

artnet

The Intelligence Report

Mid-Year Review 2023



The Market Has Taken a Hit. Welcome to Bargain City?

Marketplace

Find out how much the business contracted in 2023

Data Dive

Which sector stayed stable amid turbulence?

The New Auction

Landscape Brought to you by **Morgan Stanley**

Marketplace

- 5 **By the Numbers:** Find out exactly how much the art market has contracted so far this year.
- 6 **Zero to Hero:** Meet the young artists defying the downturn.
- 7 **Top-Searched Artists:** Discover which artists collectors are most curious about.
- 8 **The Best-Seller Lists:** See the top ten lots sold in every major category.

Want to Make a Deal?

By Katya Kazakina

- 15 The exuberance that gripped the art trade for the past two years has dissolved. Here's how to get an edge in the buyer's market.

6 Questions With...

By Min Chen, Vivienne Chow, and Katya Kazakina

- 25 Fanny Lakoubay on where smart money is going in the digital art market.
- 27 Gladys Lin on what the rest of the world doesn't understand about Asian collectors.
- 29 Saara Pritchard on the new vogue for American Realism.

Data Dive

By Julia Halperin

- 34 Which category stayed stable amid market turbulence?
- 35 Which auction house came out ahead?
- 39 Who are today's most bankable artists?

The Outsize Impact of Trophy Lots

By Artnet News and Morgan Stanley

- 44 A closer look at the market for trophy lots reveals how factors ranging from the location of a sale to the type of auction can affect performance.

Methodology

- 65 Everything you need to know about where this report's figures come from.

Chomp! Post-COVID reality just took a big bite out of the art market.

After staging a blazing comeback from the pandemic in 2021 and 2022, when near-zero interest rates and (let's be honest) a healthy dose of boredom flooded money into everything from historical masterpieces to animal NFTs, the great global marketplace for fine art lost a whole lot of value—and dynamism—in the first half of 2023. Was it the economy, haunted by the specter of an around-the-corner recession? A lack of supply? A weakening of demand? A world on fire from war and climate change? Let's just go with: all of the above.



Andrew Goldstein
Editor-in-Chief,
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Some see the falling prices as a much-needed reset, a return to the real. But is the art market still fun if it's rational? Yes... if you're a buyer. All of a sudden, if you are a collector, an investor, or a semi-pro combination of the two, now is the time to be choosy and strike bargains—especially, perhaps, in the ultra-contemporary sector of young art that, after getting supernova-hot over the past two years, has now seen public prices fall by more than a quarter.

A caveat: if you are looking for a first-rate historical masterpiece with all the bells and whistles, the dynamic seems to flip, so be prepared to pay out the nose.

But don't take my word for it—read this issue, which also happens to mark five years since we began publishing our biannual Intelligence Reports. Assembled with grace and acuity by Artnet News contributor Julia Halperin, our inaugural half-year edition of the Intelligence Report paints a picture of today's art market by the numbers, with a wealth of eye-opening data points to help guide your decisions. Want analysis? Artnet News senior reporter Katya Kazakina's in-depth investigation of the spring auctions paints a bracing picture of the art industry waking up to its new normal. Art and pop culture editor Min Chen dips a thermometer into the state of the digital art market amid crypto winter. (What's it like? Pretty chilly.) Vivienne Chow delves into Asia's post-COVID sales landscape, where untapped potential gleams amid the region's myriad challenges. And there's much more, too.

Take a deep breath, and give it a read.
After all, amid disruption, opportunity knocks.

Andrew Goldstein, Editor-in-Chief of Artnet News



Marketplace

- **By the Numbers**
- **From Zero to Hero**
- **Most-Searches Artists
(Then and Now)**
- **The Best-Seller Lists**

By the Numbers: The reality check has arrived.

5 billion

The total (USD) spent on fine art at auction between January 1 and May 20—down 14 percent from the equivalent period in 2022.

2.6 billion

The sum (USD) spent on fine art at auction in the United States in the first five months of 2023, through May 20—considerably more than any other country.

184.2 million

The amount of money (USD) spent on ultra-contemporary art—our term for work by artists born after 1974—at auction by May 20, 2023. That's down more than 25 percent from the same period in 2022.

10

The number of women among the 100 top-selling fine artists at auction in the first five months of 2023. That's fewer than last year—but for the first time, more than one woman managed to crack the top 20.

42,172

The average price (USD) of a fine artwork sold at auction in the first five months of the year, down 6 percent from 2022.

-5%

The decline in revenue from online-only sales at Christie's, Sotheby's, Phillips, Bonhams, and Artnet Auctions in the first five months of the year. The total remains more than 300 percent higher than in 2019, before the pandemic changed the game for online sales for good.

-22%

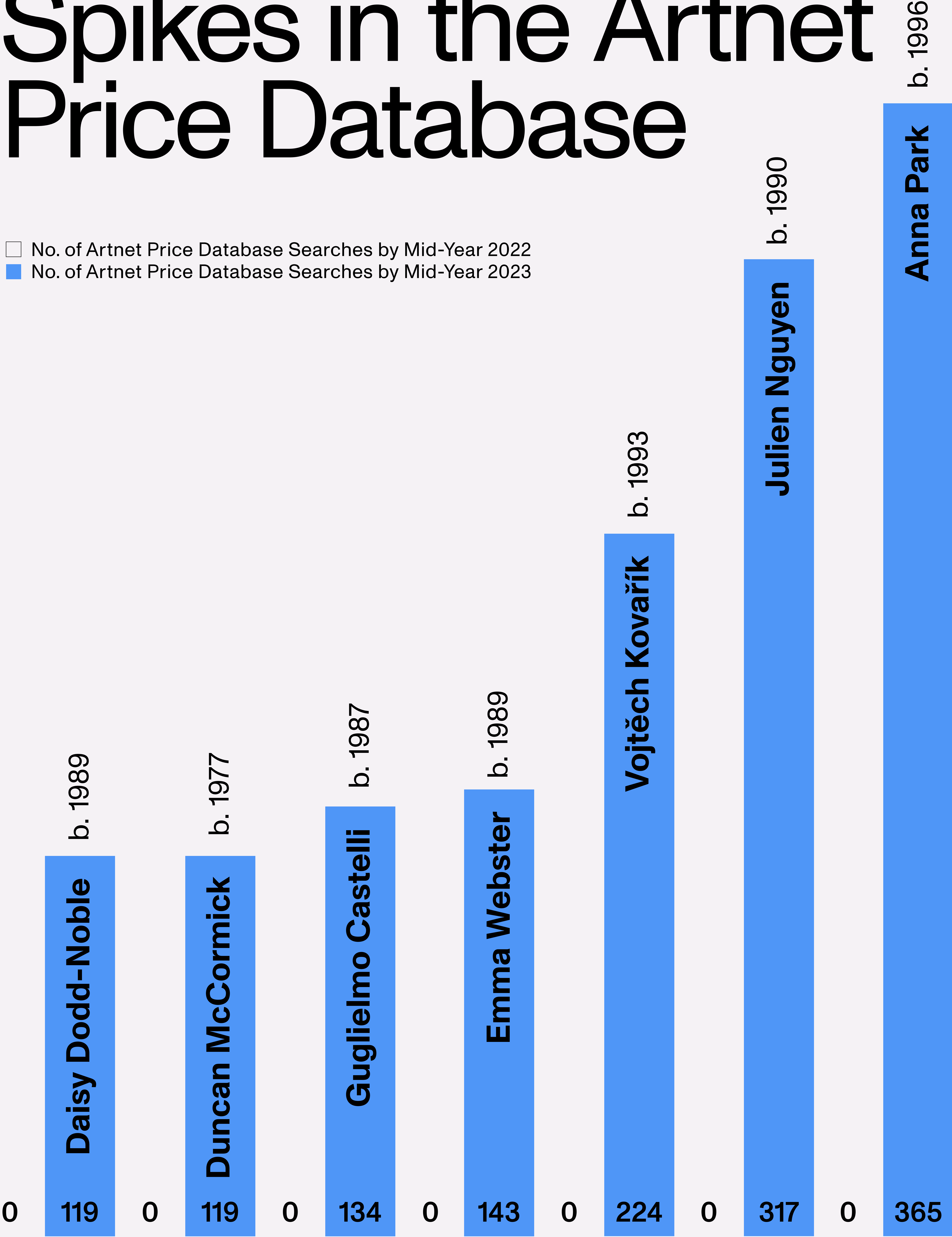
The dip so far in total sales generated by the Big Three auction houses—Sotheby's, Christie's, and Phillips—year over year.

