

What We Buy: Cars and Art Since 2002

\$100m total results from Monterey and Arizona stun us, but single paintings fetch that figure with regularity during the spring and fall in New York City

by Stefan Lombard

There is virtually no limit to the number and kinds of things people collect—guns, furniture, vases, spoons, dolls, you name it—and over time, auction companies have diversified by adding and altering sale categories to meet the demands of such niche collectors. Motor Cars, for example, represent just 1/92nd of Christie’s sale categories, and are surrounded by sales of everything from corkscrews and glass to teddy bears and wine. The firm recently sold the stamp collection of bond investor William Gross for \$9.1m.

While it is SCM’s mission to cover the goings on of the collector car market, journals of varying sophistication exist to report on all the above categories, their subcategories, and so on. And if you were to browse abstracts from each of them, one thing would stand out: across the board, collectors are spending more money than they ever have to own the things they covet.

This month we are examining just two of the thousands of things people collect—cars and art. And just as the American-based segment of the collector car market has its yearly barometers in Arizona and Monterey, so too does the art market, as major players converge in New York City for two weeks each May and November to shop Christie’s and Sotheby’s, first for Impressionist/Modern and then Post War/Contemporary works of art.

Each firm’s two-week “season” is anchored by two evening sales—one for each category—with two or three daytime sales taking place on subsequent afternoons. And while those of us with our magnifying glasses aimed squarely at the collector car world marvel at last year’s \$100m week in Monterey or this year’s \$167m week in Arizona, in May of this year, Christie’s and Sotheby’s combined to sell more than \$1.4 billion in art during their ten total sales.

The figure represents a \$595m bump from the spring 2006 sales, and tops the \$1.3b collectors spent in November 2006—yet another notch in the ever increasing dollars flooding the art market over the last six years. John Shirley, former president and CEO of Microsoft, current chairman of the board of the Seattle Art Museum, and long-time SCMer, collects both vintage cars and works of art. He attributes such spending to an over-abundance of money worldwide. “There is huge liquidity in the world today. A lot of it is in new hands, in Eastern Europe and Russia, and those people are starting to buy art. Some into the Impressionist/Modern world,

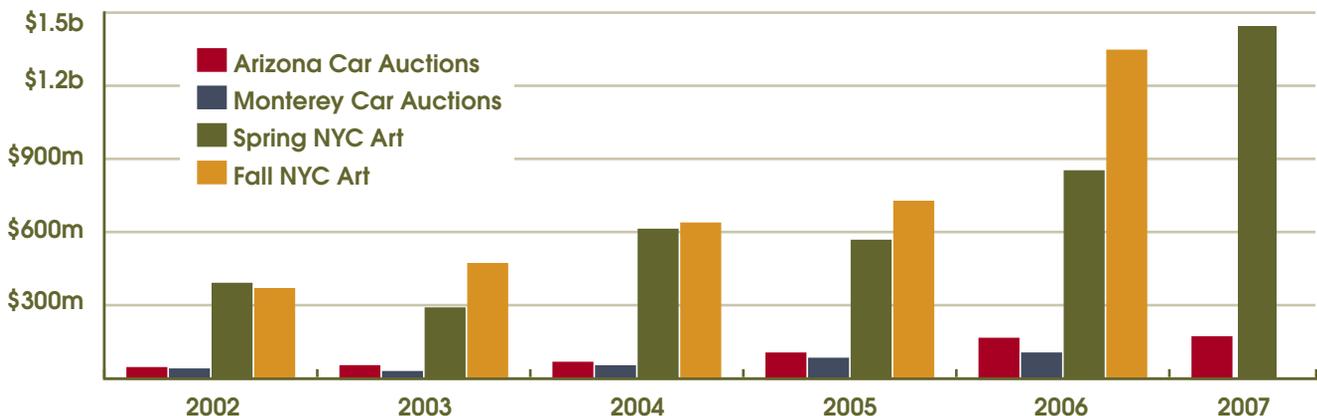


Warhol’s 1963 Green Car Crash, yours for just \$72m

but more are buying into the Contemporary market.”

