

# COCHRANE ADAMS FINE ART AGENTS

Three months on from its \$450 million sale at Christie's, New York, in November 2017 Leonardo da Vinci's *Salvator Mundi* refuses to become old news.

After much speculation about the identity of the buyer – Chinese billionaires, Bill Gates, Vladimir Putin and not one but two Saudi princes have all been candidates at one time or another – we now know that it was bought by one of the latter, Prince Badr bin Abdullah al Saud, but (bewilderingly) on behalf of the government of Abu Dhabi. Reuters report that the Prince carried a letter authorizing him to bid to \$500 million. The painting will hang in the country's \$1 billion outpost of the Louvre alongside Leonardo's earlier portrait of a lady *La Belle Ferronière*, which is already on loan there.

Speculation also swirls around the \$127 million private sale of the painting in 2013, to the Russian fertilizer billionaire Dmitry Rybolovlev who then went on to consign it so successfully for auction at Christie's last November. It is reported that Sotheby's is currently contesting the disclosure of the details of the 2013 sale and the exact nature of the house's role as a broker in it. The house is also refusing to divulge details of their relationship with Mr Rybolovlev's advisor Yves Bouvier, with whom he is engaged in a lengthy and elaborate lawsuit. If the 2013 sale details are made public this will throw interesting and overdue light on the nature of the private brokerage operations which have become an increasingly important part of both major auction houses' cash flow over the last decade. In a sale in which the broker very often appears to be acting for both seller and buyer, and possibly also for intermediaries with or without the knowledge of the principals, there are serious questions to be asked. When all sides in a deal believe, with whatever justification, the broker to be acting in their interest, to whom exactly does that broker owe his or her first duty of care?

We have discussed in a previous newsletter our view that both sellers and buyers should treat auction guarantees with caution and, inevitably, these feature in the story as well. In their November auction Christie's invented an entirely new mechanism especially for *Salvator Mundi*, which they christened the 'Double-Bind Guarantee'. Essentially this seems to mean that two sellers in the same sale agree to underwrite the sale of each other's property: in this case, Mr Rybolovlev guaranteed the sale of an Andy Warhol *Sixty Last Suppers* for \$60 million, while its owners returned the favour at \$100 million. In commenting on this convoluted arrangement, we can't do better than quote Georgina Adam (whose recent and excellent book on the current art market, *Dark Side of the Boom*, is required reading) in *The Art Newspaper*: 'It's extraordinary' she writes, 'I've never



Leonardo da Vinci, *Salvator Mundi*, circa 1500. Image courtesy of Christie's.

heard of it. If this type of deal is common, it's unknown to the wider market, and it only reinforces the impression that the system of guaranteeing or pre-selling work is totally opaque. It belies the myth that auctions are transparent marketplaces'.



Andy Warhol, *Sixty Last Suppers*, painted in 1986. Image courtesy of Christie's.

### The Rise of the 'Premium Object'

One of the most startling tactics that Christie's employed in its sale of *Salvator Mundi* was that of including it not in an Old Master Paintings sale, but as a special addition to the season's major evening sale of Post-War and Contemporary Art (Leonardo's contemporary war being Charles V's Sack of Rome in 1527). Nor were they alone in their lateral thinking: Sotheby's included Michael Schumacher's Formula One Ferrari in their equivalent sale the following evening. We feel fairly confident in predicting that this experiment is set to become an accepted norm for exceptional or high value items.



The Michael Schumacher Monaco Grand Prix-Winning, 2001 Ferrari F2001  
Image courtesy of Sotheby's.

It is interesting to consider for a minute what this tells us about the changing role that the auction houses perceive for themselves. The last two decades have seen a steady decline in the connoisseurial aspect of auction house expertise and in their willingness to serve niche areas of collecting. Consignment thresholds have been raised. Venerable departments like Stamps, Books, Ceramics, Topographical Paintings and Musical Instruments, deemed to be too heavy on manpower and too light on profit, have been ruthlessly pruned or closed altogether.

The inclusion of the Leonardo within the Contemporary Sale, the most glamorous of the week, is very significant in this respect. In essence, it means that we will increasingly see objects of high value sold together in their own exclusive events, irrespective of any art historical

logic. Christie's have simply acknowledged a fact of art market life which has long been understood but up to now was implicit: there is a class of buyer which seeks 'trophies', without being overly concerned with connoisseurship. Several commentators have speculated that the extraordinary final bid of \$30 million by the painting's Saudi buyer, jumping from a hammer price of \$370 to \$400 million, was expressly designed to achieve a 'sexier' figure for the record books. The auction houses understand that, for a small section of wealthy buyers, a high price is a significant and possibly the principal part of the lustre of a work of art. How long will it be until we see highly publicized, invitation-only sales specifically devoted to 'Premium Objects', with auctions within traditional art-historical categories relegated to a lower rung of importance?