-51%

The decline in revenue from the highest-end artworks at auction. In the first five months of 2022, works priced at \$10 million and up generated a total of \$2.4 billion. But as the extraordinary material that piled up during the pandemic began to dwindle, sales in this top price bracket slumped to \$1.2 billion.

From Zero to Hero: 7 Artists With Serious Spikes in the Artnet Price Database

□ No. of Artnet Price Database Searches by Mid-Year 2022
■ No. of Artnet Price Database Searches by Mid-Year 2023



Top 10 Most Searched Artists: Then and Now

Which artists are collectors most interested in? And how have tastes changed over the past decade? We examined the most-searched artists on Artnet's Price Database to find out. Both lists cover searches from January 1 through May 20. While there are a few newcomers in 2023—most notably, Yayoi Kusama—the latest rundown proves that the more things change, the more they stay the same.

※ New Entry Since 2013 ↑ Up Since ↓ Down Since – No Change Since

	2013	2023
1 st	Pablo Picasso	Pablo Picasso –
2 nd	Andy Warhol	Andy Warhol –
3 rd	Joan Miró	Yayoi Kusama ※
4 th	Marc Chagall	Marc Chagall –
5 th	Alexander Calder	David Hockney ※
6 th	Jean-Michel Basquiat	Gerhard Richter ↑
7 th	Gerhard Richter	Joan Miró ↓
8 th	Roy Lichtenstein	Alexander Calder ↓
9 th	Salvador Dalí	Henri Matisse ↑
10 th	Henri Matisse	Damien Hirst ※

Ultra-Contemporary

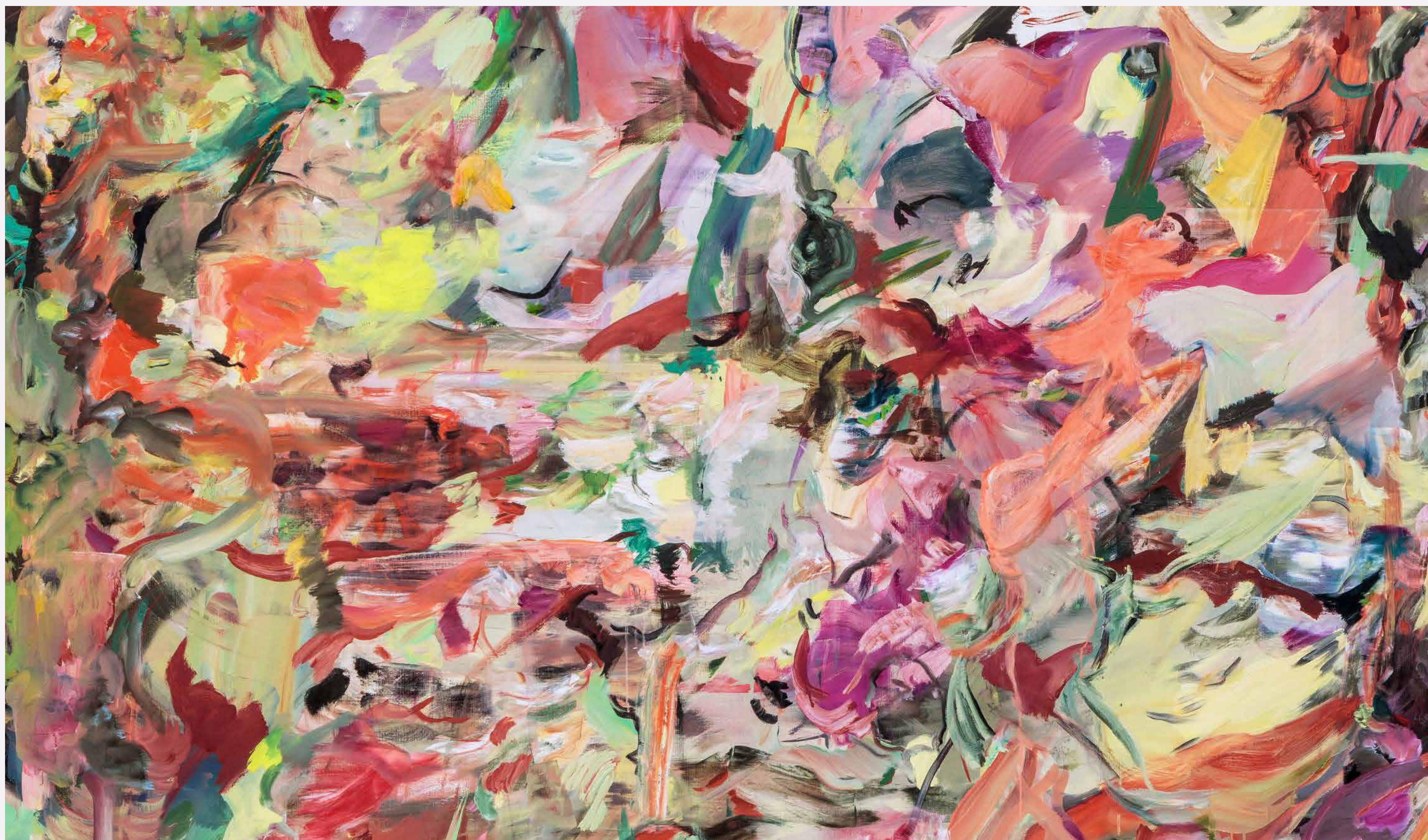


Nicolas Party's *Trees* (2019) is the tenth best-selling work in the ultra-contemporary category.

	Artist	Life	Title	Date	Sale Price (USD)
1	Matthew Wong	1984–2019	<i>River at Dusk</i>	2018	\$6,661,953
2	Matthew Wong	1984–2019	<i>The Road</i>	2018	\$4,604,517
3	Jonas Wood	b. 1977	<i>Red Pot With White Blouse</i>	2018	\$3,690,000
4	Hao Liang	b. 1983	<i>Theology and Evolution</i>	2011	\$3,140,087
5	Adrian Ghenie	b. 1977	<i>Figure on the Beach</i>	2019	\$2,523,535
6	Loie Hollowell	b. 1983	<i>Standing in Red</i>	2019	\$2,292,327
7	Michael Armitage	b. 1984	<i>Muliro Gardens (Baboons)</i>	2016	\$2,242,147
8	Jonas Wood	b. 1977	<i>Calais Drive 2</i>	2012	\$1,829,913
9	Matthew Wong	1984–2019	<i>The Jungle</i>	2017	\$1,754,000
10	Nicolas Party	b. 1980	<i>Trees</i>	2019	\$1,732,459

An unsettling landscape by the artist Matthew Wong led the ultra-contemporary art category, which we define as work made by artists born after 1974. Over the past three years, speculators have boosted the markets for a handful of artists like Wong, Jonas Wood, and Adrian Ghenie, each of whom has a distinct approach to figuration.¹ The \$6.7 million price for Wong's *River at Dusk* (2018) was nearly 38 percent more than it realized on its last appearance on the auction block, at Phillips Hong Kong just three years ago.² But beyond these bright spots, the category is struggling to retain the remarkable highs of the past few years now that the NFT bubble has burst and buyers have become more cautious. Only the top four works in this list would have made the cut in our last mid-year report.³

Contemporary



Cecily Brown's *Free Games for May* [detail] (2017), the ninth best-selling work in the postwar category, is partly inspired by Pink Floyd's 1967 concert *Games for May*.

