ARTFA | The ART FUND ASSOCIATION LLC

GLOBAL ART MARKET UPDATE
September 2013/ Volume 2

The Art Market Today

The global art market seems more dynamic than ever, with strong prices and volumes supported by a growing international demand. The market is supported by an increase in the number of art fairs worldwide with strong attendance, both from major experienced collectors and the general public, and growing volume of sales achieved. For instance, the 44th edition of Art Basel in Basel in June 2013, generated a record attendance of 86,000 over the six show days, with very strong reported salesThe most recent round of auctions in New York, London, and Asia resulted in record highs for modern and contemporary works. Major exhibitions at museums and galleries of such popular artists as Monet, Picasso, Hopper, Warhol, and Basquiat have broken visitor records.

The Spring auction season (May 2013) in NYC achieved record sales, with more than USD 1.5 billion worth of artworks sold in a two-week period. These prices included numerous artists' records and historically low bought-in rates. Christie's even achieved the highest sales total in auction history on May 15, 2013.

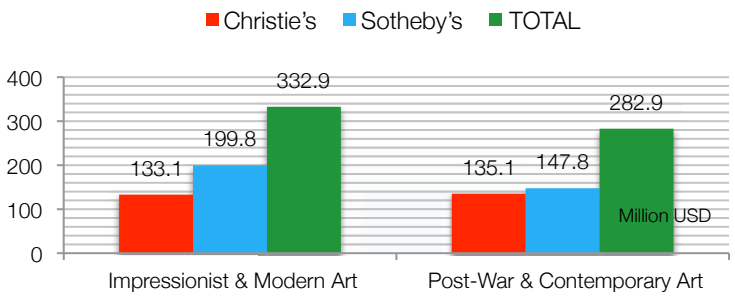
This Global Art Market Update seeks to provide an overview of the current state of the global art market, outlining some of the key figures, main characteristics and recent trends, and providing a brief overview of the most recent Post-War and Contemporary Art evening sales in NYC.

This MARKET UPDATE analyzes the last spring auction season in London considering evening and day sales from Sotheby's and Christie's Impressionist & Modern and Post-War & Contemporary departments.

From Impressionist and Modern Art to Post-War and Contemporary Art?

The Post-War and Contemporary Art segment was the dominant auction segment in 2012, reaching its highest recorded level, just under EUR 4.5 billion according to the TEFAF Global Art Market report. This trend is in part driven by the scarcity of good Impressionist and Modern artworks. But it also reflects the dramatic increase in prices notably for Abstract Expressionism, with each of its iconic artists, Mark Rothko, Jackson Pollock, Franz Kline, and Barnett Newman, breaking records at auctions. Sustained prices for Pop Art, especially by Warhol and Lichtenstein, and such contemporary artists as Jean-Michel Basquiat and Gerhard Richter, also resulted in the dominance of Post-War and Contemporary Art.

Considering that this tendency had endured throughout 2013, it was interesting to see that the spring auction results from London demonstrated the opposite trend. Implying that the UK art market is more inclined towards Impressionist and Modern than to Post-War and Contemporary compared to the rest of the world and demonstrating the strong unequaled leadership of NYC for Post-War and Contemporary Art.



About The Art Fund Association

The Art Fund Association (www.artfundassociation.com) is a trade association comprised of professionals of, investors in, and service providers to, art investment funds and art funds of funds. Founded in 2009 by prominent art market professionals, The Art Fund Association shapes the dialogue, business practices and growth of the art fund industry by providing a forum where leaders, investors and practitioners in the global art fund industry can come together for the advancement and promotion of art investment vehicles.

POST-WAR & CONTEMPORARY ART
LONDON JUNE 2013

The art sold during the last week of June in London totaled $282,904,181 USD, a decrease of 4.6% from the sales in February and 16.6% lower than last June's auctions. Overall, 52 lots were sold above a million dollars and from these, 4 achieved prices above 10 million. The average unsold rate or BI was 22%, from the 691 lots offered only 541 were sold. Most of the transactions were sales below $50,000 USD followed by the $100,000-$500,000 price rank, pointing out the most liquid sectors of the market. The average sale price was $522,900 and the median was $104,200 USD.

In general, the auctions continue to demonstrate the strength of the Post-War and Contemporary markets and the generalized increase in prices, especially for blue-chip artists. Nonetheless, the results were not as good as last year numbers and they were significantly lower than the total sales in New York last month ($1,021,216,025 USD).

