

SOTHEBY'S AND CHRISTIE'S MAINTAIN ALIVE THE ART MARKET

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The way the market has reacted in the Covid-19 crisis represents an outstanding example of how a segment of the cultural and economic world has been forced to abandon a comfortable situation in order to urgently apply technological solutions which were already tested on a small scale by the most important companies of the market. The restrictions to enjoy art in the original have favored online visualization, the creation of virtual worlds and the development of digital tools. The market has demonstrated an extraordinary capacity to adapt itself to new times and is already defining the segments which would be reinforced by the crisis. In fact, the published results for the first semester are far more positive than we would have thought in March.

During these three months we already can appreciate how the companies with a wide network of client's, a global attitude, technologically strong and with transparent sales, are shining on top of the rest of the enterprises based on traditional commercial methods and opaque sales which do not transmit confidence to the market. It is not the moment to enter as a newcomer into a market so well protected by technological barriers, a cultural background accumulated through ages and a global network of clients.

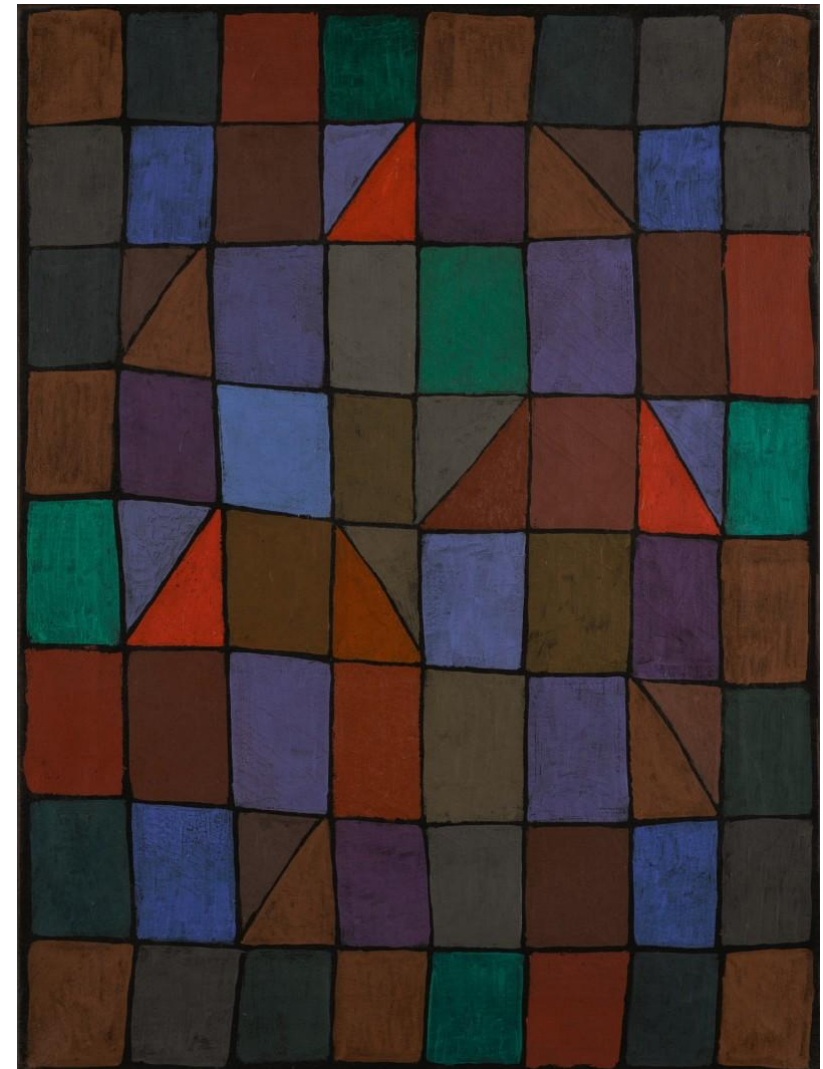


1.- GIORGIO MORANDI, *Natura morta*

The auctions have led the idea of change. On the contrary the galleries and the fairs are living their worst moments because the crisis attacks the very essence of their business based on gathering in special time and place the best clients to view the most selective range of works of art. They are suffering from an existential crisis that began years ago. The Museums lockdown and their multimillionaire losses has had a terrible effect on the galleries and art fairs business, in particular the financial crisis of the American museums whose curators were so welcome in their venues. Curators have always preferred a personal relation with a gallery and to discover in an art fair the Museum quality of a masterpiece than to bid in a public sale where the purchases are irrevocable and payment cannot be delayed, due to museums protocols. The galleries have been always very keen on maintaining this relation and have become in some cases a kind of head hunter of museum quality pieces. Therefore, it is a key point for their future the reopening and financial recovery of the Museums. On the other hand, the financial cost of having closed their premises