	Artist	Life	Title	Date	Sale Price (USD)
1	Jean-Michel Basquiat	1960–88	<i>El Gran Espectaculo (The Nile)</i>	1983	\$67,110,000
2	Jean-Michel Basquiat	1960–88	<i>Now's the Time</i>	1985	\$28,634,000
3	Yoshitomo Nara	b. 1959	<i>In the Milky Lake</i>	2012	\$12,809,391
4	Jean-Michel Basquiat	1960–88	<i>Moon View</i>	1984	\$10,790,400
5	Yoshitomo Nara	b. 1959	<i>Lookin' for a Treasure</i>	1995	\$10,681,665
6	Christopher Wool	b. 1955	<i>Untitled</i>	1993	\$10,070,000
7	Banksy	b. 1974	<i>Banksquiat. Boy and Dog in Stop and Search</i>	2018	\$9,724,500
8	Christopher Wool	b. 1955	<i>Untitled</i>	1988	\$8,377,500
9	Cecily Brown	b. 1969	<i>Free Games for May</i>	2015	\$6,711,450
10	Cecily Brown	b. 1969	<i>Untitled (The Beautiful and Damned)</i>	2013	\$6,705,000

“Music fills the columns and rows of this top-10 spreadsheet,” observed art advisor Liz Parks. Indeed, songs or album covers from Charlie Parker, Pink Floyd, and John Hiatt inspired category-leading paintings by Jean-Michel Basquiat,⁴ Cecily Brown,⁵ and Yoshitomo Nara,⁶ respectively. The Basquiat and Brown works were sold by the estate of the late music executive Mo Ostin, one of the spring season’s biggest consignors, at Sotheby’s.⁷ And the results show a market whose tempo is changing in real time. Although the artists topping the charts remain familiar international brand names, price expectations are shifting. Of the top-selling works in the contemporary category, which comprises artists born between 1945 and 1974, three sold under estimate (even with the buyer’s premium), three outperformed their estimates, and four sold within range.⁸ Referring to the Basquiat painting *Now’s the Time* and the Charlie Parker song of the same name, Parks quipped, “The future is uncertain, so now’s the time — to sell art at auction. Doing so might not return as frothy results as before, but it’s hard to predict the pervading riff of next season, so let’s improvise.”

Postwar



Roy Lichtenstein's *Rouen Cathedral, Set IV* (1969) sold well under its low estimate and still came in eighth place in the postwar category.

	Artist	Life	Title	Date	Sale Price (USD)
1	Louise Bourgeois	1911–2010	<i>Spider</i>	1996	\$32,804,500
2	Gerhard Richter	b. 1932	<i>Abstraktes Bild</i>	1986	\$29,099,771
3	Ed Ruscha	b. 1937	<i>Burning Gas Station</i>	1966–69	\$22,260,000
4	Gerhard Richter	b. 1932	<i>4096 Farben</i>	1974	\$21,839,000
5	Lucian Freud	1922–2011	<i>Ib Reading</i>	1997	\$20,477,554
6	Cy Twombly	1928–2011	<i>Untitled</i>	1969	\$19,960,000
7	David Hockney	b. 1937	<i>Early Blossom, Woldgate</i>	2009	\$19,385,000
8	Roy Lichtenstein	1923–79	<i>Rouen Cathedral, Set IV</i>	1969	\$15,360,000
9	Wayne Thiebaud	1920–2021	<i>Candy Counter</i>	1969	\$14,697,000
10	David Hockney	b. 1937	<i>The Gate</i>	2000	\$14,670,000

Where is Warhol? Last year's buying bonanza for the Pop artist's silkscreen portraits culminated with the \$195 million sale of *Shot Sage Blue Marilyn* (1964).⁹ That record appeared to affirm Warhol's grip on the postwar market, which we define as work made by artists born between 1911 and 1944. However, Warhol was virtually absent from this season's evening sales.¹⁰ Privately, auction executives complained about lackluster inventory, and collectors seemed to agree. The highest-selling lot from the past six months—Louise Bourgeois's \$32.8 million bronze spider—would have only placed seventh in last year's rankings.¹¹ Other top lots barely scraped past their low estimates, including paintings by Gerhard Richter and Cy Twombly. A 1969 painting by Roy Lichtenstein, which sold for nearly \$3 million below its low estimate, still managed to come in at number eight.¹² "Is it a supply issue or a demand issue?" asked Caroline Sayan, CEO of the advisory firm Cadell North America. Pointing to the generational shift in taste and record prices that are hard to sustain, she concluded, "It's both."

Photography



Lee Friedlander's *The Little Screens* (1961–70) was among the works offered by the Pilara Family Foundation at Sotheby's and tied for ninth place in the photography category.

	Artist	Life	Title	Date	Sale Price (USD)
1	Richard Prince	b. 1949	<i>Untitled (Cowboy)</i>	1999	\$1,562,500
2	Barbara Kruger	b. 1945	<i>Untitled (Out of Your Mind)</i> and <i>Untitled (In Your Face)</i>	1989	\$1,069,924
3	William Eggleston	b. 1939	<i>Untitled, 1970</i>	1970	\$1,008,000
3	Diane Arbus	1923–71	<i>A Box of Ten Photographs</i>	1970	\$1,008,000
5	Robert Frank	1924–2019	' <i>Charleston S.C.</i> '	1955	\$952,500
6	Andreas Gursky	b. 1955	<i>Chicago, Board of Trade</i>	1997	\$756,000
7	Barbara Kruger	b. 1945	<i>Untitled (We Will No Longer Be Your Favorite Disappearing Act)</i>	1984	\$655,200
8	Man Ray	1890–1976	<i>Untitled (Solarized Nude, Paris), 1929</i>	1929	\$630,000
9	Lee Friedlander	b. 1934	<i>The Little Screens</i>	1961–70	\$609,600
9	Dorothea Lange	1895–1965	<i>Migrant Mother, Nipomo, California</i>	1936	\$609,600

There is a sense that the secondary market for photography has gone soft in recent years.¹³ Although prices have come down for stars like Andreas Gursky and Richard Prince, the perception also reflects a myopic focus on traditional photography auctions, when in fact much of the best inventory has shifted to higher-profile contemporary-art and single-owner sales.¹⁴ In fact, none of the works on this list sold in a regularly scheduled photography auction. A particular high point was the two-day sale of photographs from the Pilara Family Foundation, one of the category's best and largest private collections, which hit the block after its founders lost the lease on Pier 24, their private museum in San Francisco.¹⁵ (The total might have been even higher had the private museum Glenstone not scooped up 112 of the collection's best works prior to the sale.¹⁶) "I welcome seeing the best material, regardless of the medium and year, be part of the frothier, more closely followed sales," said art advisor Courtney Pettit.

Impressionist and Modern



Henri Rousseau's *Les Flamants* (1910), the third best-selling work in the Impressionist and Modern category, set a record for the artist.

	Artist	Life	Title	Date	Sale Price (USD)
1	Gustav Klimt	1862–1918	<i>Insel im Attersee (Island in the Attersee)</i>	1901–02	\$53,188,500
2	Wassily Kandinsky	1866–1944	<i>Murnau mit Kirche II (Murnau With Church II)</i>	1910	\$44,766,879
3	Henri Rousseau	1844–1910	<i>Les Flamants</i>	1910	\$43,535,000
4	René Magritte	1898–1967	<i>L'Empire des lumières</i>	1951	\$42,273,000
5	Pablo Picasso	1881–1973	<i>Nature morte à la fenêtre</i>	1932	\$41,810,000
6	Francis Bacon	1909–92	<i>Self-Portrait</i>	1969	\$34,622,500
7	Willem de Kooning	1904–97	<i>Orestes</i>	1947	\$30,885,000
8	Alberto Giacometti	1901–66	<i>Femme Leoni</i>	1947	\$28,485,000
9	Pablo Picasso	1881–1973	<i>L'Arlésienne (Lee Miller)</i>	1937	\$24,560,000
10	Vincent van Gogh	1853–90	<i>Jardin devant le Mas Debray</i>	1887	\$23,314,500

Rarity and freshness are the names of the game in this segment of the market, which encompasses work by artists born between 1821 and 1910. The five best-performing paintings had never appeared at auction before.¹⁷ Wassily Kandinsky's cityscape was restituted to the heirs of its Jewish owner last year from a Russian museum,¹⁸ while Henri Rousseau's painting of a lush river came from the estate of the late Payne Whitney Middleton.¹⁹ The self-taught French artist's landscape—the last of its kind in private hands—shattered his auction record of \$4.4 million, set 30 years ago.²⁰ In the Imp-Mod category, as in many others, “we are clearly moving into a period of correction following the turbulence in the financial markets,” said art advisor Megan Fox Kelly. “Not a sharp swing, but some price sensitivity and more discretion in buying.”

