

Sydney Morning Herald, and The Age, 14 December 2011

Informed buyers still getting the picture



Blue chip ... the Deutscher and Hackett gallery in Melbourne. *Photo: Luis Enrique Ascui*

Clearance rates are down but the auction scene is still exciting, writes Raymond Gill.

Poor offerings, conservative estimates, low reserves, few crowds and poor results. If you think this describes the 2011 real estate market you'd be right, but it also applies to this year's art market.

Sales results at auctions this year realised \$99.4 million in 2011, down from \$103.2 million last year and a long way from the feverish days of 2007 when \$175 million worth of art sold at auction.

In a year when the international auctioneers Bonhams entered the Australian market and Sotheby's restructured as an Australian company with no connections to its international network, Menzies Art Brands continued to dominate, selling almost \$36 million worth of art, about the same as last year. Deutscher and Hackett, which sold \$20 million worth of art last year, sold only \$14 million worth this year, and some of that cash may have gone in Bonhams direction. The new auction house run by Mark Fraser, the former director of the Museum of Old and New Art in Hobart, sold \$5.89 million worth of art at two auctions. Sotheby's, under new chairman and co-owner Geoffrey Smith, reported sales of \$16.3 million, down from \$17.4 million in sales last year.



Washing the Salt off 1 ... Brett Whiteley.

Sydney valuer and art consultant David Hulme, who writes about the market for the online Australian Art Sales Digest, says real estate is still as good a comparison as any to apply to the art market. Just as a great house in a great street will find a buyer willing to pay a good price in a depressed market, so too will a great piece of art.

"Good paintings will out," Hulme says. "Look at the case of Ben Quilty at Menzies [in Sydney] last week. That painting [*Frog Torana* 2003] had an estimate of \$30,000 to \$40,000 and it went for \$66,000." (The buyer paid \$81,000 with buyer's premium.)

But talk to one market expert and you'll find another with a different view. The University of Melbourne's art market analyst, Meaghan Wilson-Anastasios, is not so sure about the best house on the street metaphor when it comes to art.

"If you buy a blue chip property there are still no guarantees of a price rise," Wilson-Anastasios says. "Look at Brett Whiteley's *Arkie Under the Shower*. That painting sold in 2007 for \$1.68 million and in September 2010 it sold for \$1.3 million."

But in a subdued market buyers are clinging to blue-chip names. Whiteley was the most traded artist of the year, with 62 of his works for sale. Three of the 10 Whiteleys sold at auction this year were through Menzies. These were *Washing the Salt off 1* (\$1.86 million), *The Paddock - Late Afternoon* (\$1.56 million) and *The Orange Table* (\$873,000). Other household names making up the top 10 sales were John Brack, Russell Drysdale, Fred Williams, Arthur Boyd and Jeffrey Smart.

Hulme and Wilson-Anastasios agree the market might be down from its heights before the financial crisis but it is now informed by judicious judgment rather than speculation. "There are buyers out there, but a lot of the people who came in with the idea of art as a investment or superannuation plan have gone," Hulme says.

Wilson-Anastasios agrees that speculators drove the market to an unsustainable high and the art world is experiencing the fallout from the collapse of that speculative bubble.

"There's still a strong base of serious collectors. These people buy no matter what the economic environment; they have always been there and still continue to be," Wilson-Anastasios says.

But that ever-faithful market appears to be absent from the Aboriginal art market. This year it slid to its lowest levels since 2002. In 2011 sales of Aboriginal art at auction totalled \$8.1 million, compared with \$10.1 million last year and \$26.4 million in the 2007 heyday.

"It's still a nascent market," Wilson-Anastasios says. "There are people who got into it without a strong foundation of knowledge in what they were buying."

Claims by auction houses that they were aiming to sell half of their Aboriginal lots to overseas buyers might have also contributed to the decline in sales as the dollar rose. Despite the tepid results, Hulme thinks the market is healthy and he is impressed by the auction houses' ingenuity in marketing, their conservative reserve prices, the maintenance of standards in their catalogues and research, and their ability to withstand fierce competition.

"I think the auction scene is as exciting as it has always been. Yes, clearance rates might be down but sometimes they have been at 80 per cent. They are working very, very hard in a tough market."

Geoffrey Smith of Sotheby's says the company strategy has included targeting works that have been tightly held for a long time. Two of the biggest prices of the year were recorded at Sotheby's and both came from estate sales: Arthur Boyd's *The Frightened Bridegroom* (1958) sold for \$1.2 million and Russell Drysdale's 1971 *Gran* sold for \$1.17 million.

Bonham's chairman, Mark Fraser, says his is the only international auction house in the country, and it is using status to sell Australian work at its overseas offices and to "cross-pollinate" its local and international client list to achieve sales. "We can claim market leadership in Aboriginal art with our sale of 26 paintings from the Paddy Bedford estate [in Sydney last month]," Fraser says.

Sotheby's and Bonhams say they are committed to at least two Aboriginal art auctions next year, although Smith says there would be 60 to 80 lots for sale compared with the 200 to 300 offered in previous years.