And it is the latter market that has made the most noise as the New York sales have grown. In 2002, Post War/Contemporary art accounted for 30%, or \$118m, of the \$387m tally for the two firms. When the final hammer fell last May, newer works by artists like Andy

Total Sales at Major Car and Art Auctions, 2002-2007



Warhol, Mark Rothko, Jasper Johns, and Willem de Kooning represented 60%, or \$822m, of the take. This marked the only time since 2002 that the sale of Post War/Contemporary works outperformed those in the Impressionist/Modern fields.

The shift doesn't mean people have stopped buying older works by artists like Monet, Cezanne, and Picasso; Gustav Klimt's 1912 *Portrait of Adele Bloch-Bauer II* hammered sold at Christie's November 2006 evening sale for \$88m, a record for the artist. In fact, during the same 2002–2007 period, sales of I/M works have gone from \$269m to \$620m, with an even bigger \$847m recorded at the 2006 fall sale. But the long, steep rise in the sales success of P/C works does indicate changing tastes in a changing, newly moneyed culture of buyers. Anthony Barzilay Freund, Editor in Chief of Art+Auction magazine, says the reasons are fairly simple. "There's less material in the Impressionist and Modern realm—less fresh to market. As a result, Post War and Contemporary have exploded, and many people don't necessarily care what it is they're buying, but they want to get in."

Such frenzy is driving the market, and record prices seem to be popping up left and right. Sotheby's sold Rothko's 1950 *White Center (Yellow, Pink and Lavender on Rose)* at its evening sale for an artist's record \$73m, while one night later Warhol's disturbing 1963 *Green Car Crash (Green Burning Car I)* sold at Christie's for \$72m, a Warhol record and more than double its high estimate. One result of the stratospheric climb is that even younger (read still alive) artists are getting swept in. Says Freund, "New collectors gravitate toward younger artists. There's a lot of great work being done by them, and the galleries push them. There's been a real shift in taste by this influx of collectors."



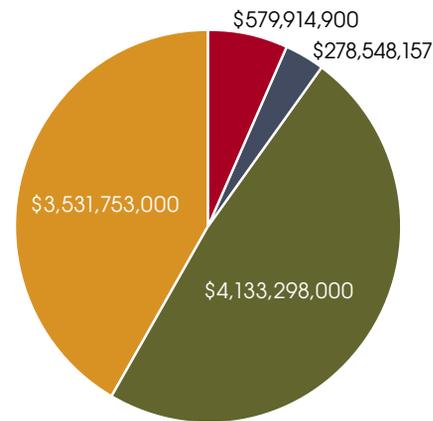
'67 Ferrari 275 NART Spyder, twelve more cylinders and \$68m cheaper than the Warhol

A shift in taste. Car collectors might recognize something eerily similar in the way muscle took off at American auctions during the last several years. Simon Kidston, former head of Bonhams Europe and current principal of Kidston SA, a financial services consultancy that specializes in managing high-end collections, keeps close tabs on the vintage car market worldwide. "Most experts would concur that the market is becoming

more selective, with the gap widening in most areas between 'the best' and 'the rest.' That's not to suggest that fashions aren't changing all the time, but overall I expect iconic models to hold their value while those with a narrow market will be affected by local economic conditions. Muscle cars are a good example, as they are only prized in the U.S."

Which might explain an interesting trend beginning to emerge at U.S. auctions this season. Though Barrett-Jackson's total sales figure was up from the \$98m of 2006, it took an extra day and 176 more lots to achieve. At many other sales across the country, muscle has deflated, as those who wanted in, got in, got the good stuff and are done—at least for awhile. For the first time in who knows how long, the high sale at Mecum's May Belvidere sale was not a 'Cuda, Shelby, or Chevelle, but a 1929 Duesenberg Model J. We are on the barometric doorstep of Monterey, and there is little doubt the results will be big, but how big? "The decline of the dollar is having a pretty strong effect on prices," says Shirley. "And like RM's recent \$45m Ferrari sale in Italy, Monterey will need some buyers who are not American." ♦

2002–2007 Aggregate Totals



- **Fall NYC Art**
6,551 works sold
Average Price: \$539,117
- **Spring NYC Art**
7,247 works sold
Average Price: \$570,346
- **Monterey Car Auctions**
1,765 cars sold
Average Price: \$162,917
- **Arizona Car Auctions**
9,520 cars sold
Average Price: \$60,915

Changing Tastes: Where the Money's Going

