

# Skate's Art Market Research

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## Skate's Market Notes

### For Return-Focused Collectors, November Auctions Make a Strong Case for Blue Chip Living Artists Warhol versus Richter Returns Prove the Pattern

Following October's strong auction results, sales in November brought still more record prices, reflecting the robust conditions on the global art market. Successful sales of Impressionist and Modern art, which turned out more favorably for Sotheby's than for Christie's this time, were followed by a vast offering of Contemporary art from both leading auction houses. Apart from the numerous new records that were set for individual artists' markets and mediums during these sales, the auctions' repeat sales results and the impressive investment return figures deserve special focus, as they reflect even better the health of the market.

During the first two days of November, Skate's Top 5000 saw 43 new entries from Sotheby's and Christie's Impressionist and Modern art sales; the total trading volume of these works stood at \$277.7 mln. Eleven of these entries were repeat sales, which saw an incredibly high average effective rate of return (ERR) of 10.16%. The weighted average ERR for Skate's Top 5000 artworks now stands at 4.88% on an annualized basis, which is an all-time high. In line with our prediction, the most impressive result was achieved by Gustave Caillebotte's *Le Pont d'Argenteuil et la Seine*, which we analyzed in our November issue of *Skate's Art Investment Review*. Notwithstanding several concerns related to the artist's market history and this particular painting, the work was sold significantly above the estimate range and produced a positive ERR of 23.03% on an annualized basis. The painting set a record for the artist's market both in terms of the final \$18 mln price and the ERR it achieved. Despite the impressive figures, Skate's would treat this data point as an outlier given the fact that important works by Gustave Caillebotte rarely appear on the market. We will wait for further auction sales before making a final judgment on whether the artist should receive further upward pricing.

Two other works that we analyzed in our November report—*La blonde aux boucles d'oreille* by Amedeo Modigliani and *La fin du monde* by René Magritte—performed completely in line with our expectations. Both sold above the auction house estimates and brought double-digit ERRs: \$8 mln with an ERR of 10.19% and \$7 mln with an ERR of 14.28%, respectively.

It is worth noting that this month and 2011 in general have seen particularly strong market performance by Max Ernst's works. He has had six entries to Skate's Top 5000, including four during sales in November. Two of these entries were repeat sales. *Convolvulus! Convolvulus!* sold for \$3.4 mln, becoming Ernst's third most expensive work traded publicly and yielding an ERR of 10.77%. *Les princes dorment mal* also sold above its pre-auction estimate for \$2.4 mln, resulting in a positive investment return of 15.09%.

Following the Impressionist and Modern Art sales, the leading auction houses introduced an exquisite collection of Contemporary art that made an even more significant contribution to Skate's Top 5000. Three days of trading brought sales of 72 works above the threshold price of \$2 mln, together totaling \$534.3 mln. Sales at Phillips brought 11 works to the rating, one of which was a repeat sale. *Trepied* by Alexander Calder, while selling closer to the low estimate, still generated a positive ERR of 9.75%, suggesting overly aggressive pricing on the part of auctioneers.

On November 8, it was Christie's turn to make up for lackluster results at its Impressionist and Modern art sale, which were highlighted by the failure of Edgar Degas' sculpture *Little Dancer Aged Fourteen* to find a buyer. This time the auction house fared better, and its Contemporary Art auction brought 33 new entries to Skate's rating, eight of which were repeat sales. The most impressive result was achieved by Roy Lichtenstein's painting *I can see the whole room!... and there's nobody in it!*. With an estimate range equal to that of Degas' sculpture (\$35-45 mln) Lichtenstein's work found a buyer at the price of \$43.2 mln, yielding an ERR of 13.42%.

