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THE FULL PICTURE

By Gabrielle de Saint Clair

The SA art market is under pressure and a number of paintings have failed to sell at recent auctions, but the rise in the number of serious collectors means quality works are still sought after.

Prolonged global financial instability in traditional markets has led to art becoming an alternative store of wealth, leading to a rise in the number of international buyers.

The last few auctions of the year in SA offered a number of artworks with a collective value of more than R200m.

The auctions showed that the pressures on the global economy were having a negative impact on sales as revenue was down from the comparable auctions last year . Some works didn't make their reserve .

There are always exceptions, though, and some quality works by recognised artists fetched record prices.

The end-of-year auctions kicked off with the Strauss & Co sale in Cape Town on September 26 , where managing director Stephan Welz achieved a new record hammer price for an SA painting of R19m (pre sale estimate of R20m-R25m), for Irma Stern's Two Arabs. The auction house exceeded its own record for a Stern painting of R12m, set a year ago. The auction included works by Pieter Wenning, JH Pierneef, Alexis Preller and William Kentridge.

In mid-October Stephan Welz & Co held its Cape Town sale. Here some records were achieved, Freida Lock's Interior with Green Hat going for R1,1m and Africa by Lippy Lipshitz selling for R160000 .

Out of 356 painting lots on offer, 176 were unsold. Most sold at the lower to middle range of their estimate prices, showing definite signs of weakness in the market.

Bonhams London's second SA sale of the year was held on October 25 and 26 . It was not as successful as its March sale, where the international record for an SA painting was set. Irma Stern's Arab Priest sold for £2,7m (R35,1m). Director Giles Peppiatt says : "This was a tough sale. It was not unexpected, given the drop in [the value of] the rand and the international financial turmoil."

Almost 60% of lots were unsold but the top work, another Stern, this time of a Watussi Princess, sold for £1m (R12,99m). However, some believe this should have sold for more and may turn out to have been a bargain for the buyer.

The auction also achieved two world records: for a print by William Kentridge titled Orange Head, which made £85000 (pre sale estimate £25000- £35000); and a Lucas Sithole sculpture, Deserted, which was sold for £32000 (presale estimate £10000- £15000). The sale total was £3,33m.

Strauss & Co held its final auction for the year on November 7 in Johannesburg, where Welz sold about two-thirds of the lots on offer.

Here a few top works were unsold, including Stern's Poinsettias, estimated at R6m-R8m, as well as two important and highly valued Gerard Sekoto's.

The SA art market may have been overexposed to Stern still life's this year, particularly in the higher price range.

Despite the stressed economy, the Strauss & Co auction set some SA records. Hugo Naudé's Namaqualand in Spring sold for R1,4m.

A work that also achieved a great return for the seller was Sekoto's Outside the Shop, which was bought at auction in 1987 for R2300. It sold at R2,8m.

Strauss & Co's total sales for paintings for the year come to about R165m. This establishes it as the international leader in sales of SA art. The value of Bonhams' sales of SA paintings reached about R154m. It holds the record for the highest price achieved for any SA painting. Stephan Welz & Co's 2011 painting sales figures were not available at the time of going to press.

Some players see another trend emerging in the local market. Welz says strong competition between the bigger auction houses has resulted in some experts over estimating value, or accepting the price aspirations of sellers, in an effort to win or retain business. This can cause disappointment or disillusionment with the market if works remain unsold after auctions.

But Peppiatt disagrees, saying the number of paintings that are unsold at auction reflects the economic conditions: "All the SA art auctions in the past weeks have experienced higher than usual unsold rates. The prime reason for this was the turmoil in financial markets and it resulted in estimated prices not being achieved."

It is likely that for the March auctions sale estimates will be more realistic.

The poor results of Stephan Welz & Co 's painting category auction on November 15, 16 and 17 showed this element of weakness in the market, with a number of lots remaining unsold. The auction house is trying to develop a new market for established contemporary SA artists rather than focusing the entire auction on the sale of older art works. Only 17 out of 30 lots of the contemporary works were sold — mostly at low to mid estimate.

Jack Rosewitz, managing director of Stephan Welz & Co, says the intention of such sales of established contemporary art is to “provide an opportunity for first- time buyers who are looking at the speculative investment potential of fine art”.

Both painting sessions offered 242 lots, of which about 45% were unsold. The more important works by the traditional “big guns”, such as Pierneef, Preller, Maggie Laubser and Sekoto, struggled to reach bottom estimate, with many not selling at all.

All these auctions will give the Citadel art price index a great deal of fine art sales data to add to its records. Citadel, a private client wealth company, has partnered Econex, an independent economics consultancy, to compile the index. AuctionVault has provided the sales statistics. This data will track six SA auction houses and one that is international, recording the prices of the works of the top 100 artists (based on the highest volume of sales achieved).

Econex director Cobus Venter says: “We now have enough observations to estimate the models at a quarterly frequency in future, which would probably be a more appropriate reflection of market movements.

“This will be reviewed in 2012, but for the moment we will update and publish the index every six months.”

Given the index will only be updated twice a year, it may not give an up-to-date reflection of the market.

As a result some questions have been posed by a few in the art world as to the accuracy and validity of the index. They say it may indicate only a general trend in the value of the art market and not be an accurate reflection of the unique and individual value of any particular painting.

Further, the index does not take the discrepancy of the buyer's premium between the three auction houses into consideration. Strauss & Co is set at

10% of the hammer price. Stephan Welz & Co charges 12% in the fine art category plus 14% Vat, which is only charged on the buyer's premium and not on the hammer price.

Bonhams' premium is the highest: 25% for up to £25000 of the hammer price and 20% from £25001 . It falls to 12% from £500001 plus Vat. So on the highest-value works, R5m plus, Strauss charges 10%, Stephan Welz & Co 12% and Bonhams 12%.

The extra costs to the purchaser may make acquiring SA art abroad restrictive for the SA buyer, especially as on import to SA, the buyer has to pay Vat (on the buyer's premium), transport and insurance costs.

Peppiatt, however, believes SA art is internationalising and a top piece will sell no matter where it is offered.

"I am always a little sceptical of these indices. They are trying to commoditise art; this might be possible for cars or wine (where every bottle of Lafite 1997 is the same), but as all pictures are different I am not sure that it really reflects the market. It might reflect the volume of paintings, but not the quality," he says.