during the lockdown and cancellation of art fairs or their transformation in a virtual format have not helped to draw a clear strategy to face the crisis. Even today, Art Basel and Freeze have decided to launch a platform where the galleries can publish HR images of their pieces paying in exchange a lump sum between of 2.000 \$ and 8.000 \$. The fair Art + design has preferred to return to the traditional method of editing a luxurious magazine financed by the announcements of the galleries which would be sent free to their net of clients. The virtual fairs are reporting that the results are in general good, but there is a feeling of a lack of transparency that deprives the market of the confidence necessary in these moments of crisis. Indeed, there are individual cases which prove an incredibly quick reaction. That is the case of the well-known dealer, Mark Weiss, an eminence in selling Renaissance portraits, very active in Instagram and publishing videos in various social networks. In his London Gallery he has organized several virtual tours where Florence Evans, his gallery director, explains all the details of his outstanding portraits. These videos incredibly well prepared are the best example on how a painting has to be observed and how the love of Art can be promoted. However, most of the galleries, though maintaining their web pages in a very similar format, have preferred prudence and preserve their partnership with the fairs, financing part of their losses in the hope that a better future would come soon. In the meantime, they still maintain close relation with the final clients that has been so successful for them in the past and are forced to consign some secondary work at auction so as to obtain some liquidity. Thus, they have decided it is time to save money and to trust that their art stock would never be depreciate and their client would still be faithful for ever.

The reason that the auction houses, specially, Sotheby's and Christie's, have faced the crisis in a better position than other sectors is based, first of all in the fact that their core business, Art, is a safe and liquid asset. The centennial experience accumulated by these companies has made them trust in the maxim transmitted through generations that in times of crisis Art behaves better than other assets; its value increase or at least does not diminishes. Just like gold and diamonds, it is considered a safe asset in uncertain times. The Covid-19 crisis could not be an exception. The American Federal Reserve, cutting down interest rate and injecting a huge mass of liquidity, has



2.- PAUL KLEE, *Evening in N or Architecture in the evening*

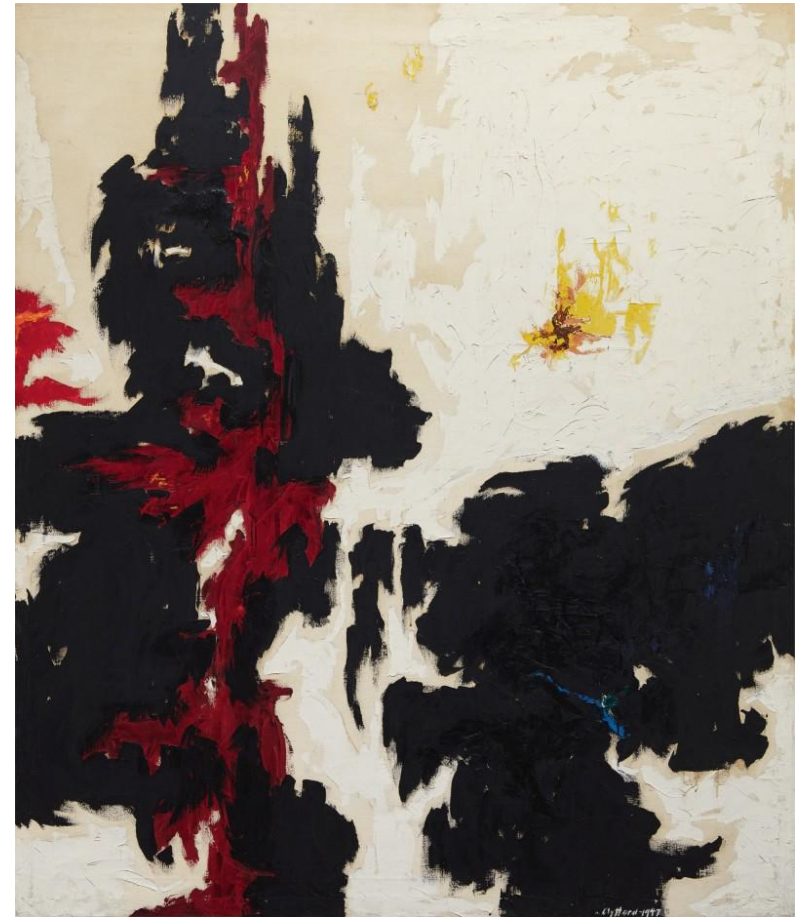


3.- FRANCIS BACON, Triptych inspired by the Oresteia of Aeschylus.

