

INSIDE CHRISTIE'S

How a 21st-century auction house gears up for a major sale

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The sale at Christie's New York on 9th November 2006 was every auctioneer's nightmare. In the spotlight was a rare Blue Period Picasso, his *Portrait of Angel Fernandez de Soto (The Absinthe Drinker)*, being sold by the Andrew Lloyd Webber foundation. The estimate was a staggering \$40 to \$60 million; but at the eleventh hour, ownership of the portrait was claimed by a little-known German academic called Julius Schoeps. *The Absinthe Drinker* was withdrawn from sale and consigned to legal limbo.

Last January the dispute was finally settled, and on the evening of 23rd June the picture will be again put up for auction – this time at Christie's London with an estimate of £30 to £40 million. In the intervening years, the art world has changed dramatically. On the one hand the credit crunch has brought a drop in the number of works being sold and painful redundancies at Christie's UK offices; on the other, a phalanx of new collectors has emerged, willing to pay extraordinary prices. With the record for a piece of art at auction broken twice this year already – first by Giacometti's *Walking Man 1* (£65 million at Sotheby's London) and then by Picasso's *Nude, Green Leaves and Bust* (£70.3 million at Christie's New York) – it could be that the Lloyd Webber Foundation will actually benefit from its picture's enforced purdah. Whatever happens, the sale will act as a compass for a highly charged but increasingly polarised market.

Schoeps's intervention outraged Christie's, who described it as an 'ambush'. The choice of word is instructive. You might imagine that an auction is a haphazard coming together of owners who fancy selling and buyers who feel flush on the day, resulting in prices that no one can really

predict. Nothing could be further from the truth. The countdown to a sale at Christie's is as highly calibrated as an operation in *Spooks*. (The company's London head, Jussi Pylkkanen, even has a CCTV feed to his office so that he can spot important clients arriving.) Surprises are not encouraged.

The summer Impressionist and Modern sales in London are carefully timed so that they can pull in overseas clients en route to Ascot or the Basel art fair. The clock begins to tick the moment the previous round of sales finishes in February, with experts scanning the results for clues to the market – who is buying and who has missed out (and will therefore be hungry next time). The fact that buyers and sellers alike are usually anonymous is no deterrent.

'We have quite sophisticated intelligence,' says Giovanna Bertazzo, head of Christie's Impressionist and Modern department. 'Even after a sale at the opposition [Sotheby's] we can usually put the jigsaw together. I'm sure they do the same.' It is a measure of the art world's genius for detective work that it took only three weeks for Lily Safra, widow of the billionaire banker Edmond J. Safra, to become known as the buyer of the £65 million Giacometti.

Although some important pieces come up unexpectedly, the majority have been in the sale-rooms' sights for years. Much of a specialist's work lies in cultivating the owners. 'We basically become their advisers,' says Giovanna Bertazzo. 'When they are in a frame of mind to sell, they ask us for an estimate and the process begins. We have a web of relationships that is constantly checked, and when we plan a sale we try for every picture we know is ripe.' This task is made easier if she has already secured a work guaranteed to lure buyers – for example, a Blue Period Picasso.

Dating from 1903, when he lived in Barcelona, *The Absinthe Drinker* depicts one of the artist's most dissolute friends. Angel Fernandez de Soto fixes the viewer with a haughty, lugubrious stare, the glass in front of him echoing the distortion of his face. Paintings from this stage in Picasso's career are rare because, Bertazzo explains, 'He didn't have a lot of money to buy

good pigments and canvas. There are fewer than five of this quality in private hands.’ Not for a decade has a comparable one been sold: it is safe to say that the market will be hungry.

The Absinthe Drinker was bought by the Andrew Lloyd Webber foundation in 1995. Christie’s emphasises that the foundation, created to acquire and exhibit exceptional works of art for the public benefit, is not the same as Lord Lloyd Webber himself – though this distinction has not always been clear to the taxman. In 2008 H.M. Revenue and Customs claimed that J.M. Waterhouse’s Pre-Raphaelite masterpiece *St Cecilia* – paid for by the composer’s money topped up by gift aid – had hung for long periods in Lloyd Webber’s home without sufficient ‘rent’ being paid to the foundation. The matter was settled with a payment of £1.47 million to the Revenue.

