

CONSTANZE KUBERN

ART ADVISORY

MARKET UPDATE

Analyze this & Lessons learned

With the autumn season of the major art auctions and fairs coming to a close, it's this time of year again, when one reflects on the learnings and stipulates on things to come. Fortunately, public sales records and analysis by leading researchers back up observations with hard facts. Here are my top findings:

“Ships will rise less with the tide but some waves will still ascend higher than others”

This quote used by Benjamin Mandel of J. P. Morgan predicting a slow-down in the growth of the Chinese art market for Citibank's recent art market report, is a perfect metaphor not only for the market segment but for the art market, and probably many other markets, as a whole: Quality drives price and only the best will outperform. Educated picking is essential.

Auction Guarantees = Quality Offered = Sales Totals = Market Share

According to ArtTactic, the NY Post-War & Contemporary Art Evening Auctions last month generated \$877 350, down 30% from May earlier this year. Sceptics could now argue that the bubble has finally burst but fail to look beyond. Auction totals, and hence market share, are in direct correlation to quality offered. In an endless battle over trophy works, auction guarantees are

It is at the Day Sales where the trade is happening and which reflect the health of the broader art market

The total sales volume of the November Post-War & Contemporary Art Day Sales in NY saw a correction of 5%- hardly reflective of a downward trend. What is much more interesting to look at is the steep increase in average price over the past five years and a chart published by Karolina Prawdzik showing the Day Sales Totals as a % of the Evening Sales Totals. Here, we can see another steep rise in 2015 signaling a broadening of the market away from a top heavy “masterpiece market” and a general increase in the value of art.

With these words, let's look forward to a healthy and prosperous 2016. Happy holidays!

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NEWS



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often offered to sellers to win consignments resulting in a gamble between profit and loss for the auction houses. Consequently, Christie's announced a cutting of those guarantees earlier this year and significantly reduced their number of guaranteed lots in November by 50% to 26%. This, without a doubt, did have an effect on attracting quality consignments. Their most prominent lot was Modigliani's *Nu couch* which sold for a staggering \$170m to Liu Yiqian, a former taxi driver turned billionaire from China, which was guaranteed at price believed to be its low estimate of \$100m. Sotheby's got a little less fortunate, when offering a \$500m guarantee to the heirs of the A. Alfred Taubman Collection (their former chairman who was convicted in a price fixing scandal with Christie's in the late 1990s and primarily bought at his own auctions) which sold below expectations so far. The lessons learned here: Never set estimates too high, it shies away potential buyers; Provenance is key and works need to be "fresh" to the market to outperform.

Interview with Constanze Kubern on Damien Hirst's market and his new museum in London.

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CONTACT

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We are your trusted confidant when it comes to art collecting. We work for you- professional, unbiased and transparent at all times.

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