promoted indirectly this general adage. On the other hand, Sotheby's and Christie's, following the examples of Facebook and Amazon, had already applied the digital segmentation of their clients network which follows the tastes of their audience and all their events and commercial actions had a presence on line. Thus, both of them knew how to take advantage of their privileged position and how to interpret the crisis in a positive way. That is, as a way of increasing the market and their sales in relative terms. Finally, their privileged technological and financial position, as part of important private trusts, have facilitated their decision to abandon, at least temporarily, the old commercial systems based on massive cocktails and the distribution of catalogues, in favour of multiplying their presence on line. Their experts have flooded the net acutely, selecting their targets, with images, data, catalogue entries regarding their highlights and discoveries. In this sense there is no other actor in the market such as Sotheby's or Christie's who dominate how to catalogue works of art. They only had to download on line all this information with an attractive format in order to appeal to their clients network considered the most numerous and acutely segmented of the world of Art. Covid-19 crisis has given both companies a unique opportunity to increase their dominant position.

Sotheby's and Christie's, showing their centennial capacity to adapt themselves to changes and having been already conscious for some time that their traditional model of business was exhausted, have demonstrate a strength and flexibility much more outstanding than their competitors. This crisis would not represent any threat to their leadership. Philips in modern and contemporary art market and Bonhams, Dorotheum and Artcurial in old masters, are at long distance the secondary players in the auction market.

According to Mutual data, during the first semester of 2020 Sotheby's sold 1145 M \$ and Christie's 990 M \$, though it is a volume similar to May 2019, it should be considered a good result bearing in mind the exceptional circumstances of the crisis and the limited results of their competitors. Philips sold 150 M \$ during the same period. These extraordinaries results will imbue Sotheby's and Christies with the confidence necessary to continue their process of innovations as a global organisation and will make them face these times characterised



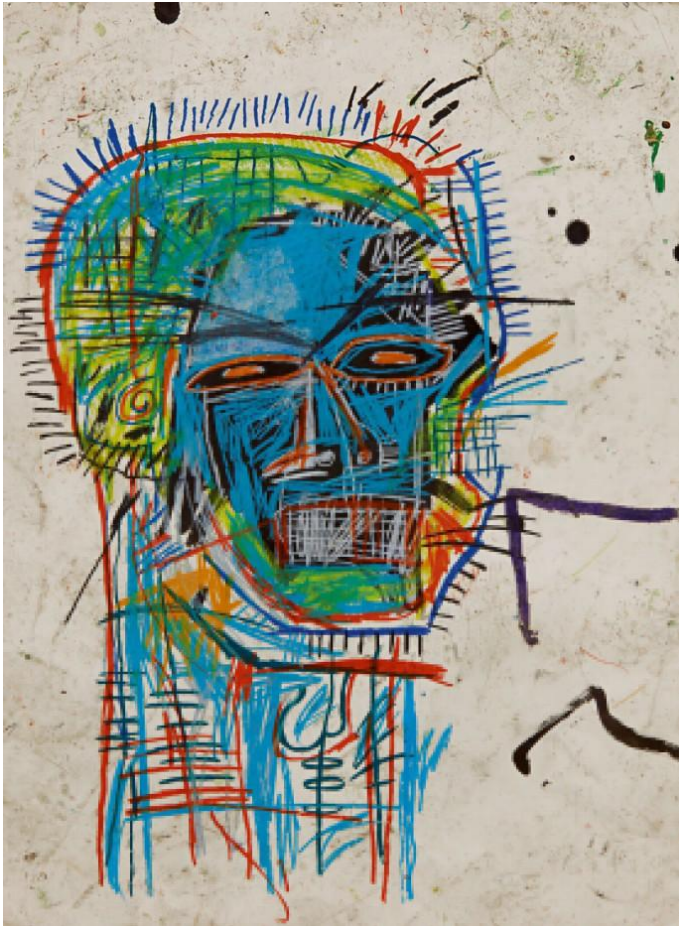
4.- CLYFFORD STILL, PH-144 (1947-Y-NO.1)

by uncertainty with a sense of leadership of the market ever stronger than before.