European Old Masters



Peter Paul Rubens's *Salome Presented With the Head of Saint John the Baptist* [detail] (1609) led the European Old Masters category.

	Artist	Life	Title	Date	Sale Price (USD)
1	Peter Paul Rubens	1577–1640	<i>Salome Presented With the Head of Saint John the Baptist</i>	1609	\$26,926,000
2	Peter Paul Rubens	1577–1640	<i>Portrait of a Man as Mars</i>	1620	\$26,187,000
3	Francisco Goya	1746–1828	<i>Portrait of Doña María Vicenta Barruso</i>	1805	\$16,420,000
4	Bronzino	1503–72	<i>Portrait of a Young Man With a Quill and a Sheet of Paper, Possibly a Self-Portrait</i>	c. 1527	\$10,665,500
5	Valentin de Boulogne	1591–1632	<i>Christ Crowned With Thorns</i>	c. 1614	\$4,890,000
5	Orazio Gentileschi	1562–1647	<i>Penitent Saint Mary Magdalene</i>		\$4,890,000
7	J.M.W. Turner	1775–1851	<i>Pope's Villa at Twickenham</i>	1808	\$4,620,000
8	Bernardo Cavallino	1616–56	<i>Saint Bartholomew</i>		\$3,922,000
9	Georges de La Tour	1593–1652	<i>Saint James the Greater</i>		\$3,680,000
10	Francisco Goya	1746–1828	<i>A Horse Covering a She-Donkey, While Straddling a Monk Riding It</i>		\$3,196,000

In an auction season with its fair share of slumps, the Old Masters category, which embraces European artists born between 1250 and 1820, experienced relatively smooth sailing. A pair of Rubens paintings from the Fisch-Davidson Collection, which reached the auction block amid the couple's high-profile divorce, was a highlight.²¹ "These are absolute, dead-on masterpieces, in great condition with great history," said Old Master dealer Robert Simon. Both came to the market with guarantees and traded in the region of \$26 million after some competition on the auction floor.²² Enthusiasm for Old Masters paintings by women is still strong, but the lack of inventory combined with export license requirements in many European countries constrains prices and sales volume, experts say. No works by women were among the top 10 lots this spring. But the Old Masters segment has something else going for it: Given the nosebleed prices in other sectors, it feels like a relative bargain. "I'm happy for it to be undervalued," Simon said. "It's a very vital field but a smaller one."

Endnotes

- 1 The Artnet Intelligence Report, Spring 2022
- 2 Artnet Price Database
- 3 The Artnet Intelligence Report, Fall 2022
- 4 <https://www.artforum.com/print/previews/201501/jean-michel-basquiat-now-s-the-time-49464>
- 5 <https://www.sothebys.com/en/buy/auction/2023/the-mo-ostin-collection-evening-auction/free-games-for-may-2>
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- 13 <https://news.artnet.com/market/photo-market-contemporary-artists-1646302>
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- 18 <https://www.smithsonianmag.com/smart-news/a-restituted-kandinsky-painting-could-fetch-45-million-at-auction-180981646/>
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The Market Has Taken a Hit. Are We About to Enter Bargain City?

by Katya Kazakina



Auction houses want to start their sales with a bang. That's why they select as the first lot a work they are virtually certain will fly. But at the beginning of one of Christie's highest-profile sales of the major spring season in New York, only three bidders went after a blue porcelain head by Simone Leigh. A large sculpture had set a record for the celebrated American artist just a few days earlier.¹ After a brief back-and-forth, bidding stopped in its tracks at \$500,000, the high estimate. The room was immediately on edge.

That was the first of many surprises during the two-hour auction of Gerald Fineberg's collection in May, which encapsulated this anxiety-filled, transitional art-market moment. While the sale wasn't a bloodbath, even the most optimistic observers could no longer deny what it meant: The irrational exuberance that had gripped the market since COVID-19 struck was officially over. "Dealers have been saying for a year that there's been a reset," said art advisor Wendy Cromwell. "The auctions were just the public acknowledgement of that."

"A new era has arrived. Welcome to the buyer's market."

Periods of retrenchment or correction are tough, but for those who know what they are doing and have the cash to execute, they can also be great opportunities to build collections, and even entire museums. Just think of the late Eli Broad, who amassed the bulk of his collection in the 1990s, during the biggest art-market correction in recent history, and Glenstone founder Mitchell Rales, who did the same during the 2008 financial crisis.² Of course, for the generation of market participants who have never experienced a downturn and came of age during the era of near-zero-percent interest

rates, this moment—as the market's ground shifts beneath their feet—is alarming. The data is sobering, too: Global auction sales from January 1 through May 20 declined about 14 percent, to just under \$5 billion, compared with the same period a year ago. On a six-year basis, we are in between the \$1.2 billion



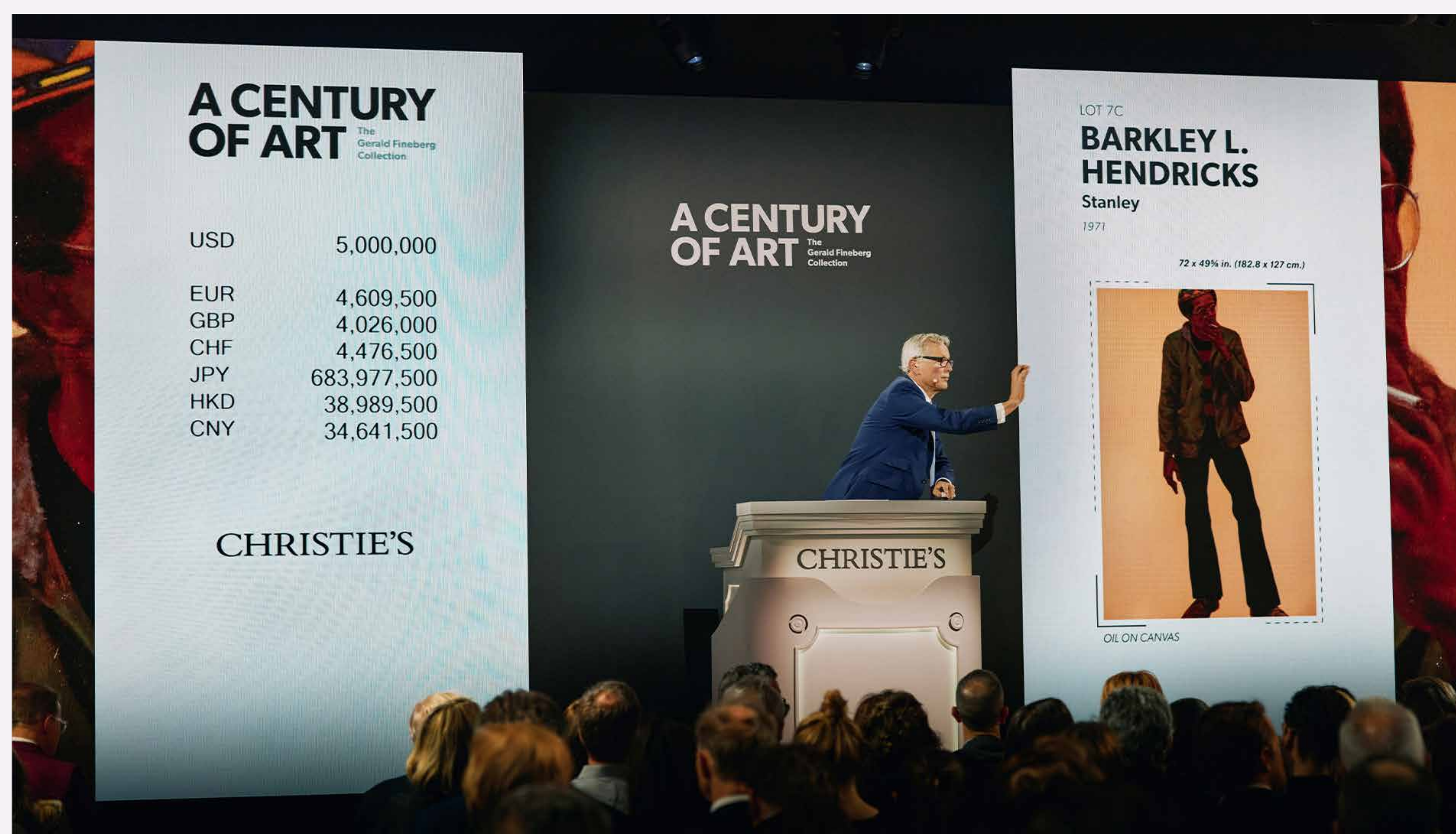
Glenstone founders Mitchell Rales and Emily Wei Rales assembled highlights of their collection during the 2008 financial crisis.

nadir of 2020 and last year's peak of \$5.8 billion.³ A new era has arrived. Welcome to the buyer's market. At the spring sales, "I made out like a bandit," said art advisor Ben Godsill.