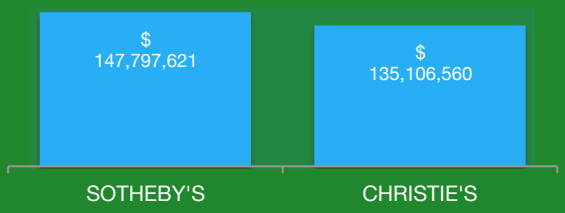
Of the amount sold, 39.4% corresponds to the 10 top lots sold, indicating the importance of the top tier art sector. In both auction houses several artists achieved price records like Pierre Soulages, Thomas Struth, Eduardo Chillida and Enrico Castellani among others. Most of the evening sales achieved prices above the high estimate confirming a thriving demand. However, both in Christie's and Sotheby's several important pieces failed to sell.

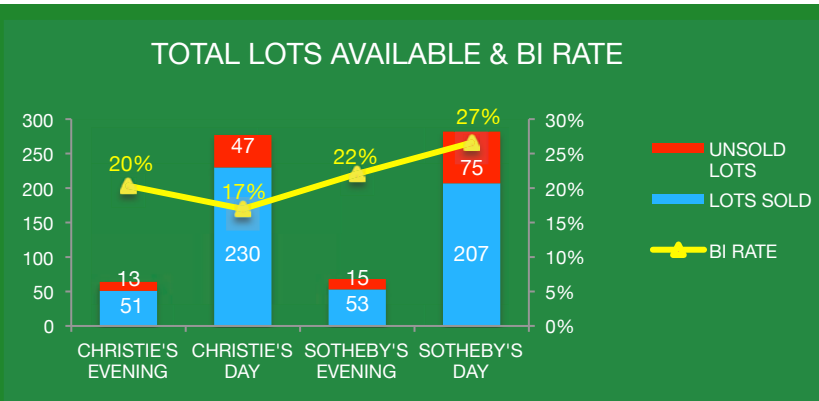
The London auctions also followed an unusually packed Contemporary Art spring calendar with very high quality art fairs in Hong Kong and Basel, as well as the Venice Biennale, on top of the New York sales. Collectors seem tired and over-solicited, all the more that the quality of what was sold in London paled in comparison with New York.

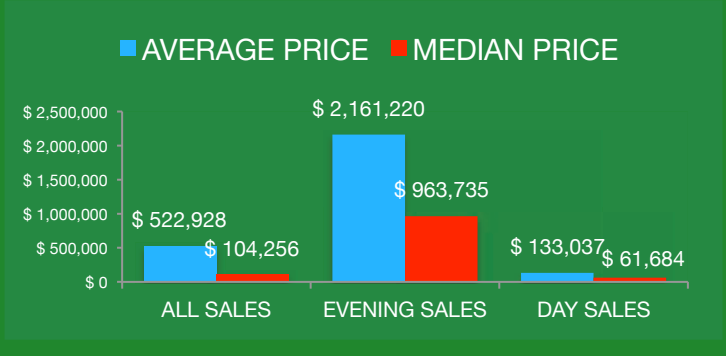
TOP LOTS SOLD

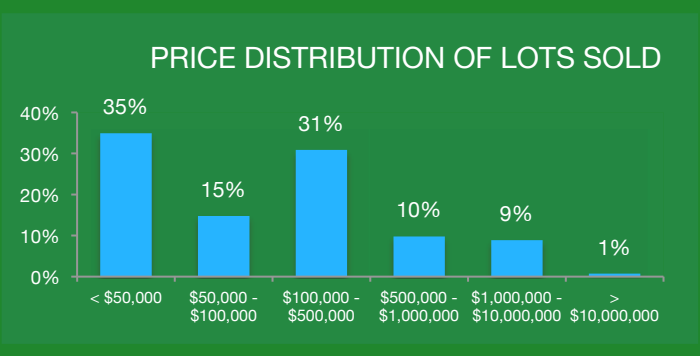
Artwork	Estimates USD	Sale Price USD	Auction House
Jean Michel Basquiat, Untitled	On request	$ 28,974,511	Christie's
Francis Bacon, *Three studies of Isabel Rawsthorne*	$15,421,000-$23,131,500	$ 17,398,743	Sotheby's
Peter Doig, *Jetty*	$6,144,000-$9,216,000	$ 11,335,855	Christie's
Francis Bacon, *Head II*	$7,710,500-$10,794,700	$ 16,103,379	Sotheby's
Lucio Fontana, *Concetto spaziale*	$6,168,400-$9,252,600	$ 6,863,116	Sotheby's
Pierre Soulages, *Peinture 21 Novembre 1959*	$3,084,200-$4,626,300	$ 6,690,400	Sotheby's
Lucio Fontana, *Concetto spaziale*	$5,088,930-$6,939,450	$ 6,690,400	Sotheby's
Eduardo Chillida, *Buscando la luz*	On request	$ 6,320,943	Christie's
David Hockney, *Double East Yorkshire*	$3,084,200-$4,626,300	$ 5,308,679	Sotheby's
Nicolas de Staël, *Marseille*	$1,536,000-$2,304,000	$ 4,764,591	Christie's