The foundation’s legal battle with Julian Schoeps, head of a centre for Jewish studies in Potsdam, was more emotive. Schoeps claimed that his great-uncle, Paul von Mendelssohn-Bartholdy, had been forced to part with *The Absinthe Drinker* as the result of persecution in the 1930s, and that both the Lloyd Webber Foundation and Christie’s had ignored its ‘suspicious Nazi-era provenance’ in their ‘fervour to maximise the sales price of the painting’.

Schoeps insisted that Mendelssohn-Bartholdy, a prominent Jewish banker, would never have parted with works from his collection if Hitler’s regime had not crippled his business interests. Christie’s and the foundation argued that the sale had only taken place after Mendelssohn-Bartholdy’s death, with the agreement of his non-Jewish wife; they also wondered why his descendants had taken 70 years to make a claim.

Since no bill of sale survived, it was impossible to prove the case one way or the other, but a deal was eventually reached by which Schoeps’s family relinquished ‘any or all claims of title to the painting’. While the details remain confidential, it is reasonable to assume that money changed hands. Both sides claimed a moral victory and declared themselves pleased with the outcome –

though in the case of the foundation, which had paid hundreds of thousands of pounds in legal fees, this must have been through gritted teeth.

For Giovanna Bertazzo, looking for a centrepiece for her summer sale, the news that *The Absinthe Drinker* was back in play was thrilling. ‘There’s a buzz about being so intimately involved with a painting of this quality,’ she says. ‘There’s a whole fetishism about collecting, and if you have a passion for art you cannot be immune from this frenzy.’

How does the seller of such a work choose one of the big auction houses over the other? The charges levied by both are broadly similar, though Christie’s and Sotheby’s insist that the infamous case of commission-fixing in the 1990s – which resulted in jail sentences for Sotheby’s owner Alfred Taubman and chief executive Dede Brooks – is water long under the bridge. (Christie’s escaped more lightly because it blew the whistle; both companies, however, had to pay \$256 million to their clients.)

‘The deciding factor might be your record of selling a particular kind of work, or the reputation of your specialists,’ says Jussi Pylkkanen, who will be the auctioneer at Wednesday’s sale. ‘Or perhaps you can estimate the picture at a more positive level than your competitors.’ He is quick to add, though, that a high estimate is not always helpful: ‘A figure of £10 to £15 million might be preferable to one of £14 to £18 million, because it will entice more bidders’ – and it is rivalry among these, as well as the auctioneer’s skill in egging them on, which leads to record prices. ‘A good auctioneer can add 20 per cent to the price,’ says Pylkkanen, ‘and competition can add 20 per cent more.’

No estimate is set in stone, however, until the painting has undergone the ritual known as ‘hilling’.

The word derives from a geographical peculiarity of the company’s West End headquarters. Beneath the grandeur of the public areas – the Georgian entrance, the elegant lobby, the imposing main staircase – lies a gloomy

netherworld of worn stone floors, stark brickwork and chuntering heating ducts. This is Christie's main warehouse, a labyrinth apparently forgotten by time. Wandering its corridors you pass massive picture frames stacked against walls, waist-high candelabra and lonely altarpieces, cherubs glowering from low-loader trolleys and silver experts sequestered behind steel doors.

Through it runs the slope of a hill, down which – back in the nineteenth century – works of art were carried to be evaluated by a line of experts. Such parades still happen, but only for large pictures: in general hilling takes place on the flattest of storeroom tables.

‘Normally someone from the department has already looked at the picture in the flesh,’ says Olivier Camu, Giovanna Bertazzo’s number two. ‘But occasionally we have digital images sent by a specialist abroad. When you see it for real, you can have a revelation: the estimate’s too low, or someone’s been hiding it from you so you don’t know there’s a problem with its condition.’

