

## ART: IMPRESSIONISTS AND POST-IMPRESSIONISTS

### A Square's Art Series with Philip Hoffman.<sup>1</sup> - III

**Focus:** Impressionists and Post-Impressionists

**Description:** 'Impressionism' is the term coined for a style of 19th Century French painting, which was reflected in the work of a number of artists based around Paris. Painted in a distinctive style, the artists used loose and visible brushstrokes, and laid emphasis on nature, light and time in their colourful compositions. Instead of painting traditional, realistic detail from inside their studios, these so-called 'deviant' painters took their practice 'en plein air', to capture the transient effects of nature and people within a natural setting. Poorly critically received at the time; these artists are credited with changing the nature of painting, creating an entirely new vision of their world and originating a style that is visually appealing and one of the most widely recognised today. Widely known Impressionist painters include :

- Monet, Renoir, Degas, Pissarro, Sisley, Cezanne and Morisot

Their techniques were elaborated upon and evolved under the painting of the Post-Impressionists, who included:

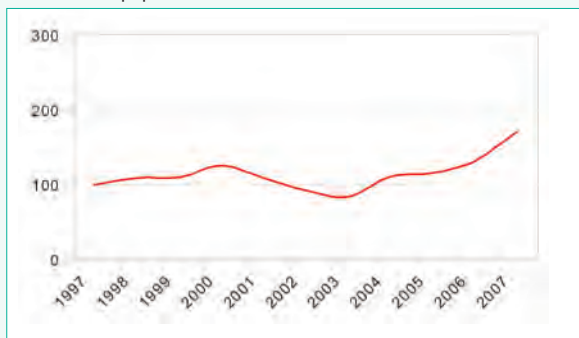
- Gauguin, Seurat, Toulouse-Lautrec and Van Gogh

• From 1990 through to 2006, records for the two most expensive paintings ever sold were held by - Post Impressionist and Impressionist paintings: The most expensive being [Van Gogh's](#) 1890 Portrait of *Dr. Gachet*, which sold at Christie's New York in May 1990 for USD 82.5mn, and [Renoir's](#) 1876 *Bal au Moulin de la Galette, Montmartre*, which sold two days later at Sotheby's New York for USD78.1mn. Both were purchased by the same Japanese executive, Ryoei Saito, capping off what has since been termed the 'Impressionist Bubble'.

The 'Impressionist Bubble' started in the late 1980's and peaked in 1990. The Japanese were buying into Impressionist and Post-Impressionist art, at over-inflated prices and used these paintings as tax write-offs, in what was essentially a money-laundering scheme. Having driven up the prices of these paintings, the value of the Impressionist market then dropped dramatically, when the Japanese economy crashed. Many Impressionist paintings that had been purchased as part of this scheme are still not worth their full value on the market, carrying with them the taint of their once over-inflated price.

#### Strengths of the Impressionist and Post Impressionist markets:

• The market has long recovered from the 'bubble' and top prices are commanded for works of excellent provenance, condition and beauty, by the most popular artists



steadily increasing in value

- Like the Old Master market, this market also works on a simple equation of supply and demand.
- As more works of high quality are purchased by museums and institutions, there are less and less quality works on the market - and hence those that remain witness steady price gains
- Globally, Impressionist and Post Impressionist artists are brand names and bring in more visitors to museums than shows by any other genre of artists
- Impressionist and Post Impressionist paintings still convey a certain prestige, as the artists are easily recognisable
- Prices for these paintings of great beauty and historical importance are still considerably lower than those of Contemporary artists, who have since eclipsed Impressionist and Post Impressionist artists as the market-record holders
- Artists who were once considered 'second tier' Impressionists and Post Impressionists are now being significantly re-evaluated and their works are

• This market has shown steady growth over the past decade, as illustrated by the graph above (courtesy: Dr. Rachel Campbell, Assistant Professor of Finance and an art market analyst at Maastricht University)

Graph shows: 100 EUR invested in the Impressionist market would have a value of 170 EUR as of March 2007 (Data source: Art Market Research)