However, if we have to choose a company as winner in this struggle for the hegemony of the market, this should be without any doubt Sotheby's. The oldest auction house founded in 1744, the quintessence of tradition until 2019 when the multimedia magnate, Patrick Drahi bought the company. Sotheby's embodies the star which should guide the transition from the traditional formats to

online. It has demonstrated that the change can be done in a time record applying the following strategy:

- 1- Convince the important collectors with a necessity of liquidity that today is a good moment for selling.
- 2- Postpone their highlights to July.
- 3- Multiply online auctions.
- 4- Reduce the estimates of the works of art.
- 5- Promote "cross categories sales".



5.- JEAN-MICHEL BASQUIAT, *Untitled (Head)*

Its reaction should be studied as a model of how the commitment of ownership with the technological change can imbue an organisation with a new mentality absolutely necessary in times of crisis. The whole world of Art should be grateful to Sotheby's for having demonstrated in these moments of unrest that even in the period of lockdown, art is still selling very well.

In April, Sotheby's organized 43 online auctions, among them "Contemporary curated" held on 7th April where it sold 88% of the lots for 6, 4 M\$ with a work of Georges Condo achieving 1,3 M\$, proving that the contemporary market is still strong in crisis times. Its Old Masters auction reconverted to an online format was also a great success selling 88% of the lots estimated in general in a conservative way. In this sale all the lots of collection of miniatures were awarded, several ones multiplying their high estimates by ten. A Frans Pourbus miniature portrait rose from 600 £ to 30.000 £ revealing that a miniature, as a jewel or a watch, can be perfectly visualized with digital tools and even better than viewing the items in flesh. The monographic auction dedicated to the dealer, Rafael Valls sold online for 2,1 M€, four times its mid estimate. The New York impressionist & modern art sale and the contemporary art sale brought an halo of optimism achieving a combine result of 23 M\$ with a Giorgio Morandi (1) rising to 1,6 M\$, a record in online sales, in spite of not including any of its highlights reserved for the July sale and the result was far below the May 2019 sale (44 M\$ only in the contemporary sale) .The 18th June, when European countries were progressively opening their economies, Sotheby's decided to launch in Paris its first life auction with a reduced audience, offering a preview to vip collectors and the possibility of inspecting the work of art in the original, though everything was perfectly synchronized online with its client network. The highlight of the sale, a monumental Paul Klee (2) rose from 2,2 M€ to 4,4 M€. The market testified again a great strength and capacity to grow, as prove by the fact that 29 % of the buyers were newcomers.

After these series of successes, on the 30 June, when Europe had just opened its internal frontiers, USA was overwhelmed by a flood of Covid-19 cases and New York was nearly paralyzed, Sotheby's organized in New York its first global auction of modern and contemporary art in an entirely digital format without public. That

evening can be considered as a real feat in the history of art sales due to the courage shown for being the first one and for achieving an exceptional result of 340 M\$, in spite of the exceptional circumstances of great uncertainty which surrounded the event. The highlight of the sale, a monumental triptych by Francis Bacon (3), inspired in the "Horestiade" was sold for 84 M\$ after a struggle between a Chinese collector online and a NY collector on the phone. The fact that the painting was one of 25 triptychs painted by Bacon, his group of works more appreciated by collectors, only half of them in private hands, as well as being a work fresh to the market (the painting has been owned by a one person since he bought it at Marlborough gallery in 1987), was more powerful than the apocalyptic circumstances created by the Covid-19 crisis. In this auction a Roy Lichtenstein was sold in 28,73M \$, a Clyfford Still (4) in 28,73 M\$ and one of the best examples in paper of a Basquiat "head" (5) made 15M\$. Unfortunately, an exceptional and very appealing woman head by Picasso (6) only rose to 11,9 M\$ just below the reserve price. The Pandemia has created winner and losers, even within the great masters. Picasso like the impressionist masters and Zao Wou- Ki, authentic Icons of the market before the crisis, have not performed in accordance with their expectations. during this semester.