Jean-Michel Basquiat, *Untitled*, 1982









IMPRESSONIST & MODERN ART
LONDON JUNE 2013

The total amount sold during the Impressionist and Modern Art auction week was $332,913,723 USD, 3.7% above last June's sales and 14.6% below this year's February results. The average selling price was $635,332 USD while the median was calculated in $115,762 USD. The lack of outstanding or interesting lots, especially in the day sales resulted in an average 28% BI rate, a high number for the industry. Of the 729 available for sale only 524 found buyers. In total, 33% of the successful transactions were between $100,000 and $500,000. From the total, 55 lots were sold above a million dollars and from these, 4 surpased the 10 million threshold.

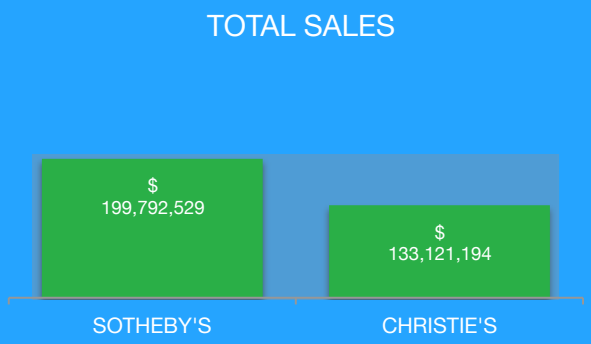
Sotheby's sales surpassed its pre-sale high estimate while Christie's results were just in the middle of the high and low pre-sale estimates. Although the total amount sold was a good number for the sector, 38.9% of the total was a result of the 10 top lots sold, indicating the importance of the top-end market for the auction houses.

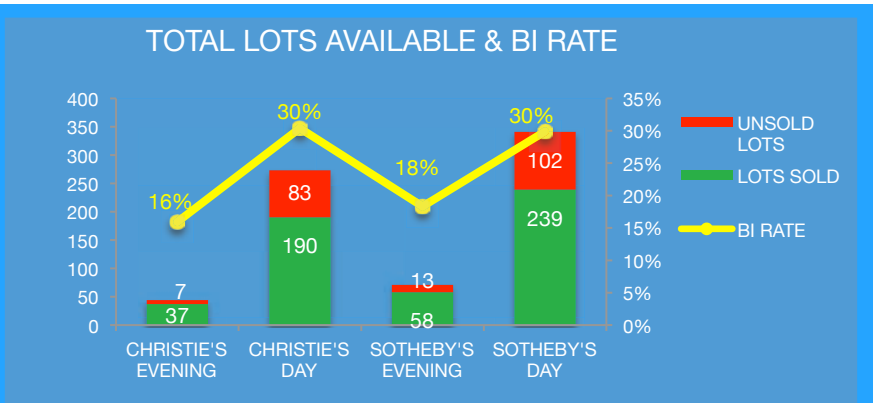
The mid-lower markets lacked high quality or outstanding pieces, in general this has been the tendency both in the auction and gallery markets. The only possible explanation is that the best pieces are already in established collections. Both auction houses published releases acknowledging the record level of participants across the world indicating a growing demand. A specially high participation from Asian buyers was noted throughout the auctions. The art demand and offer are growing at different rates, and this will continue to drive up the prices of high quality artworks.