First up on the day of my visit is one of eight other Picassos in the sale, a pastel entitled *La Liseuse*. The department’s cataloguer Jason Carey arrives with an armful of documents: the more information can be given to potential buyers, the more confident they will be of getting their money’s worth. The picture’s title is checked, then its description and history – which collections it has been in and where it has been exhibited. Labels on the back, or the remains of them, are important clues: ‘We have a whole data base of them,’ says Olivier Camu. ‘Sometimes you can identify a gallery just from a corner or a red line.’

Last of all, the estimate is discussed. ‘This has a fantastic provenance,’ is Giovanna Bertazzo’s conclusion. ‘It’s in really lovely condition, and it’s up there with the best works on paper that Picasso ever executed. So is six to eight million correct? Yes, we think it’s absolutely fine.’

Another crucial question is the order of the sale. ‘When I started fifteen years ago, we always did it in chronological order,’ says Olivier Camu. ‘Now we start with a few lots we know will go well, because everyone will judge the mood of the sale from them. We wouldn’t start with a £30 million Picasso, though we’ll certainly put it in the first fifteen.’ ‘You have to build to a crescendo,’ adds Bertazzo.

Presentation also makes a difference: around half the pictures in a sale are reframed, while the rooms they are to be hung in are redecorated – sometimes overnight – to complement star lots. ‘The Impressionist department loves dark blue,’ says David Gregory, Christie’s director of operations, ‘and we used white for our Polar sale. For the Picasso we’re looking at a mid-blue grey.’

A month before the auction, with the catalogue gone to press, the specialists begin to concentrate on potential buyers. This can involve extensive travel: ‘If a client in Florida wants to see a work, we will send it there with white-glove service, and accompany it if we need to,’ says Giovanna Bertazzo.

So who will buy *The Absinthe Drinker*? The picture’s pre-sale exhibition schedule – New York, Hong Kong, London – is an indication of how wide the market has become.

‘Nowadays the biggest-spending trophy hunters are newly moneyed billionaires from the former Soviet Union, China and the Middle East,’ says Sarah Thornton, author of *Seven Days In The Art World*. ‘There are no British collectors with pockets as deep as the Emir of Qatar [the recent purchaser of Harrods], and few who could compete with Roman Abramovich [who paid \$33.6 million for Lucian Freud’s *Benefits Supervisor Sleeping*]. If these men want it, they get it.’ She believes that *The Absinthe Drinker* may be ‘a little dour’ for their taste; nevertheless, ‘It’s safe to say it will make the highest price paid for a Picasso outside America.’

Jussi Pylkkanen argues that ‘a new era of collecting’ began in 2005, ‘when Russian buyers came into the Impressionist market with a huge appetite. In the

last three or four years Middle Eastern buyers have been looking at it too, and at some of the more dynamic avant-gardists – Léger, Mondrian: they've really added a lot of fuel to the market. Now we have the mainland Chinese buying Picasso and Monet – that's only happened in the last eighteen months.'

'It's a different landscape,' agrees Giovanna Bertazzo. 'Particularly important for me is Abu Dhabi with the new museums [an outpost of the Louvre and a Guggenheim gallery] on Saadiyat Island. The market in Hong Kong has also been skyrocketing.'

This globalisation has been speeded by the internet: a third of bids at Christie's are now taken online, though as yet this is not permitted for major sales. 'In Dubai last week a watch was sold to a client from Mumbai, bidding in the room against one person online from Singapore and another online from Australia,' says Jussi Pylkkanen. 'That was an extraordinary moment.'

Despite this, London's significance in the art world has actually increased. 'It's a city with a lot of collectors in it, and it's a good location in terms of America, Europe and the East,' explains Melanie Clore, Giovanna Bertazzo's opposite number at Sotheby's. 'In the Nineties everything was so New York-based, but now people accept that you will get an equally good price here.'

The changes, though, are not just to do with geography. The buzzword in the trade now is 'masterpieces', and the new collectors are buying them across all categories: connoisseurs who restrict themselves to a single school of painting are as out of fashion as Victorian commodes. Jussi Pylkkanen talks of 'the new Medicis' for whom modernist works are as attractive as Old Masters: 'The shift of mindset is astonishing. They're looking at twentieth-century art in a different way, and they've emerged as a very, very powerful force.'