A Correction in Real Time

A web of factors contributed to the dismal results of the Gerald Fineberg sale, which was estimated to bring in as much as \$270 million and instead delivered \$210 million (with many lower-value lots still to be sold).⁴ The details of the consignment were finalized early this year, in a considerably more robust market environment.⁵ The heirs of the late real-estate mogul, who died in December, refused the guarantees offered by the house and third parties, expecting a windfall but dramatically misreading the market.⁶ With no floor, prices seemed in freefall as lot after lot—by Gerhard Richter, Lee Krasner, Willem de Kooning, Christopher Wool, Lucio Fontana, Roy Lichtenstein—failed to reach their low estimates. Works by Mark Grotjahn, James Rosenquist, Louise Bourgeois, and Martin

Kippenberger went unsold.⁷



Christie's Global President, Jussi Pylkkänen, sells **Barkley L. Hendricks's *Stanley*** (1971) for a record price.

"They left millions of dollars on the table," said a New York-based art advisor whose client bought one of the top lots of the sale. Going into the auction, the client was ready to pay \$8 million for the historic work, which carried an estimate of

\$5 million to \$7 million. The final price, including fees, was \$6.1 million.⁸ It was an auction record for the artist—but considerably less than the buyer had been willing to fork over. "My client is very happy," the advisor said.

The Fine Art Group, which advises collectors internationally, ended up making several clients happy, too. A day before the Fineberg auction, Christie's staffers began making panicked calls to clients asking for bids, any bids, sources say. The market was shifting in real time, and the estimates across New York's semiannual auctions suddenly seemed too high. "We got phone calls saying, 'The reserves are coming down,'" Philip Hoffman, the advisory's CEO, recalled. "Suddenly you've got to rush to get



Auctioneer Georgina Hilton sells the top lot of Christie's 21st century evening sale, **Jean-Michel Basquiat's *El Gran Espectaculo*** (1983).

your reviews done. You've got to check the condition. It's bad marketing to do that." But it wasn't about marketing at that point. Christie's was looking at the very real threat of the art market tanking.⁹ In the end, "our clients said, 'At this price we are buying,'" Hoffman said.

Galleries jumped on the discounted works by the artists they represent and support: David Zwirner bought an Alice Neel, Gagosian bought a Wool, Skarstedt a de

Kooning, and Jeffrey Deitch a Basquiat, the Baer Faxt newsletter reported.¹⁰ Advisor Gabriela Palmieri won *Ada With Pink Hat* by Alex Katz on one bid, below the low estimate. The \$1.1 million hammer price looked like a steal given the artist's recent retrospective at the Guggenheim.

"It's a reset, a recalibration," said Jean-Paul Engelen, president of the Americas at Phillips, where the evening sale of 20th- and 21st-century art in New York totaled \$69.5 million, a third of the \$225 million tally in May 2022.¹¹ The team withdrew some lots and lowered the reserves on many others to make things work, he noted. "Buyers are there, but money became more expensive. So people are more conscious of their spending."

"Buyers are there, but money became more expensive"

The New Normal

Sales at Sotheby's (which generated \$1.7 billion between January 1 and May 20), Christie's (\$1.7 billion), and Phillips (\$254.9 million) have fallen 22 percent from the equivalent period in 2022.¹² Of the top three national art markets, just one—China—increased its auction revenue. The U.S. remained the largest art market, with sales of \$2.6 billion in the first five months of the year, but that total represents a 25 percent decline from the same period in 2022.¹³

To be sure, some of this dip is because of a lack of supply. After top inventory piled up during the pandemic, recent seasons saw copious collections of unusually high quality, like those of divorcing couple Linda and Harry Macklowe, sibling art dealers Thomas and Doris Ammann, and the late arts patron Anne Bass.¹⁴ So far this year, the highest-end segment—works priced at \$10 million or more—has contracted 51 percent, more than any other price bracket.¹⁵ (The majority of Microsoft founder Paul Allen’s estate was sold last fall, and so is not included in this report’s calculations.)



Pablo Picasso’s *Femme nue couchée jouant avec un chat* (1964) sold below the low estimate at Sotheby’s.

Still, “it’s not all doom and gloom,” said one auction-house executive. “If you bring a special thing to the table, the collectors, the museums will show up. But it’s not like any Picasso is going to make \$20 million.” Indeed, Picasso’s 1938 portrait of Marie-Thérèse Walter, estimated at \$20 million to \$30 million, failed to sell at Christie’s in May. A large-scale late Picasso, *Femme nue couchée jouant avec un chat* (1964), hammered below the low estimate of \$20 million at Sotheby’s.¹⁶

“When the market was frothier, people were buying just the name,” said Miami-based advisor Karen Boyer. “And now people are looking at the quality.”

But it’s not just supply—demand is also shifting. This is especially evident



Auctioneer Henry Highley presides over the Phillips London contemporary art evening sale in March 2023.

in the once white-hot ultra-contemporary segment, which declined 26 percent compared with 2022.¹⁷ Consider Louise Bonnet, whose *Figure With Tablecloth* (2020) failed to sell at Sotheby's. Its estimate was \$600,000 to \$800,000, in line with last year's breakout results for the

fashionable, Surrealist-inspired painter.¹⁸ Two other works by the artist, each estimated \$300,000 to \$500,000 at Christie's and Phillips, did sell, but for around \$400,000.¹⁹

What Changed?

It seems that the broader economic volatility finally caught up with the art market, which usually lags other indicators by at least six months.²⁰

One challenge looming large:

Money is not as cheap as it used to be. When hedge-fund managers discovered the art market, at the

turn of the 21st century, they introduced and popularized various financial mechanisms to take advantage of the genteel, opaque trade. They loved 1031 like-kind exchanges, which enabled a buyer to use the proceeds from the sale of one artwork to purchase another in short order, deferring capital gains tax in the process.²¹ So prevalent was the use of the tax loophole that when the Trump Administration removed art from the list of allowed assets in 2018, dealers scrambled to lobby Washington to reinstate it.²² When they failed, they feared the market would crash.²³

“People were buying just the name.”

It didn't. Collectors simply shifted gears to capitalize on another economic advantage: low interest rates. Instead of selling the art and paying the tax, savvy buyers borrowed against their collections, because low rates meant that it cost them almost nothing. Art lending expanded dramatically.²⁴ The loan book at Bank of America, one of the major players in this segment, saw 250 percent growth in the past decade, according to a representative.

But money is no longer free. And those highly leveraged individuals are now facing debt service that's gone from, say, 2 percent to 7 percent, according to Deborah Larrison, a national art credit executive at Bank of America. In other words, it costs three times more than it did even a year ago to borrow the same amount. Add to that the ongoing turbulence in financial markets, not to mention the war in Ukraine, tech layoffs, continued inflation, and the commercial real estate doldrums, and you land in... the buyer's market.

What's Going on Behind the Curtain

The full extent of the reset isn't yet clear, partly because art businesses use various strategies to obscure what's really going on. For example, many works were withdrawn from May auctions at the last minute—some while the sales were already in progress, a popular new tactic. “It used to be a big deal, it's no longer a big deal,” Engelen said. “It's protecting the seller, protecting the artist's market.”