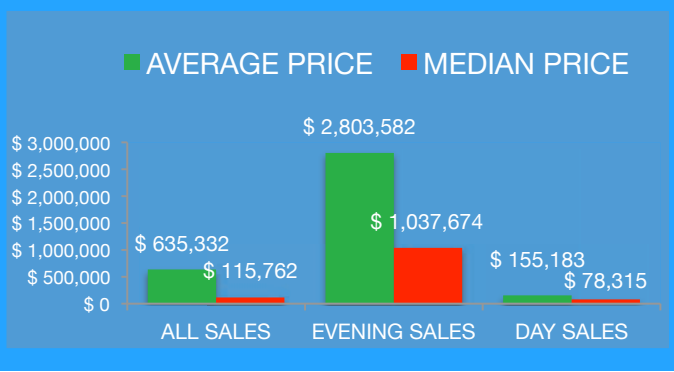
TOP LOTS SOLD

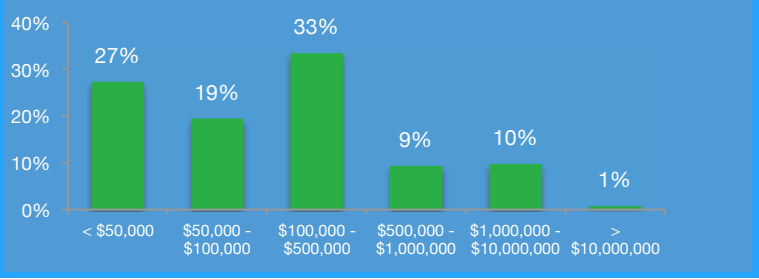
Artwork	Estimates USD	Sale Price USD	Auction House
Claude Monet. *Le Palais Contarini*	$23,494,500 - $31,326,000	$ 30,828,699	Sotheby's
Wassily Kandinsky. *Studie zu improvisation 3*	$19,000,000 - $24,000,000	$ 21,157,438	Christie's
Piet Mondrian. *Composition red, yellow and blue*	$7,048,350 - $10,180,950	$ 14,514,118	Sotheby's
Amedeo Modigliani. *Paul Guillaume*	$7,600,000 - $11,000,000	$ 10,627,198	Christie's
Pablo Picasso. *Femme Assise dans un fauteuil*	$6,100,000 - $9,000,000	$ 9,574,174	Christie's
Wassily Kandinsky. *Study for autumn landscape*	$4,698,000 - $7,831,500	$ 9,953,053	Sotheby's
Claude Monet. *Le pont de bois*	$6,265,200 - $9,397,800	$ 9,777,627	Sotheby's
Camille Claudel. *La Valse, première version*	$2,349,450 - $3,132,600	$ 8,023,371	Sotheby's
Salvador Dalí. *La musique or L'orchestre rouge*	$7,048,350 - $10,180,950	$ 7,847,946	Sotheby's
René Magritte. *L'idée*	$2,819,340 - $3,915,750	$ 7,146,243	Sotheby's

Claude Monet, *Le Palais Contarini*, 1908









Enrique Liberman *is the President and member of the Board of Directors of The Art Fund Association and a Partner in the Art Law and Art Funds and Corporate & Securities practice groups of the law firm of Di Santo Bowles & Bruno LLP in New York City. Mr. Liberman is also the Chair of both the Best Practices Committee and the Art Due Diligence Committee of The Art Fund Association, playing a central role in the development of best practices for the fine art market. Mr. Liberman is a prominent art law attorney who counsels art investment funds on their formation and governance and regularly writes and speaks on issues affecting the art fund industry. Mr. Liberman is also the Chair of the New York State Bar Association's Committee on Art Law, Art Funds and Art Investment. Mr. Liberman is a graduate of Harvard Law School ('99) and Stanford University ('96).*

Javier Lumbreras *is the Chair of the Board of Directors of The Art Fund Association and the founder and Chief Executive Officer of the Artemundi Global Fund, a diversified art investment fund with a strategic art investment portfolio covering half a millennium of universally recognized artists. Mr. Lumbreras serves on both the Best Practices Committee and the Art Due Diligence Committee of The Art Fund Association, and in doing so has been instrumental in fostering best practices for the art fund industry. Mr. Lumbreras is a respected consultant to private collectors, a sought after guest lecturer regarding the art market to banks, family offices and museums and a trustee to various international art institutions. He is also the author of the book, The Art of Collecting Art*

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