

COMMERCE

Sotheby's raises automotive potential with strategic partnership

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1960 Ferrari 400 Superamerica SWB Cabriolet lot from RM Sotheby's

By SARAH JONES

Auction house Sotheby's is strengthening its efforts in the automotive sector with a new partnership with a collector car auctioneer.

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Sotheby's has acquired a 25 percent stake in RM Auctions, which will be known as RM Sotheby's going forward. High-end automobiles represent a \$2 billion market, providing both parties with strong potential as they prepare for their first joint sale.

"This is an opportune time to enter the global collectible car auction market, which has grown at approximately 24 percent per year since 2009 and was worth over \$1.3 billion in 2013," said Dan Abernethy, spokesperson at [Sotheby's](#), New York.

"We chose to acquire a stake in RM as it is the world's leading auctioneer of premium collectible automobiles achieving sales of \$470 million in 2014," he said. "In addition we have collaborated several times in the past, most notably with the November 2013 Art of the Automobile auction in New York, which achieved nearly \$63 million and saw a new auction record set for a Ferrari 250 LM at \$14.3 million."

Market advantage

RM Auctions and Sotheby's previously partnered on car auctions, including the record-breaking "Art of the Automobile" sale in 2013, which totaled \$62.8 million in just two hours. Lots included a 1964 Ferrari 250 LM, which fetched \$14.3 million on the auction block.

"RM has enjoyed a highly successful relationship with Sotheby's over the past decade, including record-breaking sales at the Ferrari factory in Maranello, Italy and London, England, as well as in Palm Beach, Florida, with the presentation of the magical Milhou Collection in 2012, and more recently, the pioneering Art of the Automobile in New York, which celebrated the automobile as an art form all its own," said Alain Squindo, vice president, **RM Sotheby's**, Blenheim, Ontario. "The new partnership builds on this strong track record, providing exciting growth opportunities for both companies, as well as the collector car hobby at large."



1964 Ferrari 250 LM from Art of the Automobile

Sotheby's has identified RM Auctions as the leader in the category. The auctioneer set a new record for a collector car auction with their flagship Monterey sale in 2014, which totaled \$140 million, beating a previous benchmark set by the house the previous year.

"The RM group celebrated its 35th anniversary in the collector car hobby in 2014 with its best performance to-date and an all-time high for the hobby at large—\$470 million in auction sales," Mr. Squindo said. "Results from our early 2015 events indicate that the market remains vibrant, with continued growth, new interest and great cars continuing to fetch great prices at auction."

The first auction for RM Sotheby's will take place on March 14 on Amelia Island, FL. At this sale, the auctioneer will have lots including a 1938 Bugatti Type 57C Aravis Cabriolet valued at around \$3 million and a 1955 Jaguar D-Type worth about \$4 million.



1935 Mercedes-Benz 500/540 K Cabriolet A by Sindelfingen; lot at Amelia Island

Also scheduled this year are sales in Fort Worth, TX; Lake Como, Italy; Monterey, CA; London and New York, among others locations.

In addition to its 25 percent ownership of RM, Sotheby's will have governance participation and will be able to increase its stake in the company over time as the relationship evolves.

Pairing up

Sotheby's has previously added partnerships to help it scale aspects of its business.

International auction house Sotheby's has joined forces with online auctioneer eBay to develop a digital platform that enables consumers to easily browse artwork, antiques and collectibles.

The partnership will likely raise eBay's stature in the auctioneer sector, as its work with Sotheby's will introduce the online shopping platform to the international art business. For Sotheby's, partnering with eBay will have a similar effect by making the auctioneer more accessible to global consumers ([see story](#)).

For RM, this partnership also enables them to benefit from Sotheby's global footprint, with auctions in London, New York, Hong Kong, Paris, Geneva, Milan, Doha, Zürich and Beijing and offices in 40 countries. The auction house continues to expand its presence with new locations in key markets.

Sotheby's International Realty is expanding into North India to serve the area's growing luxury real estate market.

The first office opens in September in New Delhi and subsequent offices will emerge in Gurgaon, Noida, Chandigarh and Jaipur. Widespread optimism regarding the Indian real estate market bodes well for Sotheby's as it bolsters its presence in the country ([see story](#)).

"For RM, this strategic partnership presents a great opportunity for us to expand

our global reach and market to a truly worldwide audience," RM Auctions' Mr. Squindo said. "Sotheby's has an incredible international footprint, with offices in more than 90 locations in 40 countries.

"The partnership will enable us to collaboratively grow our businesses and make the experience and offering for our respective clientele, that much more thrilling," he said. "Beyond introducing new audiences to the world of collector cars, it will help us broaden the experience of existing RM clientele at our destination events through incorporating their other collecting passions that Sotheby's specializes in, be it wine and watches, or art and photography."

Sotheby's agreed that this partnership with RM may go beyond automotive sales.

"There is already enormous growth, but RM Sotheby's sees great potential to expand the collector car auction market," Sotheby's Mr. Abernethy said. "There is significant cross-over between the two businesses particularly in categories such as contemporary art, wine, jewelry and watches which we expect to expand."

Final Take

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