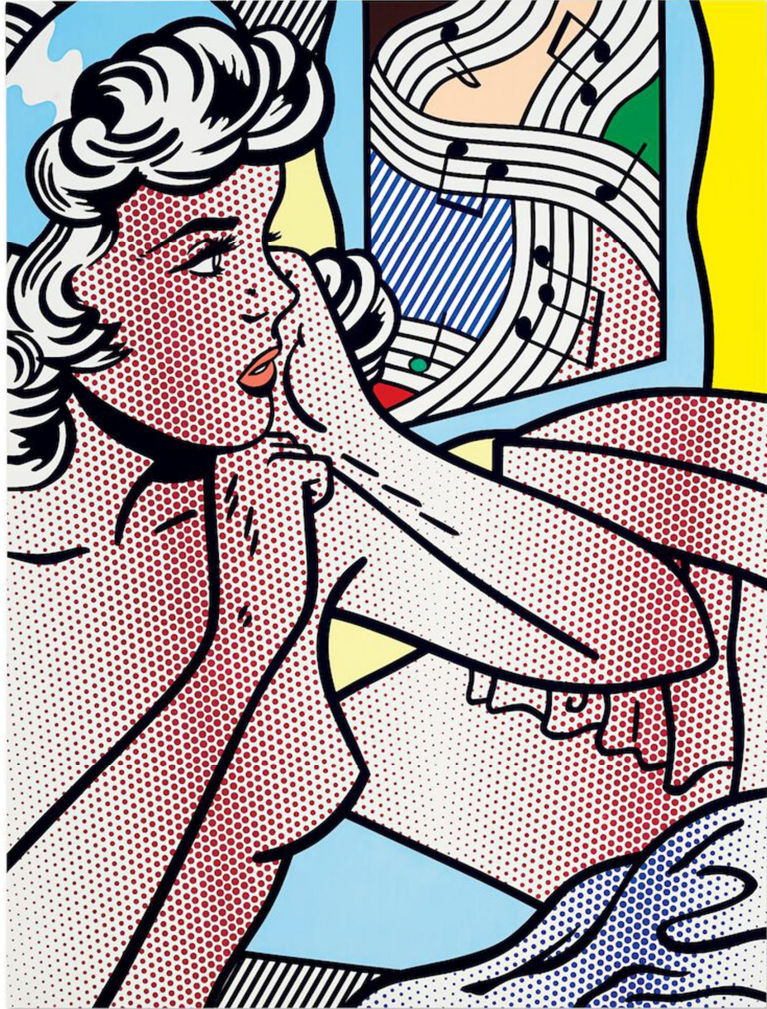
6.- PABLO PICASSO, *Tête de femme endormie*



8.- CHU TEH-CHUN, *Les éléments confédérés.*



7.- SANYU, *Quatre Nus*



9.- ROY LICHTENSTEIN, *Nude with Joyous*



10.-BRICE MARDEN,- *Complements*

Christie's was slower in reacting and maintain a more cautious view of multiplying its online sales during the first months of the crisis and focused all its efforts in preparing a "block buster virtual sale" titled, "One a global sale for the 20th century "developed in four sessions held in Hong Kong, Paris, London and New York planned for July. Furthermore, Christie's decided to organize its first major events coinciding with its Asiatic week, this year delayed until the beginning of July. its strategy has been to wait and see how the situation evolves and, once it clears up, to launch a spectacular auction with several millionaire top end quality lots within a new format with all the technological tools that will show what is the auction of the future : global, on line and with vibrant and electrical ambiance which guaranty great expectation in the potential buyers.



11.- PABLO_PICASSO, *les_femmes_d'Alger*

Hong Kong sales did not disappoint and the principal actors made 400 M\$, approximately the same as in 2019, showing that this market still very strong and has not been so affected by the Covid-19 crisis. It is a market focused mainly on three Chinese artists, Zao Wou-Ki, Sanyu and Chu Teh-Chum who lived for a long time in Paris and on the contemporary artist Liu Ye. Sotheby's stood out as the leader of this market with 232 M \$ sold above Christie's which realized 142 M \$, perhaps affected by a long period of inactivity. Sanyu rose as the authentic victor, selling for 33,3 M\$ "les trois nus" (7) at Sotheby's and a monumental painting of his series of Chrysanthemums for 24,5M\$. Both paintings overshadowed the successful sale of "les éléments confédérés"(8), by Chu Teh-Chum, sold un record price of 14 4 M\$, an abstract master piece inspired in the ninth symphony of Beethoven with an incredible and almost musical combination of green blue,yellow and black tones and the painter Zao Wou- Ki who, in spite of having sold several work at medium prices for a combine amount of 60 M\$, is not performing so well in 2020 in the top end market. Finally, this week has confirmed the great interest of the Asiatic market for the occidental contemporary art, achieving several millionaire sales.