It's an interesting issue, too, in view of the contentious debate over the condition of *Salvator Mundi*. There's no realistic doubt that Leonardo da Vinci painted the picture, but the Renaissance art historian Giorgio Vasari was commenting as early as 1555 on its poor condition: there is a real question as to how much original work by Leonardo remains after five centuries of restoration. To a conventional Old Master collector this issue would have been of critical scholarly and aesthetic importance, but in the case of a Premium Object it's not really relevant. Buyers simply aren't concerned about such minor points: to misquote a former US President, 'it's a Leonardo da Vinci, stupid'. Not having to address such awkward questions allows the auction houses a great deal more latitude in their marketing of a major and complex work of art. As the title of a famous BBC sitcom of the 1960s about the London rag trade had it, with reference to the cloth for a dubious bespoke suit: 'Never Mind the Quality, Feel the Width'.

### **Christie's South Kensington – Goodbye**

With the above observations in mind, we bid a sad farewell to Christie's South Kensington. For decades South Ken had been the auctioneer's London outlet for many categories of decorative and lower-value objects, providing many future specialists, dealers and collectors with their early lessons in connoisseurship. Novice collectors could afford to buy in a welcoming environment from auction specialists who were generous with their very considerable practical knowledge: it required fine judgement to buy in South Ken sales but someone was always on hand with (often surprisingly) frank advice. Prices could be in the hundreds of pounds and auctions like the Interiors Sales were fascinating showcases for objects which were valuable more by craftsmanship, historical resonance and plain eccentricity than price-tag. Long after Sotheby's had phased them out, small and highly specialized departments such as Sporting Guns continued to flourish there. South Ken was a place where an interesting ivory handled walking stick would be accompanied by an exquisitely discursive catalogue note by the Christie's specialist who just happened to have written the key book on the subject.

Sellers, too, will feel the loss. Few significant collections survive a generation without accruing a ballast of furnishings and fittings among the big ticket works of art. These everyday objects may nevertheless add up to a major slice of potential revenue, and for an executor or an heir their sale can pose a real logistical problem. Christie's could act as a one-stop shop for this kind of collection, the high value items going to King Street while South Ken took care of the rest, with everything still benefiting from the negotiated marketing deal and contributing to a better seller's commission. From now on, sellers will have to look elsewhere for a venue at which to sell the parts of a collection which do not meet King Street's price thresholds or fall outside its increasingly narrow range of expertise.

In early 2017, the Christie's board had decided to shut down South Kensington with effect from December. In fact it didn't even have that long and was quietly put to sleep in the summer. With it goes another small piece of the charm and connoisseurship of auction, which so many collectors will look back upon with grateful nostalgia. As you may guess, we number ourselves among them. Ave atque vale.



Christie's South Kensington, January 2018

### Buyer's Premium

This just keeps going up. Last year both auction houses revised their fees ahead of the major Impressionist and Contemporary sales in November. Current buyer's premium rates in London are now:

Christie's		Sotheby's	
Up to £175,000	25%	Up to £180,000	25%
£175,001 - £3,000,000	20%	£180,001 - £2,000,000	20%
Above £3,000,000	12.5%	Above £2,000,000	12.9%

These premiums are also subject to non-reclaimable UK VAT at 20%, so that the base premium of 25% actually means an additional net cost to the buyer of 30% of the hammer price.

It might also be borne in mind that the auction houses are already charging a commission to the seller at the same time as they extract these percentages from the buyer.

Recent rises in the premium tend to have taken the form of a gradual and stealthy raising of the thresholds at which the percentage reduces, rather a rise in rates themselves: this time ten years ago the 25% premium applied only to the first £10,000 of a purchase at Sotheby's. Last year's hike, however, saw Sotheby's breaking new ground and raising the upper level of premium from 12.5% to 12.9%. This makes them significantly more expensive than their competitors for upper

tier buyers: if Abu Dhabi's Department of Culture and Tourism had bought *Salvator Mundi* at Sotheby's it would have paid nearly \$2,000,000 more than it did at Christie's.

