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Art Market Focus

The full story from Sotheby's £306m sale of the century

Beyond the reported "gasps" prompted by the triumphant £306m Masterpieces from the Lewis Collection sale at Sotheby's last month (a record sale total for a single-owner collection in London), there is a more nuanced story.

Joe Lewis is a successful investor, known as a currency trader and speculative investor whose £5.6bn fortune was largely built on bold, high-stakes bets in the global financial markets. But how good were his art investments? When he sold four School of London paintings in March, Bloomberg News picked up on a small Francis Bacon self-portrait which he had bought in 2014 for £365,000 and sold for £13.5m, prompting a headline that Lewis had gained a 3,500 per cent return on his art.

But that was only one lot. As most of his collection sold in June had been bought at auction, it is easy to make comparisons and see how variable the collection's performance was. Using a compound interest calculator to illustrate the average percentage gains or losses per annum during his holding period, the best performer in the glitzy evening sale was *La Belle Promenade*, a silhouetted man in a bowler hat by Magritte which Lewis bought in 2014 for £2.2m and resold for £16.04m – a record for a work on paper by Magritte which achieved an average annual increase of 18 per cent.

However, a Bacon diptych of two self-portraits for which Lewis paid £14.7m in 2015 could only muster £8.7m – down an average 4.7 per cent per annum. Such are the swings and roundabouts of the art market. In the second part of the Lewis collection sale, similar swings were visible for artists in lower price brackets. The best was an early, rather un-impressionistic 1864 Monet of a stylish gentleman which cost Lewis £170,500 in 2016, and resold for £1m, realising an average annual gain of 19.4 per cent – the unpredicted best performer of the collection. Bringing up the rear was *Dans l'escalier de la rue des Moulins*, a slightly vulgar back view of a woman climbing a staircase of a brothel in Montmartre by Toulouse-Lautrec, which Lewis bought in 2013 for £542,000 but returned for only £499,000.

Between these extremes were some quite modest price movements for artists such as Léger, Schiele and Van Gogh, which ranged from a minus-three per cent asset depreciation to a plus-seven per cent average annual gain – typical of a low-risk savings account.

Such figures do, however, modify the impression of Lewis as a high-stakes profiteer in the art market. Klimt's £36m portrait of Gertrud Loew, for instance, realised a mere 3.47 per cent annual gain since its purchase in 2015 – not a return that would have impressed a property speculator like Nick Candy, who was reportedly at the sale.

Also spotted at the sale was filmmaker Katharina Otto-Bernstein, producer of the well-informed 2018 art market documentary *The Price of Everything* and wife of art dealer Nathan A Bernstein, who won the £16.04m Magritte, and former Sotheby's international managing director Daryl Wickstrom who spearheaded the company's expansion into China and bid high on several lots, including the life-size *Portrait de Paul Hugot* by Gustave Caillebotte, which doubled estimates at £8.5m, and Degas' £25m bronze *Petite danseuse de quatorze ans*. Wickstrom now works with Sotheby's former chairman of Asia, Patti Wong, who runs an eponymous art advisory business which works with many of Asia's wealthiest buyers and sellers of art.

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Face value: Picasso's *Buste de femme*, left, sold for £23.8m; *Petite danseuse de quatorze ans*, inset, by Degas fetched £25m

Sotheby's did its sums and calculated that at least half of the Lewis collection was chased by Asian bidders, who bought Picasso's lively 1937 watercolour *Baigneuses* (£7m), a provocative Modigliani nude (the top lot at £48.2m); Klimt's slender full-length *Portrait of Gertrud Loew*, (£36.2m); Freud's *Woman in a Grey Sweater* (£4.8m); and Picasso's early portrait *Angel Fernández de Soto* (£3.7m), accounting for £100m, or over a third of the value of the sale. Asian buyers also contributed to another £128m by bidding, if unsuccessfully, on the aforementioned Caillebotte and Degas; Picasso's coquettish *Buste de femme* (£23.8m); Schiele's *Danaë* (£17.9m); Freud's massive nude, *Sleeping by the Lion Carpet* (£29.3m); and Modigliani's patrician *Homme à la Pipe* (£23.3m).

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The importance of Asian collectors to the market for modern Western art is not new but has rarely been spelt out so clearly; nor, indeed, have the profit ratios of the contents of such a valuable collection.