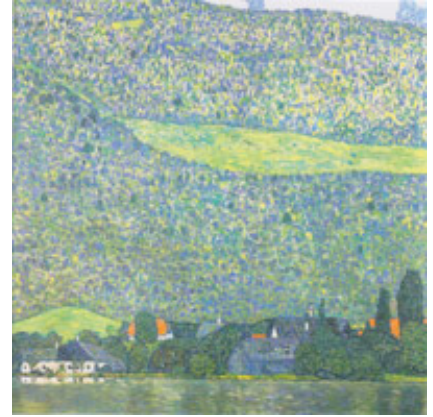


## NEW YORK NEWSLETTER • OCTOBER 2011

### CHIEF EXECUTIVE HARRY SMITH: MARKET INSIGHTS

October represents the start of the autumn high season for the art market, and with worldwide stock markets sales in roller-coaster mode, the forecast is uncertain. Conventional wisdom seems to be divided into two camps: Either the market will continue from strength to strength, with art still looking attractive as a tangible asset. Or, collectors and consignors will catch the jitters generated by the European banking crisis, gridlock in Washington and an uncertain global economic picture, and will stay on the sidelines until the future looks clearer. The first series of major sales, Contemporary Art in London, started slowly at Phillips, gained ground at Sotheby's and went exceedingly well at Christie's, signaling a season in which selectivity, lack of speculation and the importance of quality and rarity will once again be key factors.



Gustav Klimt's *Litzlberg am Attersee* (est. in excess of \$25 million) headlines Sotheby's New York Impressionist Evening Sale, to be held on 2 November.



At \$9.1 million (£6.5 million), this portrait of *Frances, Mrs William Villebois* more than doubled the previous record of £2.7 million.

### GURR JOHNS SETS A NEW RECORD FOR GAINSBOROUGH

Sumptuous 18<sup>th</sup> Century Portrait Sells for \$9.1m

Despite his usual practice of bidding anonymously in the major sales, Gurr Johns' CEO Harry Smith openly pursued and won this elegant Thomas Gainsborough of *Frances, Mrs. William Villebois* (pictured left), from the collection of Lord Cowdray, on behalf of a client. London Director Tim Hunter said after the sale at Sotheby's in London, "It is a magnificent painting, and was one of the last great Gainsboroughs in private hands". "The really exciting thing," added Mr. Smith, "is that that it has just been returned from the restorer and it cleaned beautifully. The gorgeous drapery, subtle tonality and pearlescent skin have been revealed for an entire new generation of admirers". Interestingly, the picture was originally purchased by the 1st Viscount Cowdray from London dealer Agnew's in 1919 for the sum of £49,500, nearly the same price in real terms that it made this summer.

## MODERN BRITISH ART MAKES ITS MOVE

Artists Set Records in Summer Sales and at Art Fairs

Despite the unique talents of Modern British artists, their work has been viewed and valued for many decades as the strivings of rather less successful stepchildren when compared to European and American Modernists.

If the Modern British auctions and art fairs in London this summer are any indication, however, this perception is beginning to change.

### Evill-Frost Collection of Classic Mod Brit Brings \$59.5m at Sotheby's

Records fell like dominoes at sales including the single-owner Evill-Frost Collection at Sotheby's London. Sir Stanley Spencer's *Sunflowers and Dog Worship* made \$7.56 million, while Edward Burras' *Zoot Suits* (pictured right) jazzed bidders up to \$2.9 million, and Patrick Heron's signature *Blue Table with Window* fetched \$1.4 million.

Interestingly, it has been the modern British sculptors such as

**“For so long, we have viewed our artists as somehow followers or imitators of their European and American contemporaries. We are now, I think, starting to realize that nearly all our important figures were making their work in sight of their contemporaries rather than in thrall.”**

**James Rawlins, Sotheby's Modern British Specialist**



Henry Moore and Barbara Hepworth who have been valued and recognized as equal to their counterparts abroad.

But British painters, perhaps because they did not slavishly follow the doctrinaire post-war abstract expressionist path championed by Pollock, Rothko, De Kooning and others, have lagged in value on the global market.

