

ART ADVISORY E-BULLETIN

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1858 Ltd at deLux13



deLux13, a new forum focusing on the luxury sector internationally, looking at where it stands in business and society today, took place at Sydney's prestigious Art Gallery of New South Wales last month. 1858 Ltd's Viola Raikhel-Bolot

was invited to the event as a guest speaker in order to share her in-depth knowledge of art as an investment of passion and its relationship with the luxury sector.

The art market's global value in 2012 was estimated at over \$43bn. Impressive sales results, such as the world record \$119.9m achieved at auction for Edvard Munch's *The Scream*, make it easy to understand why this market has become so attractive to private banks and luxury brands who essentially target the same audience..

Despite a 7% retraction in the art market last year, figures have remained high enough for industry insiders to not be concerned. The U.S. has regained its top spot as having the largest share of the global art market, but China remains the number one buying power in the art world, a trend that has increased as China continues to show an "overwhelming appreciation for brand artists" such as Picasso and Warhol. However, having become a viable

alternative asset class means that the art market is supported by investors, not just from China, but from 55 different countries across the world. This market has also performed well against the stock market, proving it to be a good hedge against inflation.

Viola also discussed the close relationship between art and the luxury sector; notably the fashion world, and how this has evolved over time. Today, it is perhaps best exemplified by a brand such as Louis Vuitton, who collaborate with and support artists, and who are set to open a Frank Gehry designed foundation in the heart of Paris to display their own extensive collection of art.

Joined by other industry leaders, 1858 Ltd was thrilled to participate in this inaugural forum, sharing expertise, and remaining at the forefront of this exciting market.

Collector Steve Cohen Adds to His Collection

Billionaire hedge fund founder Steve Cohen made headlines at the end of last month, having reportedly bought Picasso's *Le Rêve*, dating from 1932 (pictured), for \$155m. Since then, and amongst more headlines about a \$615m fine for his company SAC Capital for improper trading, the price has been altered to \$150m but the New York Post's original speculation that this makes it the most expensive artwork ever purchased by a U.S. collector most likely remains true.

The painting, depicting Picasso's mistress Marie-Therese Walter, is one of his most

famous, and has been at the top of Cohen's wish list for a while. In 2006, he had agreed to a \$139m price tag but an unfortunate incident involving the painting's then owner, casino magnate Steve Wynn, who mistakenly put a hole through it with his elbow, resulted in the sale being called off. The ensuing reparation cost \$90,000 and has removed any visible trace of the damage, to the naked eye at least, and despite which the painting still achieved a record sale price.

In this case, it is win-win for both parties. Wynn, who paid \$48m for the painting back in 1997, and also received a reported \$45m insurance payout for the damage, has made a considerable return. As for Cohen, he has a much coveted painting finally in his collection. Already the owner of over three hundred works, estimated to be worth over \$1bn, and which include Hirst's famous shark and works by artists from Van Gogh to Warhol, Gerhard Richter to Jackson Pollock, this one stands out for the collector. He said simply, "When you stand in front of it, you're blown away".



Picasso in the Art Market

Pablo Picasso has long reigned the record charts of auction houses across the world. Back in 1989 his painting *Les noces de Pierrette* (1905) sold at Paris auction house Binoche et Godeau for \$51.3m, which at the time made it the second most expensive painting ever sold at auction and only a few million below the most expensive, Van Gogh's *Irises* which had made headlines just two years before.

However, Picasso has since topped the chart on several occasions with paintings such as *Garçon à la Pipe* (1905) which sold for \$104m in 2004, and *Nude, Green Leaves and Bust* (1932), which achieved an astonishing \$106.5m in May 2010. Despite losing the top spot to Edvard Munch last year, whose painting *The Scream* sold for \$120m at Sotheby's, Picasso remains one of the world's most expensive artists. For decades he was

the most expensive artist, but with the rise of the Chinese art market, he now ranks fourth behind two Chinese masters and also Andy Warhol. Regardless, his significance in the market is confirmed by purchases such as collector Steve Cohen's recent private deal.