Christie's announced his highlights of the semester with a lot of anticipation in the frame of his mega sale, "one", which finally took place on the 10th July in Hong Kong, Paris, London and New York. Each session was conducted by a specific auctioneer connected through a big screen with the different specialist in each work of art. The sale was attended by not more than 30 vip collectors and was followed by 80.000 people; it was on the whole a great success achieving a result of 421 M \$, as the auction with a highest volume of sales of the semester. Though the first session, Hong Kong, was disappointing when its main star, a very energetic masterpiece of Zao Wou-Ki, in red tones did not sell at 10 M\$, the New York session achieved 2/3 of the sales, awarding the major lots, all of them from the contemporary market; a Roy Lichtenstein 46 M\$ (9), a Brice Marden 30,9 M \$ (10) and a Wayne Thiebaud 19,4 M\$. The highlight of the evening and iconic image of the auction, a version of the series "Les femmes d'Alger" by Picasso (11) was just sold for 29,2 M\$ far away from Christie's expectations, all the more it has sold in 2015 another version of the same series in 179 M\$. In London the most noticeable result was made by a magnificent Magritte, "l'Arc de

triomphe" sold at 23 M€; the Paris session presented mainly impressionist and post-impressionist works, in my opinion, not of great importance, with a Dubuffet sold at 6,5 M€ and a portrait of Modigliani awarded in 4 M€, as the only sales of significant interest.



12.- REMBRANDT, *Self-portrait*.



13.- BERNARDO BELLOTTO, *View of Dresden*

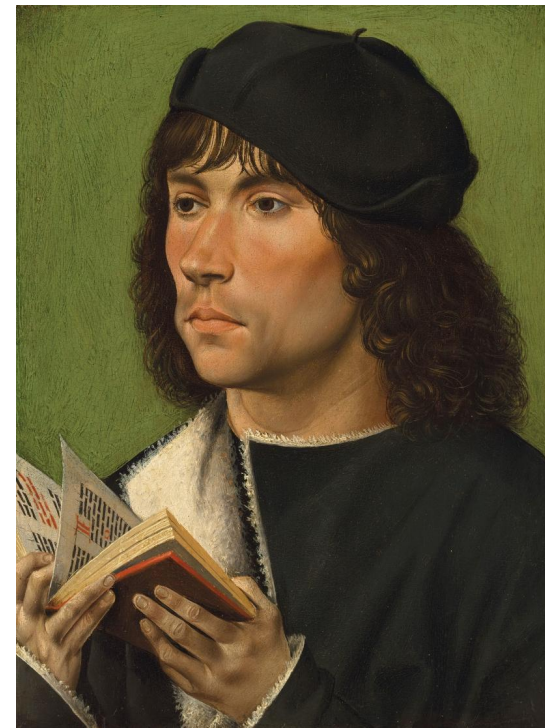
Sotheby's planned to culminate its semester in London at its historical headquarters with a big bang, emulating Christies mega auction with a cross categories sale titled "From Rembrandt to Richter" that would go through 500 years of art, appealing to the very trendy idea of "art without boundaries". The target was to promote a dialogue between works pertaining to different ages which would be echoed by cross bids applied by different departments of Sotheby's. The format chosen was a "live streaming sale" attended in life by a few vip clients and requested by Oliver Baker in front of a big screen in connection with the main offices of Sotheby's all over the world and very well escorted by the Head of departments of the company. The scenario had all the prosopopoeia of a Bank Shareholders meetings. The auction hosted top quality works fresh to the market. With regards the Old Masters, the highlight was a small self-portrait by Rembrandt (12) ,1632, one of the three which have remained in private hands. Though the picture appealed to quite a lot of interest from Dutch museums, it did not rise more than its mid estimate, selling for 14,5

M £ to a new collector. An iconic battle by Paolo Uccello, was far more attractive for the collectors , multiplying four times its high estimates and achieving a price of 2,4 M £; a portrait of a lady by Rubens only reached 2,5 M £ and a melancholic view of Dresde by Bernardo Bellotto (13), the nephew of Canaletto, rose above its high estimate up to 5,4 M £, attesting that the market still value top quality novelties representing the genius of the master.



