

It Was a Year of Mind-Boggling Prices, but 'Art Is in a Funny Place'

By SCOTT REYBURN DEC. 22, 2017



"Suspended," by the British war artist Arabella Dorman, hangs over the nave of St. James's Church, Piccadilly, in London. It is made from clothing discarded by refugees arriving on the Greek island of Lesbos. Arabella Dorman

LONDON — Viewed from the top, 2017 has been a momentous year for the art market. After a Jean-Michel Basquiat sold for \$110.5 million at auction in May, and a Leonardo da Vinci soared to \$450.3 million last month, paintings by world-famous artists have never looked more expensive. But will the increasingly high prices paid for such trophies have a trickle-down effect on the rest of the art world?

Big names continued to hold sway in December, with works by Roy Lichtenstein and Eugène Delacroix selling on opposite sides of the Atlantic, albeit at less astonishing prices.

Lichtenstein's 1969 painting "Study for Peace Through Chemistry," a Pop Art riff on the Cubism of Fernand Léger, was the most expensive confirmed sale at the 16th edition of Art Basel Miami Beach, which closed Dec. 10. The Switzerland-based dealership **Galerie Gmurzynska** sold the canvas to an American collector for an undisclosed price above \$10 million, according to Mathias Rastorfer, co-owner of the gallery. Consigned from a private source, the work had not been seen in public since 1973, and images of it were not distributed electronically before the art fair, as is now so often the case.



Roy Lichtenstein's 1969 painting "Study for Peace Through Chemistry" sold for more than \$10 million at Art Basel Miami Beach. via Galerie Gmurzynska

"It's important for the collector to feel the magic of discovery," Mr. Rastorfer said.

The only known oil sketch for the 1830 Delacroix masterpiece "Liberty Leading the People," inspired by the revolution in France in July of that year, was the standout work at the Christie's auction of 19th-century European and Orientalist art in London on Dec. 14. The expressive canvas, estimated at 700,000 pounds to 1 million pounds (\$940,000 to \$1.3 million), had long been thought to be the work of Pierre Andrieu, a Delacroix pupil, but it was reattributed to his master in 1989. Three telephone bidders pushed the price to £3.1 million.

"It's known the world over as an important political image," said Adrian Biddell, an art adviser in London, explaining the triple-the-estimate price. "It has incredible freshness and freedom, and it's on canvas rather than paper."



The only known oil sketch for Eugene Delacroix's 1830 painting "Liberty Leading the People" sold for about \$4.2 million at a Christie's auction in December. via Christie's

Such prices for the great names of Western art tend to give a dazzling sheen to a complicated picture of the international art trade. But there are many unknowns, including any possible effects of the \$1.5 trillion tax overhaul that congressional Republicans have delivered to President Trump.

"The new tax code definitely favors the owners of capital," said Mac MacLellan, executive vice president at the wealth management company Northern Trust. "If wealthy families become wealthier, they're likely to buy more art. I wouldn't be surprised if we see a couple more breathtaking prices, but I don't see it trickling down into the middle market."

Mr. MacLellan said that any negative effects of the legislation's abolition of the so-called 1031 like-kind exchanges for art — which allowed investors to avoid capital gains taxes when they sold a work by replacing it with one of similar value — would be more than outweighed by tax savings spread more widely in the upper reaches of the market.

A New York Times analysis of the new tax code identifies corporations, multimillionaires and private equity financiers among those who will benefit most. Wendy Cromwell, an art adviser in New York, sees such groups as "the exact demographic" of collectors at the top end of the market.

“But art is in a funny place,” she added. “Art has become defined by what happens at the top of the market, and I don’t see that market changing in the coming year. I do see the middle market being further eroded.”

From Ms. Cromwell’s perspective, the untold story is the silent majority of less-wealthy collectors who own works by midcareer artists whose auction values are now lower than their original gallery prices. “It’s demotivating people from continuing to buy,” she said.

Another factor is that millions of middle-class Americans are likely to see their taxes go up under the new tax code, even if they see a tax cut next year. Collectors from this stratum of society traditionally formed the hidden bedrock of the art and antiques trade. But most have less money to spend, a point reflected in the way lower-value sales have changed at the international auction houses.

The “affordable” price range of \$5,000 to \$50,000 is no longer the province of live auctions of antique furniture and collectibles for the middle-class home. Instead, it is increasingly giving way to sales of luxury accessories, including jewelry, watches and handbags, in a mix of live sales and online auctions around the world.

Christie’s held 21 mixed-owner auctions of jewelry this year, 16 of watches and seven devoted to handbags and accessories, according to its website. The company no longer offers specialized mixed-owner sales in traditional areas of collecting like English furniture or European ceramics.

For its part, Sotheby’s rolled out its first “Life of Luxury” week of sales devoted to wine, watches, jewelry and cars in December. There was even an online auction of 12 “luxurious art and culture experiences,” held in partnership with the California-based company IfOnly. One such experience included after-hours access for four people to two Florence museums, followed by “a traditional Florentine feast.” Bidding started at \$24,000.