been held by museums, which serves to severely limit the market free float for their works.

As we preview the auctions in Milan this November, we cannot help but note the excitement building up, at least on the sell side. The suggested valuation ranges of the Italian artworks up for sale imply significant irrational premium over these works' fair market value.

We specifically focus on Giorgio Morandi, the 250th most valuable artist in the world and the 13th most valuable Italian artist. Earlier this month, a new benchmark for repeat sales on Morandi's work was established with the 8.92% annualized return for *Natura Morta* (c. 1953), which sold for \$1,986,500 in New York. Another smaller and less visually powerful *Natura Morta* comes to market in Milan. Based on the pre-auction estimate, it is priced with a 72% premium to a peer group of comparable art. Despite this heavy premium, we nevertheless believe that it will sell thanks to apparently strong demand for Morandi's works.

On the other end of the spectrum, we note the attractively priced work by Enrico Castellani whose pre-auction estimate falls below the valuation range suggested by its historical peer group (see table below for details).

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Artist	Title	Estimate, USD	Fair market value (based on average price in the peer group), USD	Irrational premium in the estimate, (% above the FMV)	Peer group (based on sales since 2005)
Giorgio Morandi	Natura Morta	611,214 - 882,816	513,223	72%.	The peer group includes all large paintings in Natura Morta genre
Alberto Savinio	Le troisieme jour	520,334 - 657,264	310,076	111.9%	The peer group includes all large paintings of the artist
	Attente d'Egée	410,790 - 547,720		76.6%	
Enrico Castellani	Superficie opalina	186,061 - 203,792	524,016	Sold at discount	The peer group includes all "Superficie" paintings
	Superficie bianca	186,061 - 203,792			
Arnaldo Pomodoro	Senza titolo	12,323 - 13,693	13,604	0.65%	The peer group includes all works of the artist

Source: www.skatepress.com

Finally, given the recent strong demand for many well established Contemporary names, we expect lively bidding around *Danzatori*, a work by Italy's 3rd most valuable artist, Lucio Fontana. *Danzatori* is priced in the EUR 160,000–220,000 range. For individuals approaching the Italian art market from an investment standpoint, we classify Fontana as a blue chip global artist and recommend focusing on this category rather than experimenting with less proven artists like Arnaldo Pomodoro.