Once again, however, Sotheby's went ahead to become the absolute leader for the month. Not only did the auction house bring a larger total trading volume to Skate's rating due to the exceptionally rare selection of Clifford Still paintings, the investment returns achieved by most of the repeat sales were also higher.\* Sales of works by living artist Gerhard Richter saw exceptional ERR results, which is a clear sign that collectors who faced the choice of investing in Warhol or Richter in recent years have done much better with Richter. Value appreciation for Richter is still on the rise while Warhol seems to be already fully priced. *Gudrun* sold for \$18 mln, yielding an ERR of 33.56%. Two paintings from Richter's *Abstraktes Bild* series saw returns of 42.18% and 7.66%. Another artist, Sigmar Polke, saw his first repeat sale with *Untitled*, and although it entered Skate's rating with a relatively low sale price of \$2.2 mln, it did see a significant return of 40.48%. Finally, it is worth mentioning a change on the market for works by the female artist Joan Mitchell. Her work *Untitled* set a new price record after it was sold for \$9.3 mln and, most importantly, yielded an investment return of 23.29%.

\*Sergey Skaterschikov's video blog at [infox.ru](http://infox.ru) (in Russian) addresses the economic reasons behind the exorbitant pricing of the Still works.

**Table 1 – Repeat Sales Results: Impressionist and Modern Art**

| Artist              | Title  | Year        | Medium                      | Size, cm.    | Auction House | Auction Date | Estimate, USD        | Purchase Price, USD | ERR, % | Previous Purchase Price, USD | Previous Purchase Date |
|---------------------|--|-------------|-----------------------------|--------------|---------------|--------------|----------------------|---------------------|--------|------------------------------|------------------------|
| <b>ERR over 20%</b> |  |             |                             |              |               |              |                      |                     |        |                              |                        |
| Gustave Caillebotte | Le Pont d'Argenteuil et la Seine                   | 1883        | Oil on canvas               | 65.5 x 81.6  | Sotheby's     | 02-Nov-11    | 9,000,000-12,000,000 | 18,002,500          | 23.03  | 8,482,500                    | 06-Nov-08              |
| <b>ERR over 10%</b> |  |             |                             |              |               |              |                      |                     |        |                              |                        |
| Max Ernst           | Les princes dorment mal                            | 1957        | Oil on canvas               | 116 x 89     | Sotheby's     | 02-Nov-11    | 1,200,000-1,800,000  | 2,434,500           | 15.09  | 419,547                      | 28-Jun-00              |
| René Magritte       | La fin du monde                                    | 1963        | Oil on canvas               | 81.6 x 100.3 | Christie's    | 01-Nov-11    | 4,000,000-6,000,000  | 7,026,500           | 14.28  | 552,500                      | 03-Nov-93              |
| Max Ernst           | Convolvulus! Convolvulus!                          | 1941        | Oil on canvas               | 33 x 41.2    | Sotheby's     | 02-Nov-11    | 1,500,000-2,000,000  | 3,442,500           | 10.77  | 1,207,187                    | 03-Feb-03              |
| Marc Chagall        | Souvenir d'hiver                                   | 1965        | Oil on paper laid on canvas | 63.5 x 73    | Sotheby's     | 02-Nov-11    | 1,500,000-2,000,000  | 2,098,500           | 10.71  | 1,143,790                    | 14-Jul-07              |
| Amedeo Modigliani   | La blonde aux boucles d'oreille                    | 1918 - 1919 | Oil on canvas               | 46 x 29.8    | Christie's    | 01-Nov-11    | 3,000,000-4,000,000  | 8,146,500           | 10.19  | 570,240                      | 12-Nov-85              |
| <b>ERR over 5%</b>  |  |             |                             |              |               |              |                      |                     |        |                              |                        |
| Wassily Kandinsky   | Weisser Klang (White Sound)                        | 1908        | Oil on board laid on panel  | 70 x 70      | Sotheby's     | 02-Nov-11    | 7,000,000-10,000,000 | 8,930,500           | 8.40   | 5,416,000                    | 08-May-07              |
| Fernand Léger       | Nature morte (Composition pour une salle à manger) | 1930        | Oil on canvas               | 120 x 85     | Sotheby's     | 02-Nov-11    | 2,500,000-3,500,000  | 2,770,500           | 7.34   | 1,999,942                    | 23-Jun-09              |
| Henry Moore         | Goslar Warrior                                     | 1973        | Bronze                      | 300.3 x 0    | Sotheby's     | 02-Nov-11    | 2,500,000-3,500,000  | 3,330,500           | 6.41   | 825,000                      | 06-Nov-91              |
| <b>ERR over 0%</b>  |  |             |                             |              |               |              |                      |                     |        |                              |                        |
| Paul Signac         | Saint-Tropez, fontaine des Lices                   | 1895        | Oil on canvas               | 65 x 81      | Christie's    | 01-Nov-11    | 2,400,000-2,800,000  | 3,442,500           | 3.28   | 1,430,000                    | 10-May-89              |
| Alberto Giacometti  | Tête de Diego                                      | 1959        | Bronze w/dark brown patina  | 39.6 x 0     | Christie's    | 01-Nov-11    | 3,500,000-4,500,000  | 5,010,500           | 2.28   | 3,961,000                    | 06-Nov-07              |