#### Weaknesses of the the Impressionist and Post Impressionist Markets:

- Works of the highest quality tend to remain off the market and are on display in museums
- Very rarely do 'fresh' works come to the market and when they do, they command top prices
- Works that had been purchased as part of the 'bubble' by the Japanese have still not regained full market value
- Condition and title are very relevant issues and must be taken into consideration in all purchases and sales
- Like the Old Master market, these markets move slower than the Contemporary market, with fewer globally important auctions and art fairs. As with Old Masters, the TEFAF Maastricht art fair is still the most important global art fair for these markets and another important fair is the Palm Beach Fine Art & Antique Fair.
- Collecting Impressionists and Post Impressionists has lost much cache as Contemporary art is deemed trendier. As the market for the former moves at a slower pace, a long-term buy and hold strategy is crucial to realise potential price gains in a collection

#### Opportunity:

- De-accession of important Impressionist and Post Impressionist works from museum collections that need funds to purchase the ever more expensive works by Contemporary artists
- Discovery of an unknown or lost work by a master or return to the market of a top painting - since the death of Ryoei Saito in 1996 the exact whereabouts of the Portrait of Dr. Gachet are unknown, and the return of such an important painting to the market would command a top price
- As art historians and museums start to re-evaluate the artists who were less famous during their lifetimes - a portfolio of 'second tier' Impressionists and Post Impressionists may increase in value as works by top tier artists are scarce
- Adding Impressionist and Post Impressionist art to a broader art portfolio, including Old Masters, Modern Art and Contemporary adds to diversification
- This market is more solid than most others

#### Threat:

- An art market crash - because of the previous 'bubble' this genre is not highly speculative. The Japanese, for example, have yet to re-enter any

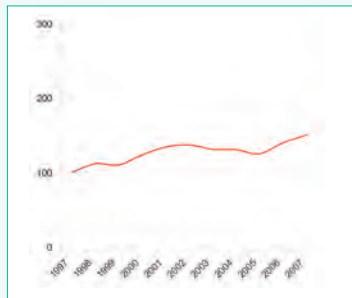
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area of the art market

- A financial market crash, although it should be noted that art has a very low, even negative, correlation to other traditional asset classes

### Risks involved:

- Theft/ Damage/ Provenance/ Title issues are more important than in any other sector
- Condition issues are common and works need to be inspected by leading experts
- Provenance and title need to be carefully obtained, as works could potentially be 'Nazi war loot', or were previously owned in Japan
- The Art Loss Register is crucial to determine if something has a claim or has been lost or stolen
- Authentication of a newly discovered work can be near impossible
- As with all sectors of the market, getting caught in market inefficiencies, i.e. transaction costs via galleries and auction houses
- The hold rate could be longer than expected owing to slower market movements



### Performance:

- With proper due diligence and market experience, the above risks can be minimised and/or avoided

### • Adjacent graph depicts:

For example, Dr. Rachel Campbell tracked the market of [Pierre Auguste Renoir](#) (French 1841-1919), one of the most well-known Impressionist painters

On average, 100 EUR invested 10 years ago in 1997 would have a value of 150 EUR in March 2007 (data source: Art Market Research)

### Forecast:

- For Impressionist and Post-Impressionist works of great quality, provenance, and condition, painted by the most important artists - will always bear potential as an investment
- Due diligence and expertise are crucial to determine this.
- While supply of good works endures these markets should continue with steady growth
- A Monet or a Renoir on a wall will always be equated with a certain social status and as long as there is supply on the market, the paintings will retain strong value
- As a new wave of buyers enter the market, such as from China, Russia and India, money will continue to be spent on the opportunity to acquire such paintings

1. Philip Hoffman is founder of The Fine Art Fund, which is still the only global art fund of its kind, and has since expanded into The Fine Art Fund Group Ltd, which consists of The Fine Art Fund I, The Fine Art Fund II, The Chinese Fine Art Fund, The Indian Fine Art Fund & an art advisory arm, FAIR (Fine Art Investment & Research)

(\*All prices are approximate and if sold at auction include the buyer's premium)