Phillips Asia Chairman Jonathan Crockett sells **Yoshitomo Nara's** *Lookin' for a Treasure* during the inaugural auction in Phillips's new Asia headquarters.

Take Sotheby's, where just two withdrawn lots (a Yoshitomo Nara estimated at \$12 million to \$18 million and a Wade Guyton painting with a \$1.2 million low estimate) accounted for almost one-third of “The Now” auction's low estimate.

“The sales would look tougher if we didn't withdraw,” Engelen noted.

By the time June rolled in, buyers had begun making low-ball offers on the secondary market. Often, sellers weren't desperate enough to take them, advisors and dealers said. On the primary market, a slew of galleries started reaching out to advisors and collectors to offer works by artists who until recently had waiting lists.²⁵

“Sometimes in a good market, a person is asking \$18 million and when you offer them \$16 million, they spit at you,” one advisor said. “Today, they will pay attention to you. This is the buyer's market.”

In June, Art Basel, the art market's most prestigious fair, offered a mixed picture. Some owners went for serious markups: Hauser & Wirth offered a wall-mounted spider sculpture by Louise Bourgeois for \$22.5 million, up 37 percent from what it fetched at Sotheby's in April 2022. Landau Fine Art was asking \$25 million for a Picasso that had sold for \$9.9 million in November.²⁶ Others took a more cautious tack. Jeffrey Deitch offered a Warhol *Mao* portrait at the fair on behalf of a client for \$10 million, down 31 percent from its purchase price of \$14.5 million at Sotheby's in 2018. "People are not willing to just say, 'I don't care what price it is, I am getting it,'" said Marc Glimcher, the CEO of Pace Gallery. "It's a time for rational pricing and fresh material."

The Best... or a Bargain

T

he current reset may dissuade speculators who have entered the market in recent years from gambling on fast, outsize returns, experts say.

"I keep hearing 'opportunity costs, opportunity costs,'" one major art advisor said. The phrase refers to what collector-investors are *not* buying when they choose to buy an artwork, which doesn't yield any interest or dividends. With the same money, they could buy stock in Meta, a share of a private company, or a U.S. treasury bond.

"That is causing people to be a little more cautious," said a senior executive of a major art business. "They say, 'I'm going to buy a painting that I really, really need at this moment' rather than 'Let me get a big exposure to art.'"

"It's a time for rational pricing and fresh material"

There are plenty of "opportunity cost" conversations taking place within the art space, too. "When someone wants me to buy a Mark Bradford for \$7 million primary, look what else I can get for that price," the major advisor said. "I can get great things. I can buy a great Picasso work on paper. I can buy something made 50 years ago that stood the test of time in categories that take us in a whole new direction."

As liquidity dries up, the pendulum is starting to swing back from untested hot names toward tried-and-true blue-chip fare. The clients of the Fine Art Group are looking for classics, according to Hoffman.

With prices for ultra-contemporary works less likely to shatter estimates, smart money is investing in historical, but still comparatively affordable, work. During Christie's day sale of the Fineberg trove, newly rediscovered market darling Lynne Drexler's *Summer Blossom* (1962) fetched \$1.4 million, obliterating its \$200,000 high estimate, while Abstract Expressionist Grace Hartigan's *On Orchard Street* (1957) generated \$1.2 million, 12 times the low estimate of \$100,000.²⁷

"Anything uncommercial, anything out of fashion—it's zero interest," Hoffman said. "The wrong Picasso, the wrong Magritte, the wrong Cézanne—no interest. The right Van Gogh—huge interest. The right diamond—huge interest. The right book—huge interest. Our clients are happy to pay record prices."

Going forward, if works are not extremely rare, of high quality, and in excellent condition, "their prices will suffer," said art advisor Todd Levin.

To be sure, there are still in-demand artists with wait lists and sold-out shows. But there's a growing awareness that a tremendous amount of product changed hands over the past two years.

"A lot of people are saturated," Cromwell said.

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6 Questions With...

– **Fanny Lakoubay**

By Min Chen

– **Gladys Lin**

By Vivienne Chow

– **Saara Pritchard**

By Katya Kazakina

6 Questions About the Future of the Digital Art Market With Fanny Lakoubay

Founder of LAL ART Advisory, New York

By Min Chen



Fanny Lakoubay

In three words, how would you characterize the digital art market at this point in 2023?

Emerging, uneven, and promising. This segment has been around for many years, but it has always remained a very small portion of the contemporary art market. However, artists are building for the long term.

What do public sales figures not tell us about what's going on in the market for digital art?

The press usually highlights auction records, which can be overwhelming for digital art, as sales are often linked to cryptocurrency ups and downs. Collectors of physical artworks are slowly adding this medium to their collections and young people are buying in, but both efforts will take time.

What shifts in the digital art market have surprised you most this year?

We are in a situation similar to that of 2020, where the market is in search of the next wave of collectors. There is a risk of oversupply, but also a great opportunity to get in while prices are not yet very high.

What trends are worth watching closely?

Blue-chip collections, especially in the generative art category, are maintaining high prices. AI art is also developing as a genre, as well as other categories, such as literary NFTs, performance art on the blockchain, digital sculpture, and metaverse architecture. Finally, the new wave of digital artists is bringing renewed attention to historic computer artists, such as Herbert

W. Franke, Frieder Nake, and Vera Molnár. Galleries have started exhibiting these pioneering works alongside new digital works, allowing collectors to see a larger art history. This is a great way to build the future on a strong base.

How are digital art collectors approaching their investments differently in the wake of crypto winter?

While many crypto art collectors have slowed down, it seems to be mostly due to an oversaturation of works. This creates tension for digital artists who are not yet widely recognized or supported by a core collector group.

What new and emerging technologies could impact the future of the digital art market?

The current blockchain technology still needs to be explored further, and a service layer, such as asset security, insurance, backup services, and display options, needs to be developed to onboard the next wave of collectors. AI is definitely going to make this happen faster. Besides, decentralized governance and new ways to organize artist collectives, exhibitions, and documentation are not to be underestimated. Many museums, for example, are looking at ways to use DAOs to get their communities to the next level.



Artist **Vera Molnár**—one of the historic computer artists gaining increased recognition in recent years—at her home and studio in Paris in 2011.

6 Questions About the State of the Asian Art Market With Gladys Lin Founder of Gladys Lin Projects, Taipei and New York

By Vivienne Chow

In three words, how would you characterize the state of play in the Asian art market at this point in 2023?

“Night’s still young.” People say this when the party is far from over. This is how the art market in Asia feels now. Some are playing at the very high end, speculating on things. There’s still a lot of potential. But the truth is, there are a lot of uncertainties in Asia now, from the economy to geopolitical conflicts.

This feels even more widespread when I talk to dealers in New York. There is this image of the Asian market in the West. Dealers think, “Oh, your clients are based in Asia, so they must be big spenders.” The reality is that Asian clients, at least the ones I work with, are becoming more cautious. Some have been collecting for a while. They do their homework, especially those who have come to realize that some art in the ultra-contemporary category does not have a very long life span. They do not just rely on auction catalogues. They are very rational and sophisticated.



Gladys Lin

What do the top-line auction numbers not tell us about what’s going on in the market in Asia?

The top-line auction numbers reveal about 5 percent of our market—95 percent of the artists are missing. Yayoi Kusama, Yoshitomo Nara, and artists of similar caliber seem to be the only ones you see. What about the art fairs and galleries? Don’t you think it’s incredible and at the same time ridiculous? Art should be adventurous, but do you see anything meaningful or inspiring from the top-line auction numbers? No.

What region are you paying more attention to this year than last?

New York. It's still truly the cultural melting pot. The gallery program in New York is very different from the rest of the world, and galleries are confident in their exhibition programs. Asian artists are also getting more exposure in New York. Maybe there's an Oscars effect [the film *Everything Everywhere All at Once* and its ensemble Asian cast won seven Academy Awards this year]. In Asia, I'm looking at what's going on in Hong Kong. Despite the recent changes and the news, Hong Kong is still the best place to see international art, compared with Seoul or Japan. I'm also interested in Hong Kong-based artists.

What has been the most surprising development so far this year in the Asian art market?

How quickly China reopened after the prolonged COVID lockdowns. It is very important because of the sheer size of the market and its influence.