**Table 2 – Repeat Sales Results: Contemporary Art**

| Artist                                | Title           | Year | Medium                           | Size, cm.     | Auction House | Auction Date | Estimate, USD       | Purchase Price, USD | ERR, % | Previous Purchase Price, USD | Previous Purchase Date |
|---------------------------------------|-----------------|------|----------------------------------|---------------|---------------|--------------|---------------------|---------------------|--------|------------------------------|------------------------|
| <b>Annualized ERR over 30%</b>        |                 |      |                                  |               |               |              |                     |                     |        |                              |                        |
| Gerhard Richter                       | Abstraktes Bild | 1992 | Oil on canvas                    | 200 x 160     | Sotheby's     | 09-Nov-11    | 5,500,000-7,500,000 | 14,082,500          | 42.18  | 1,248,000                    | 10-May-05              |
| Sigmar Polke                          | Untitled        | 1999 | Acrylic and spray paint on paper | 200 x 149.5   | Sotheby's     | 09-Nov-11    | 250,000-350,000     | 2,154,500           | 40.48  | 258,068                      | 09-Feb-06              |
| Gerhard Richter                       | Gudrun          | 1987 | Oil on canvas                    | 250 x 250     | Sotheby's     | 09-Nov-11    | 5,500,000-7,500,000 | 18,002,500          | 33.56  | 782,981                      | 27-Jun-01              |
| <b>Annualized ERR over 20%</b>        |                 |      |                                  |               |               |              |                     |                     |        |                              |                        |
| Joan Mitchell                         | Untitled        | 1960 | Oil on canvas                    | 242.6 x 199.4 | Sotheby's     | 09-Nov-11    | 4,000,000-6,000,000 | 9,322,500           | 23.29  | 3,176,000                    | 16-May-07              |
| <b>Annualized ERR in 10-20% range</b> |                 |      |                                  |               |               |              |                     |                     |        |                              |                        |