Their eclectic style has been almost exclusively pursued by British collectors, yet according to James Rawlins, Sotheby's expert in Modern British Pictures, this is slowly beginning to change.

“Obviously there is still a very strong British core to our buying, but even here there has been expansion in the modernist and post-war periods, something that may be happening because the pieces are the product of a world that is still within our grasp”.

Rawlins' analysis seems right. Prices for the best European, American and Latin post-war artists have taken a nearly uninterrupted upward trajectory -- pricing themselves out of the reach of many.

Therefore, the appeal of an undervalued market, coupled with the nostalgic and comforting zeitgeist of many of these works, has awakened collectors to a potential bargain.

## GURR JOHNS NEWS

### Gurr Johns Sells Mark Quinn Sculpture of Kate Moss

Gurr Johns added some excitement to Sotheby's recent Contemporary art sale in London, selling Marc Quinn's provocative solid-gold sculpture of supermodel Kate Moss (pictured right) for \$908,245.

On a surreal evening when Sotheby's art handlers picketed outside the Bond Street HQ, there was some grumbling about the taste of the 18-carat yoga-posed Moss.

Quinn, who first made art headlines when he created and exhibited a head filled with human blood, called the 2008 sculpture of Moss *Microcosmos (Siren)*. However, despite whispers about the marginal taste of the piece, the market has the last word and the work became one of the top ten lots of the night.



## LONDON SALES SEND MIXED SIGNALS

No clear consensus emerged after the three big contemporary auctions in London in early October. The only agreement may have been that this market is no place for litmus tests of sub-standard or "shopped" material.

Sotheby's inspired a lukewarm reception at best, tallying \$28 million (£17.8 million, against an estimate of £19-26 million), with 23% unsold by lot.

Christie's, by contrast, added a shot in the arm for nervous collectors and dealers, finishing the contemporary week on a high note. Their well-edited and well-priced auction realized an impressive \$59,998,872 (£38,070,350), very near the £39.4 million pre-sale high estimate. Forty-seven of fifty-three lots offered sold,

and sold well.



## EXCITING ADDITION TO GURR JOHNS

James Salzmann has joined the company as Director, Operations and will be overseeing projects between New York and London.

Salzmann comes to Gurr Johns from Phillips de Pury & Company, where he held a business development role in Britain while helping to manage the auction house's New York offices. He was previously with Sotheby's, where he trained first in the silver department and in 20<sup>th</sup> century design before taking on a strategic role. James is a graduate of Harvard University and Sotheby's Institute of Art, London.

## STONE-WALLING THE MARKET?

**Jewelry Sales Dominate as Auction Houses Bet on Big Stones to Beat Bear Markets and Hedge**

### LIZ LOVED BLING!

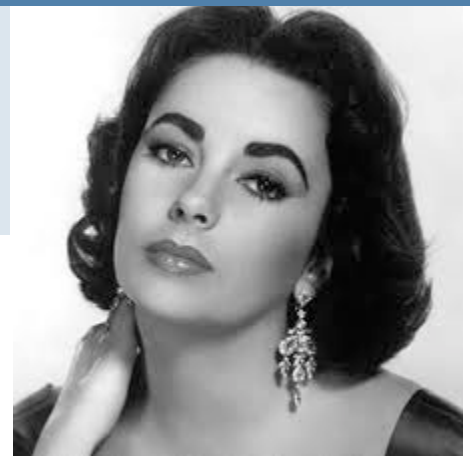
Screen Legend Elizabeth Taylor's Jewels on the Block at Christie's New York

With no monarchy in America, Hollywood royalty must provide the glamour quotient for



celebrity jewelry sales. Yet no one could argue that violet-eyed beauty Elizabeth Taylor's jewelry auction pales against legendary sales like the Duchess of Windsor's when it comes to romance and juicy stories. It is just that in this case there were seven husbands, rather than one Duke, to supply the drama and the dosh.