'These are people who aren't concerned with art as investment,' says Thomas Woodham-Smith, managing director of the Bond Street antique dealers Mallett. 'It's just about love for a piece. To them the price is irrelevant.'

Crucially for the sale-rooms, many of the new buyers feel more comfortable buying at auction – where they are reassured by other people chasing the same works – than from a gallery. ‘They like the public making of the price,’ says Helena Newman, vice-chairman of Sotheby’s Impressionist and Modern department. ‘Had we gone out and said, “You can buy this Giacometti for £65 million,” people would have thought we were mad.’

But if records are tumbling at the top of the market, things are less happy lower down. The brunt of Christie’s recent cost-cutting has been borne by its smaller sale-room in South Kensington – traditionally a bread-and-butter business selling a large volume of more affordable goods, from Dinky cars to shotguns. Gone is the teddy-bear department, and sporting memorabilia. ‘The view was that the fun departments deterred more serious collectors,’ says a former employee, ‘so they got rid of them. There was a great wave of redundancies, and it caused a huge trauma.’ The axing of the company’s canteens is also much resented by the poorer members of staff.

Christie’s is not alone in focussing on the high end: Sotheby’s closed its equivalent operation at Olympia in 2007. Even at the top, however, there has been a shift of emphasis – caused, according to Thomas Woodham-Smith, by a lack of supply: ‘Christie’s and Sotheby’s have seen a massive downturn in the decorative arts, and the number of dedicated furniture-sellers there is becoming smaller and smaller. What this reduced market means is that everything is now focussed on the pictures. It’s putting a lot of eggs in one basket, and a single failure can colour a whole year.

Many sales, he adds, are now ‘accumulations: for example, early Renaissance to early twentieth century. It’s to do with economy of scale, but also lack of quantity. My guess is that in five to ten years there will only be two or three auctions a year.’ He also believes that both Christie’s and Sotheby’s could change hands in the not too distant future.

Jussi Pylkkanen admits that Christie's is moving more towards private sales, but is not yet ready to hang up his gavel. He points to the abundance of furniture in the forthcoming Althorp house sale, and insists that Christie's wants to be involved in a variety of markets: 'A lot of collectors buy less important objects when they start, so any department can be an entry point to the more expensive ones.'

Nevertheless, it is paintings that will be on his mind on Wednesday. He will lunch alone, as he always does before taking an important sale, and drink a single glass of wine. In his auctioneer's book will be estimates, absentee bids, and information gleaned from prospective buyers, many of whom will have been entertained by Christie's over the previous week at a series of parties and grand dinners.

At four o'clock he will arrive in the sale-room – by now a frenzy of activity, as pictures are removed from the walls and the rostrum, chairs, telephone bidding stands and microphones are set in place. For big sales all seats are allocated: some bidders prefer to be in the front row, others almost out of sight, and the auctioneer must know where to look for them. At 6pm he meets the specialists and other senior managers for a final briefing: 'We discuss everyone who has declared an interest,' says Giovanna Bertazzo, 'so we know as far as possible how many people are going for each picture. We tell the auctioneer where the bids will come from, when this telephone call will come in, which client will stop at a particular point and which will go on.'

As seven o'clock approaches, the staff taking telephone bids move into position, as do the 'spotters' who must make sure the auctioneer doesn't miss a bidder. The auctioneer's clerk, Nick French, checks that everyone in the audience has been registered and is a bona fide client with the means to pay for their purchases. Then the lights go down.

'As an auctioneer you develop a sixth sense,' says Jussi Pylkkanen. 'Standing in the rostrum looking at 600 people as a picture is being brought

up, you can judge immediately which four or five clients are going to be bidding for it. I can see someone picking himself up or trying to make eye contact with me. I don't think it's something you can learn.'

So here comes the great Picasso. The average sale time for a lot is ninety seconds. Pylkkanen has a minute and a half to make auction history. He takes a deep breath.