What are your clients looking for right now?

My clients are looking for artists who work with unique concepts and materials. They want to find something rare and fresh—not necessarily young artists but also mid-career artists who are in their 40s or 50s. They are interested in artists who still have regular shows and continue to produce new works.



Visitors to Art Basel Hong Kong 2023 mill around **Yayoi Kusama's** *Pumpkin* sculpture.

6 Questions About the Fate of the Postwar and Contemporary Art Market With Saara Pritchard Art Advisor, New York

By Katya Kazakina



Saara Pritchard

What words would you use to describe the postwar and contemporary art market's performance so far this year?

First, revelatory. The frothiness of the sales during COVID, low interest rates, and available cash disguised the truth in the market. Now we're seeing a leveling of the playing field, where speculative

or artificial markets have been exposed. Second, stubborn. People have become extremely price sensitive and choosy. Typically, someone makes an offer, you counteroffer, and you meet in the middle. But these days, people have their number, whether they're the seller or buyer, and they stick to it.

What do the top-line auction numbers not tell us about what's going on in the market?

They completely ignore the primary market prices. There is good, heavy demand to buy primary. There seems to be a lot more confidence there. Because of these really crazy, meteoric price increases at auction, dealers have been able to raise prices very quickly. And so, when these auction prices dictate taste, it becomes a little scary.

What region are you paying more attention to this year than last?

The American Mid-Atlantic and the South. There are people in North Carolina and South Carolina who are becoming much more interested in contemporary art. You have the tech community going to South Carolina, where Beeple is opening his museum, and the banking community in North Carolina. I wonder if it's going to be the next Dallas. The Bechtler Museum of Modern Art in Charlotte recently had a show "Pop to Now: Warhol and His Legacy" with works by Warhol, Basquiat, and Keith Haring. It was a huge blockbuster.

What has been the most surprising market moment so far this year?

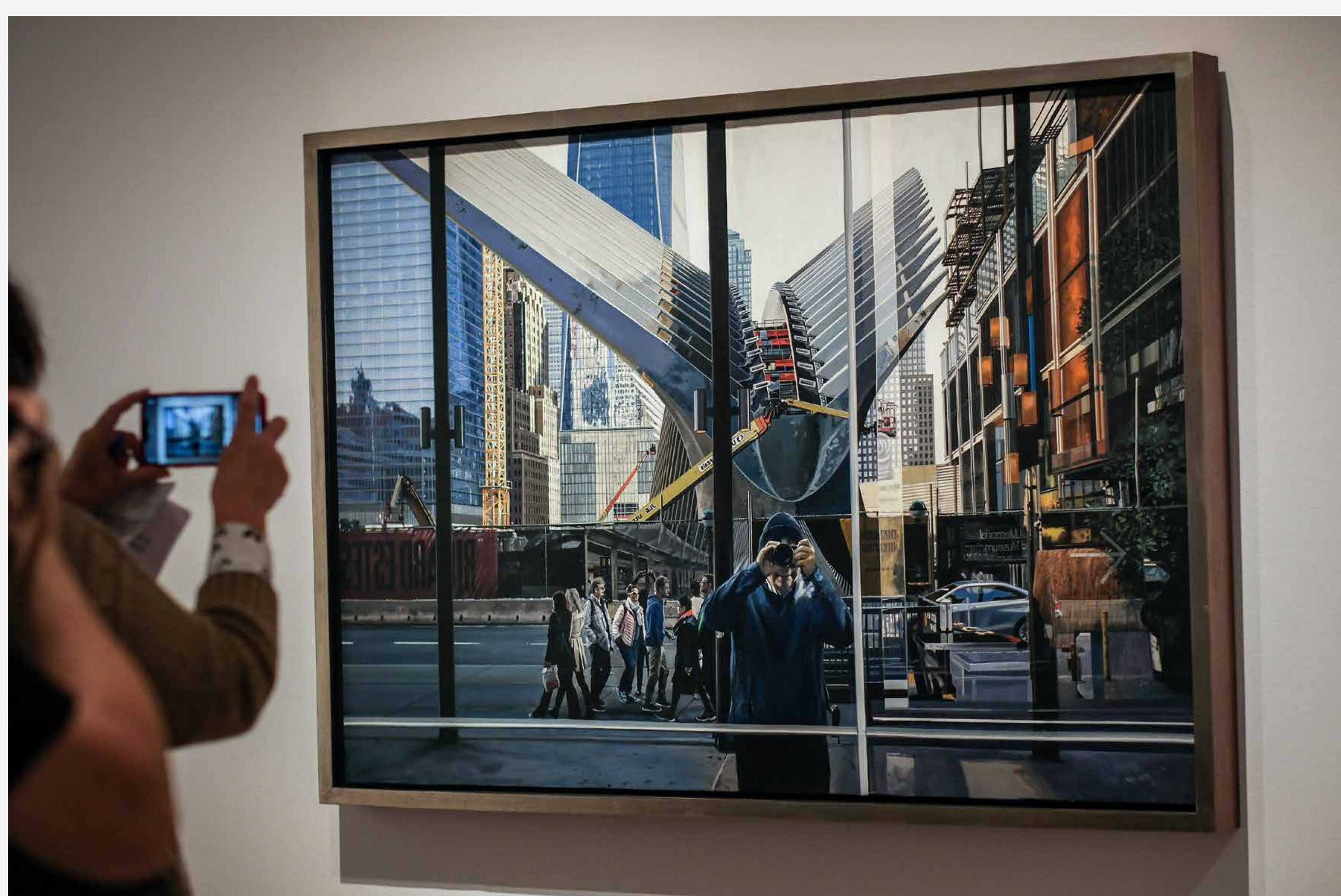
The sell-through rates of the spring New York sales were very surprising to me in the face of the debt ceiling issues and continued war in Ukraine. You can see the truth in the day sales, where there was good depth of bidding and response from collectors, especially in the lower price points. The day sales dragged on for hours. It was especially surprising because things above \$1 million are essentially not moving at all in the private market.

What are clients asking you to track down most frequently right now?**What do they want that nobody can get their hands on?**

There's still a lot of interest in Surrealism. Everyone is looking for women of Abstract Expressionism: Elaine de Kooning, Lee Krasner, Joan Mitchell. Maybe because it's my expertise, but I get messages about that every day from auction houses and private dealers. But a lot of the best works have already been picked off by savvy buyers, who probably are not selling any time soon.

What other trends should we be paying attention to?

I am seeing interest in American modernism and realism: exceptionally detailed, well-made, and soulful paintings of American life, including landscapes and portraiture. It may be in reaction to much of the abstract work by younger artists that has become increasingly popular and in my view has started to look all the same! There is definitely a formula in the air for many of these new artists rising in popularity, and they won't all stand the test of time.



A painting by **Richard Estes**, a photorealist garnering market buzz, in the 2022 exhibition "Hyperrealism in the Thyssen-Bornemisza Collection" in Madrid.