|                                      |  |             |  |                     |            |           |                       |            |       |           |           |
|--------------------------------------|--|-------------|--|---------------------|------------|-----------|-----------------------|------------|-------|-----------|-----------|
| Francis Bacon                        | Portrait (study)                                       | 1979        | Oil on canvas                                      | 35.6 x 35.6         | Sotheby's  | 09-Nov-11 | 2,500,000-3,500,000   | 4,394,500  | 17.57 | 917,805   | 05-Feb-03 |
| Ed Ruscha                            | Strange catch for a fresh water fish                   | 1965        | Oil on canvas                                      | 149.9 x 139.7       | Christie's | 08-Nov-11 | 3,000,000-4,000,000   | 4,114,500  | 17.11 | 79,750    | 04-Nov-87 |
| Gerhard Richter                      | Abstraktes Bild (724-5)                                | 1990        | Oil on canvas                                      | 121.9 x 102.1       | Christie's | 08-Nov-11 | 2,000,000-3,000,000   | 3,890,500  | 15.40 | 1,868,010 | 12-Oct-07 |
| Willem de Kooning                    | Untitled XI  | 1975 - 1976 | Oil on canvas                                      | 153 x 137.2         | Christie's | 08-Nov-11 | 7,000,000-9,000,000   | 7,362,500  | 15.29 | 1,659,500 | 15-May-02 |
| Jean-Michel Basquiat                 | Catharsis (triptych)                                   | 1983        | Acrylic and oilstick on canvas                     | 183 x 235.6         | Christie's | 08-Nov-11 | 4,000,000-6,000,000   | 4,338,500  | 14.15 | 1,584,000 | 12-May-05 |
| Roy Lichtenstein                     | I can see the whole room!... and there's nobody in it! | 1961        | Oil and graphite on canvas                         | 121.9 x 121.9       | Christie's | 08-Nov-11 | 35,000,000-45,000,000 | 43,202,500 | 13.42 | 2,090,000 | 09-Nov-88 |
| Hans Hofmann                         | Terpsichore  | 1958        | Oil on canvas                                      | 152.4 x 115.6       | Christie's | 08-Nov-11 | 2,000,000-3,000,000   | 3,106,500  | 12.22 | 420,500   | 14-Nov-95 |
| <b>Annualized ERR in 5-10% range</b> |  |             |  |                     |            |           |                       |            |       |           |           |
| Alexander Calder                     | Trepied  | 1972        | Paint, metal                                       | 285.1 x 300.4 x 315 | Phillips   | 07-Nov-11 | 5,000,000-7,000,000   | 5,682,500  | 9.75  | 1,542,500 | 18-May-99 |
| Willem de Kooning                    | Cedar Street   | 1956        | Oil, black ink and charcoal on paper laid on board | 57.5 x 77           | Sotheby's  | 09-Nov-11 | 2,500,000-3,500,000   | 2,322,500  | 7.69  | 358,000   | 10-Nov-88 |
| Gerhard Richter                      | Abstraktes Bild  | 1988        | Oil on canvas                                      | 122 x 102           | Sotheby's  | 09-Nov-11 | 1,800,000-2,500,000   | 4,674,500  | 7.66  | 3,009,000 | 15-Nov-07 |
| Donald Judd                          | Untitled (DSS 155)                                     | 1968        | Red fluorescent Plexiglas and stainless steel      | 84 x 172.7 x 122    | Sotheby's  | 09-Nov-11 | 5,000,000-7,000,000   | 4,674,500  | 6.59  | 2,583,500 | 10-Nov-04 |
| Andy Warhol                          | Mickey Mouse (from Myth Series)                        | 1981        | Acrylic and silkscreen ink on canvas               | 152.4 x 152.4       | Sotheby's  | 09-Nov-11 | 3,000,000-5,000,000   | 3,442,500  | 6.41  | 1,912,000 | 09-Nov-04 |
| <b>Annualized ERR in 0-5% range</b>  |  |             |  |                     |            |           |                       |            |       |           |           |
| Andy Warhol                          | 5 deaths   | 1963        | acrylic and silkscreen ink on canvas               | 51.1 x 76.2         | Christie's | 08-Nov-11 | 3,800,000-4,200,000   | 4,338,500  | 4.70  | 3,208,040 | 01-Jul-08 |
| Andy Warhol                          | Dollar sign  | 1981        | Acrylic and silkscreen ink on canvas               | 229 x 178           | Sotheby's  | 09-Nov-11 | 3,500,000-4,500,000   | 3,610,500  | 2.63  | 2,720,405 | 17-Oct-06 |
| Andy Warhol                          | Three Jackies (in 3 parts)                             | 1964        | Acrylic and silkscreen ink on canvas               | 50.8 x 40.6         | Sotheby's  | 09-Nov-11 | 3,000,000-4,000,000   | 2,882,500  | 3.80  | 2,340,126 | 28-Jun-10 |
| <b>Negative ERR</b>                  |  |             |  |                     |            |           |                       |            |       |           |           |
| Eva Hesse                            | Untitled (Bochner compart)                             | 1966        | Acrylic and cord on papier-mâché and masonite      | 22.9 x 22.9 x 5.1   | Christie's | 08-Nov-11 | 3,000,000-4,000,000   | 2,714,500  | -6.06 | 3,064,000 | 16-May-07 |