

# Sales looking bleak

**Barden Prisant looks at the US market for contemporary art sales as the economic crisis continues to take its toll**

It seems the New York minute has been supplanted by the New York second. At the time of writing this article, it is likely that assets of all types in the US will have appreciated or depreciated (more likely the latter) to a startling degree. Contemporary art, with its bleeding edge, real-time focus is an appropriate topic for this issue of *The Arts Surveyor*.

Lately, there had been talk that investors might sell their toxic equities and then pump all of that money into the markets for tangible investments such as art, gold and other commodities. Is that indeed the case for contemporary art, the darling of nattily dressed Wall Street types?

Prior to the major contemporary sales in New York, the only bellwethers this season had been the few such pieces which had been offered at Christie's *The Modern Age: The Collection of Alice Lawrence* held on 5 November of last year. Unfortunately, it was calculated that 85% of the post-war and contemporary works on offer either went unsold or sold below estimate. A \$20m Rothko was left stranded on the podium and some of the works that did sell fetched prices far below what would typically have been considered their reserves. Hence, the consignors to the major sales must have been feeling quite trepidant as 11 November approached – the day when Sotheby's first major sale was to be held.

Interestingly, the auction houses had seemingly prevented nervous bidders from jumping ship between 5 and 11 November. While the Impressionist and Modern Department at Sotheby's had to withdraw Picasso's \$30m *Arlequin*, the only casualty in the contemporary sales has been the defection of one Russian work, a piece by Erik Bulatov, which had been expected to fetch \$900,000-1,200,000.

The owner of the Bulatov was the real winner of the 11 November sale. Approximately, one-third of the works went unsold, and worse yet, of those which did sell fully, 81% sold under-estimate. The casualties came from all walks of life, even the tried-and-trues suffered, with two Lichtenstein's failing to find a buyer – one of the works had been expected to fetch \$15m. Works with international appeal also failed – a \$9m Freud and \$4.5m Richter both went unsold. In addition, new favourites fared no better. Of the two Hirshs on offer, one went unsold and the other sold below estimate with works by Murakami, Whiteread, and Kapoor also failing to sell. It was indiscriminate carnage.

The US collector base for contemporary art is far more volatile than that for, say, Regency furniture.

Here in New York, it is projected that 40,000 jobs in the financial sector will go, and it is safe to assume that many from the area have put Warhols on their walls. With fewer collectors willing to spend less of their dwindling incomes, the contemporary market will suffer in the US. The auctions will become smaller, estimates will fall and the guarantees will be fewer with sources suggesting that we may spend two years in this purgatory.

New York 19th century, Impressionist, Modern and prints sales all suffered this season. But do not believe that people are curtailing their purchases in some fields to the benefit of others. The contraction is market-wide, and the contemporary realm will fare, if anything, worse than average.

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Interestingly, there is one ray of hope in the contemporary realm, but only for museums in the US. There is legislation afoot, (sponsored by Obama when he was merely a Senator), which will re-write the tax code on artists' donations of their own art. Up until now, they have only been allowed to deduct the cost of their materials, (the fear perhaps being that they would paint and donate enough works at the end of every year to cut their taxes to zero). If the legislation passes, artists will be able to deduct the Fair Market Value of their donations. Hence, the museums may well see an influx of donations from top contemporary artists – cold comfort, though, when you think of all of the philanthropists who may no longer be philanthropists. All in all, Regency furniture looks like the place to be right about now.



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**Midas of Phrygia, Butterflies and Household Gloss on Canvas 2007. Sold for only \$900,000 (hammer price) at Sotheby's, NY Nov 08**

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