Sought after by collectors the world over, Picasso's works have continued to increase in value through the decades, and even his ceramics are selling for ten of thousands of pounds. A recent Picasso sale, held at Sotheby's in London at the end of last month, saw a vase sell for three times its high estimate, at £104,500.

Controversial Sale: The Barbier-Mueller Collection

A sale of over 300 Pre-Columbian artefacts went ahead last month at Sotheby's in Paris despite receiving objections from four Latin American nations and causing major controversy in the press. Over 130 of the artefacts, collected since the 1920s by the Barbier-Mueller family, are claimed to have been sourced illegally from Mexico, Guatemala, Costa Rica and Peru, with the latter's Ministry of Culture declaring that "from April 2, 1822 Peruvian regulations prohibit the removing of archaeological goods without government authorization", therefore concluding that their exportation much have been "clandestine".

Sotheby's went ahead with the sale, insisting it had thoroughly researched the provenance of the artefacts on offer and was satisfied with its findings, but less than half the lots were successfully sold. Presumably the controversy is partly to blame for the poor result of €10,296,300, far below the estimated €14.5m - €18.5m that the auction house was hoping to achieve. Although Sotheby's claimed to be pleased with the result, saying it had achieved a world record for an auction of Pre-Columbian artefacts, the case highlights the importance of knowing an artwork's provenance, and the problematic issues that not knowing can cause.



This Olmec Stone Figure of a Seated Man from Mexico dating from 900-600 B.C. sold for €481,500.

Sector in Focus: Jewellery



In November last year, a new record was set for the highest auction price ever paid for a colourless diamond. Christie's Geneva sold the Archduke Joseph white diamond for \$21.5m which weighing 76.2 carats, also broke the record for the highest price per carat. The record was a long time coming, beating the one set as long ago as 1995, and drew attention to the high demand for rare, and exceptionally high quality gems that has seen the jewellery market boom over the

last decade, with jewellery prices increasing by 140% in that period, according to Knight Frank's 2013 Wealth Report.

Each year has seen new highs reached in the jewellery auction market. In 2007, before the financial crisis set in, Christie's reported its jewellery sales at \$395m. By 2010, they came in at \$429m, with Sotheby's reporting figures not far off that. And 2008, a doomed year for most markets, still saw this sector set new records, most notably with the sale of the Wittelsbach Blue diamond which at \$24.4m was the most anyone had ever paid for a diamond at auction.

The trend has continued year on year, and 2013 is unlikely to be any exception. On 24th March, the engagement ring given to Josephine by Napoleon in 1796 sold for nearly fifty times its high estimate, going for just under \$1m. But this April's jewellery sales in New York are hoping to garner much higher amounts, with Sotheby's selling the most valuable white diamond seen on the American market, for an estimated \$12m, whilst Christie's are selling the Princie diamond (pictured), the largest fancy pink diamond ever seen at auction and once the property of Indian royalty, estimating it at \$30-40m. Meanwhile, the largest colourless diamond seen at auction, described as "absolute perfection", weighing 101.73 carats and deemed flawless is going on sale in May at Christie's in Geneva.



The British Museum's Sellout Show



A portrait of a baker and his wife found in the ruins of Pompeii, currently on show at the British Museum.

The British Museum's latest show, Life and Death, Pompeii and Herculaneum, opened on 28th March to large anticipative crowds. Hitting a five year peak in pre-opening sales, during which the museum sold 50,000 tickets, advance bookings remain the most sure way to get tickets, which already have limited availability for days two months away.

These sales are showing the return of an increasingly healthy demand from the public, more than doubling the previous five year peak figures achieved by the museum's Hadrian: Empire and Conflict exhibition in 2008. It is still a long way however, from competing with the 150,000 pre-bookings for The First Emperor: China's Terracotta Army which went on show in 2007.