14.- JOAN MIRÓ, *Peinture (femme au chapeau rouge)*

The evening had also its shadows, among them the disappointment expressed by the audience when they knew that a Frans Hals portrait was at the last moment withdrawn, in my opinion due to its not showing the "sprezzatura" and lively style of the best works of the master. Furthermore, regarding modern art, Sotheby's surprised the audience withdrawing another of the highlights of the auction, a major work by Francis Bacon estimated 12M to 18 M£, study for the portrait of John Edward. Though it represented one of the most important friends of the master and had all the quality expected in a Francis Bacon portrait, it did not appeal enough to the potential buyers. The auction only got over when a charming and highly coloured Miró with blue background and striking red forms, "Femme au chapeau rouge" (14) achieved the highest bid of the evening, 25,8 M £. Finally, a triptyc by Richter, extremely reminiscent of the skies painted by Dutch painters, rose up to 10 M£.



15.- MAESTRO ANÓNIMO, *portrait of a man holding a prayer book*

However, during the evening, the big surprises were reserved this time to low and mid estimates as "Femme debout" by Giacometti which sold three times its estimate at 11 M€, a lyrical sculpture by Barbara Hepworth and a painting by Henry Laurens with estimates of 300.000 £, sold respectively in 1M, 65£and 2,7 M€. Unfortunately, the evening fell again into a state of confusion when an odalisque of Matisse, the epitome of sensuality, sold for 6,4 M€ far beneath its low estimate, showing again that French postimpressionism is not performing so well in the Covid era.

Both mega auctions, though achieving an overall success, did not respond to the expectation created by the organizers. Sotheby's historical sale of Modern and contemporary art held 30 June in New York could have overshadowed their results and perhaps lessened their protagonism. In fact, the latter has been the best auction requested up to now in 2020 and the peak event of the semester coinciding with the sale of the tryptic by Bacon. Since then the market showed a kind of ennui that have prevent the achievement of world records regarding the most important lots and focused the successes on the mid and low estimates (between 1-5 M\$). We cannot discard that next semester could be imbued by this weariness.

With regards to the old masters we must point out that Sotheby's has been very keen on protecting them, including several old masterpieces in their dialogue with the 500 history of art maintained in the "Rembrandt to Richter" auction. We should recognize how well this experience has functioned, expanding the market to newcomers, thanks the efforts of all its departments. Christie's has been much more conservative and has decided to maintain independent his old masters evening sale where we saw the market captivated by a small Flemish portrait (15) that rose from 500.000 £ high estimate to 1,7 M £. It is certainly a museum top quality panel with resonances to Van Eyck and Roger van der Weyden portraits which would certainly induce an interesting debate regarding its attribution. It is for sure an autograph work by one of the masters of the second generation of XVI century Flemish masters, may be Quinten Massys or Jan Gossaert. However, the market did not appreciate the outstanding quality of the unfinished portrait of an enigmatic woman, an unfinished work by Peter Paul Rubens (16) from his Genoese period or probably coinciding with his first Spanish journey when he painted the portrait

of the Duque de Lerma and met Velazquez. The painting was awarded under its low estimate. Sotheby's and Christie's day sales of July had fairly good results above its expectations with similar figures to the ones performed before the pandemia. I was pleased to know that in Christie's the recently discovered Borggiani was sold and that a small modelino attributed to Van Dyck multiplied his estimate of 15.000 £ and was awarded in 87.500 £ .Regarding the monographic auction on works owned by London and New York galleries, organized by Sotheby's to support this sector which has been such a good client in the past, there is nothing worth noticing. Though the estimates were low, the market did not show great interest, may be because the works were not fresh to the market, most of them had already been exhibited at Tefaf and none of them were an outstanding discovery.



16.-PETER PAUL RUBENS, *portrait of a young woman*

I have tried to describe in this article which have been the strategies of the leaders of the market in order to face the Covid crisis; how they have employed different tactics in their struggle to gain the hegemony of the market and what have been their results during these uncertain times.

The conclusions will be drawn in my next blog where I will try to define which would be the path followed by the market in the post Covid era. Which is the type of art that will adapt itself best to the new formats? How the galleries and art fairs would flourish again? Which would be the role of the old Masters in this new era?