Highlights of Taylor's beloved (and unsubtle) collection include a 33.19 carat diamond ring and a Bulgari emerald and diamond necklace (pictured left), both gifts from Richard Burton and both valued at \$3,500,000. And for anyone



who could forget "La Liz" as a wholly convincing Queen in Cleopatra, the tiara given to her by second husband, Mike Todd, and which she wore to the 1957 Academy Awards, should leave no one in any doubt as to her complete comfort with regal jewels. Christie's looks for around \$30 million from the sale, which also includes other personal effects from the actresses' estate.

### PORTABLE WEALTH IN A RAINBOW OF STONES

As long as dictators, potentates, or even just divorcees want to run away, it is always a neat trick to keep your net worth in valuable gems. Tuck them in a little red velvet pouch and head for the helicopter: who said you can't take it with you?

Today, with Gulf rulers in retreat, hedge-funders being hassled by protestors, and a general storm-the-Bastille mood in the air, it will be interesting to see who the buyers of the autumn auctions' mega-stones will be. Rare colored diamonds are, either by accident or design, in seemingly ready supply.

Christie's has already sold a 32.77 carat diamond called the Vivid Yellow (above right), named for its uniquely saturated yellow color, at its New York Magnificent Jewels sale on October 18 for \$6.6 million, within the \$6-8 million estimate. And at Bonhams, one of the world's rarest stones, a pale blue diamond sparkler set by Bulgari circa 1960, sold for \$2,947,230, far above a \$1,248,000 high estimate.

The November Geneva auctions are the next bit of fun. Per usual, dewy-eyed fiancés will bid for engagement rings and blue-bloods will buy (and discreetly sell) pretty Cartier and Winston Christmas presents, but most fascinating will be who is on the telephone when the "rock stars" roll out. Stay tuned!



## NATIONAL ENDOWMENT FOR THE ARTS LAUNCHES SEED VENTURE CAPITAL PROGRAM TO BOLSTER ARTS



**Blue Chip Foundations and Banks Buy In to Innovative Funding Venture**

**Participants Include Ford, Rockefeller, Mellon and Bloomberg Foundations; Citibank, Morgan Stanley, Deutsche Bank and Bank of America**

Rocco Landesman, the colorful and sometimes controversial Chairman of the National Endowment for the Arts, has launched his version of President Obama's shovel-ready infrastructure stimulus package, this time for the arts.

With a commitment from blue-chip foundations, who have already begun to dole out grant money, the genius of the plan is to bring in a roster of bold-name investment firms, including Bank of America, Deutsche Bank, Citibank, Morgan Stanley and MetLife, to give matching seed venture capital funds. Additionally, in April, the Ford Foundation made a pledge of \$100 million over the next decade

The difference between "Art Works" and previous arts funding programs is that the grants are earmarked for projects that have been evaluated for potential revenue-generation and tourist attraction.

In short, monies are being given to vetted arts projects far more tied to the renovation and building of art spaces than to individual artists or their projects. The grants application should warn off anyone who thinks that there are funds to be found for frivolity. The process is being handled by a company called

LINC, a seriously business-sounding acronym for Leveraging Investments in Creativity.

With Draconian spending cuts for defense and entitlement programs being considered in Washington, it is heartening that the arts are still seen as worth of funding for good. As President Kennedy said at a dinner for poet Robert Frost, at the White House in 1962: *"I am certain that after the dust of centuries has passed over our cities, we, too, will be remembered not for the victories or defeats in battle or politics, but for our contribution to the human spirit"*.

## AUCTION HOUSES RELEASE RESULTS

**Despite Sotheby's Record Sales, Stock Takes a Tumble**

**Christie's Sales Up Overall But Down in United States**

**Privately-Held Christie's Declines to Disclose Profits**

Even following record sales earlier this year, Sotheby's share prices have tumbled from their April high of \$54.41 to \$32.28 in late October.

First half-year sales at the New York-based auction house hit \$3.4 billion, up more than 27% on last year, and they also posted a best-ever second-quarter profit of \$129.7 million.

Sotheby's figures narrowly placed Christie's into second place at \$3.2 billion but, as a private company, Christie's does not reveal its profits, making it difficult to directly compare their successes.