Promising to give visitors "a taste of the daily life of the people of Pompeii and Herculaneum, from the bustling street to the family home" it is no wonder the exhibition has proved so popular, as well as being the first such show in London for over 40 years, and presenting objects never seen outside of Italy. The British Museum however, is not the only gallery witnessing high demand. The V&A's David Bowie is show sold triple the amount of pre-booked tickets than any V&A show ever had, and the earliest available ticket is not until the 30th July. Meanwhile, the

Hayward Gallery is said to have queues outside of it on a daily basis thanks to its Light Show and the Royal Academy have had to extend their opening hours as the Manet: Portraying Life exhibition comes to an end.

LATAM Market Review

The general outlook for the LATAM art market remains positive with most experts believing the year ahead will be a good one for Latin American Art. Whilst sales figures have not yet reached the same level as those achieved in 2008, a peak year for the market, they were 25% up in 2012 compared with 2011.

There has long been talk of an 'explosion' in the art market of Latin America and specialists remain divided about its likelihood. However, they agree that the works of many Latin American artists are greatly under valued, such under-valuation bringing with it opportunity.

The Latin American market tends to be non-speculative with steady growth. These two factors and minimal volatility are attractive characteristics for collectors and investors alike, and the market is certainly seeing an increasing number of HNWLs from both within and outside the region buying Latin American art.

As well as steady growth, there are more and more instances of artists achieving major new auction records. One example is *La revolte des contraires*, a painting by the well-known Chilean artist Roberto Matta (pictured). Deemed to be one of the best works by the painter, who made much of his career in Europe, many noted how undervalued it was at the estimated price of \$1.8 - \$2.5m. To much clamour the painting far exceeded its high-estimate achieving just over double at the Christie's sale in New York in May 2012.

Although it is still fairly rare for Latin American artists to achieve such high prices, let alone prices as escalated as those of their contemporaries in Europe and the US, these new records show the market is strong and that it has the attention of serious collectors. The fact that it is largely untouched by the frenzied speculation of art 'investors' known to bid astronomically above auction house estimates, makes it more accessible to passionate collectors, though how long it stays this way remains to be seen.

In any case, Latin America is still undergoing a major cultural boom, and the increased number of art fairs both in Latin America and outside, guarantee that its art market will remain the subject of much attention for the foreseeable future.



I858 Ltd Art Advisory

**Buying
Selling
Authentication
Valuations
Auction Representation
Collection Management
Art Philanthropy Advice
Art Finance
Art related Tax and Estate Planning**

How an I858 advisor can help you:

- **Exclusive Access** to works of art in private collections that are not available on the market
- **Impartial Advice** being independent of auction houses, galleries and dealers, we provide impartial advice when buying and selling on behalf of our client
- **Time Savings** as we are able to manage all areas of the collecting process on our clients behalf, we are able to build or sell complete collections with as much or as little involvement from the client as they wish
- **Direct Savings** due to our buying and negotiating capabilities we significantly reduce transactional charges which in turn we pass directly to our clients
- **Reducing Risk** by undertaking thorough due diligence on all transactional decision, we ensure that potentially costly mistakes are avoided and the client has complete confidence in the decision made.

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Art Calendar Highlights

Albrecht Dürer: Master Drawings, Watercolors,
and Prints from the Albertina

National Gallery of Art, Washington DC

Until 9th June

www.nga.gov

David Bowie is

V&A, London

Until 28th July

www.vam.ac.uk

All You Need Is LOVE: From Chagall to Kusama
and Hatsune Miku

Mori Art Museum, Tokyo

26th April – 1st September

www.mori.art.museum

Art Beijing

Agricultural Exhibition Centre, Beijing

30th April – 3rd May

www.artbeijing.net

Frieze Art Fair

Randall's Island Park, New York

10th – 13th May

www.friezenewyork.com

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