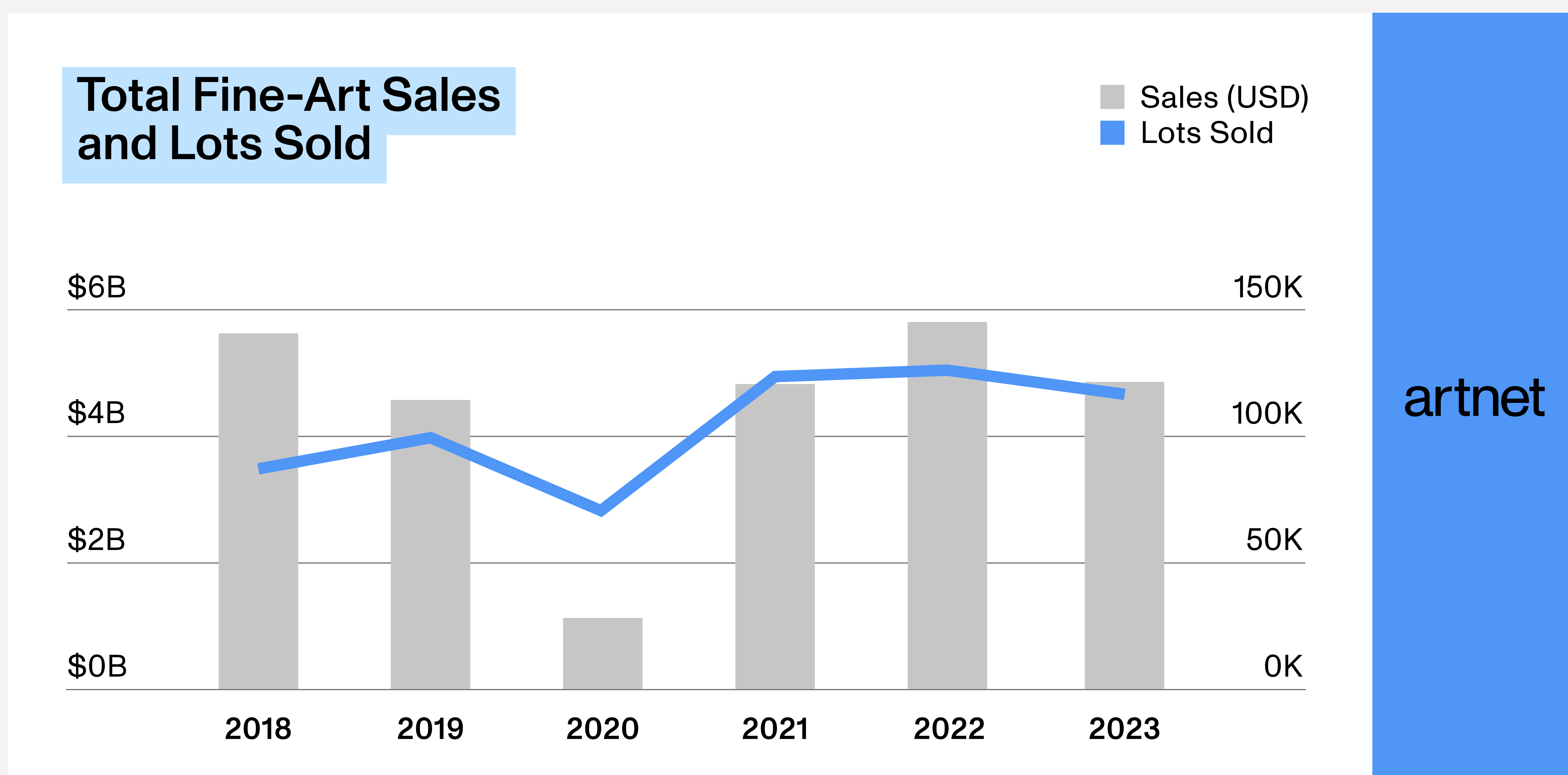
With institutions mounting blockbuster shows like Edward Hopper at the Whitney and increasingly strong results for Georgia O'Keeffe at auction, these artists have created a growing interest in precisionism and realism. We are continuing to see record prices for artists like Barkley Hendricks and Alice Neel and new records for photorealists like Richard Estes. Galleries are showing previously under-recognized artists from an earlier vintage, like Hughie Lee-Smith, Winfred Rembert, and Bob Thompson. That might dictate other new discoveries and inspire the work of younger artists in the coming years.

Data Dive

- **What's *Really* Happened in the Art Market So Far This Year**
- **See Which Segments of the Market Are Holding Strong—and Which Are Shrinking**
- **Meet the Most Bankable Artists**

by Julia Halperin

How Much Fine Art Sold at Auction in the First Months of 2023? The art market has always been a lagging indicator of the broader economy.¹ But after a prolonged period of exuberance, reality may finally be catching up with it.



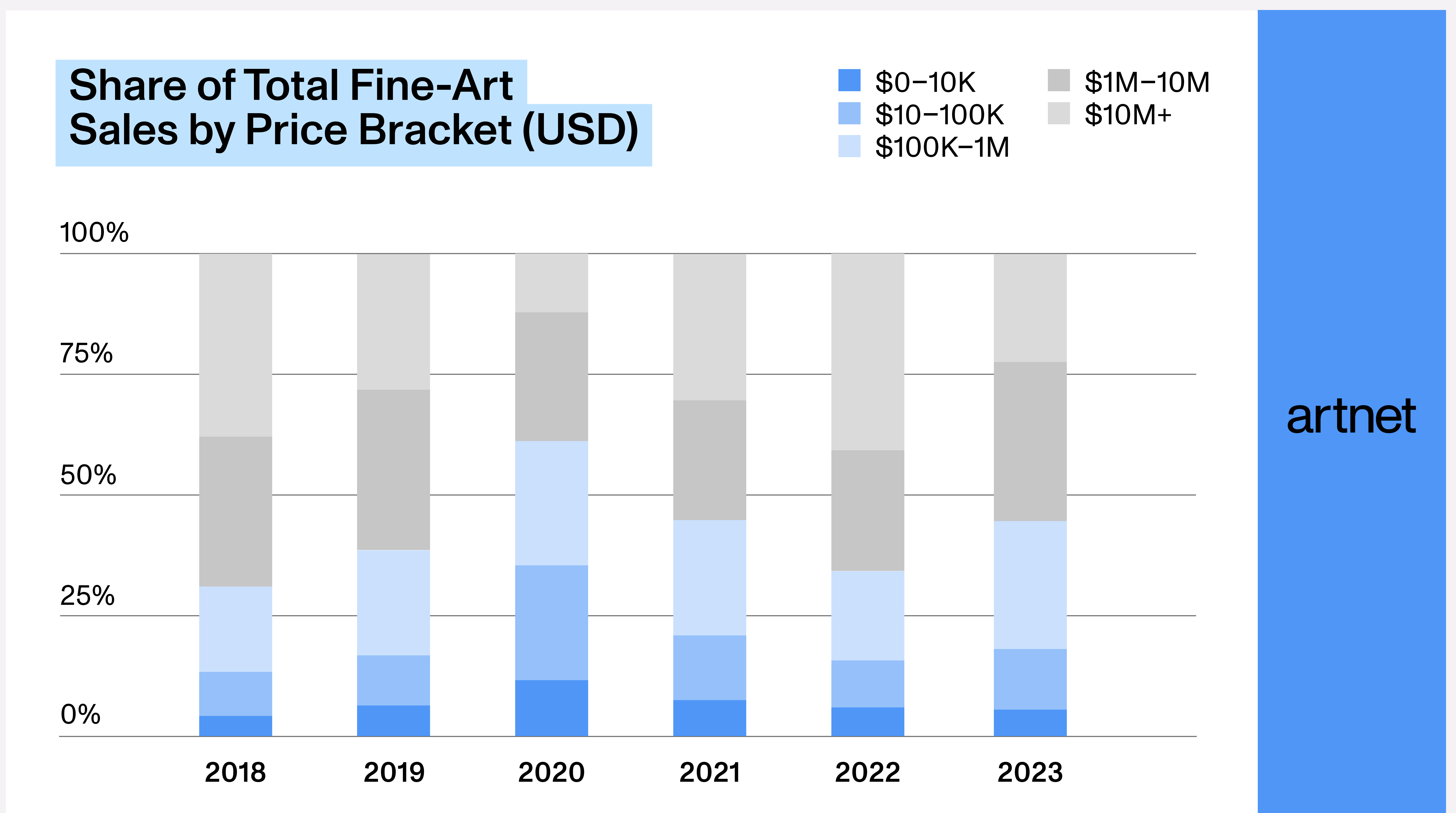
- Fine-art sales at auction totaled just under \$5 billion between January 1 and May 20, 2023. That represents a 14 percent decrease from the equivalent period in 2022.

- Experts cite higher interest rates, continued inflation, and ongoing turbulence in financial markets as reasons for the dip—but economic jitters aren't the only factor at play.²

- After 2020, the auction market experienced a spate of unusually exceptional seasons as pent-up material hit the market from the likes of Harry and Linda Macklowe, Thomas and Doris Ammann, and the late Microsoft founder Paul Allen.³

- That post-lockdown exuberance has leveled off. The number of works coming to auction hit a three-year low in the year's first five months, and the contraction is most extreme on the high end.

What Price Bracket Contracted Most by the Middle of the Year? The vast majority of the market's tumble can be attributed to a contraction at the very high end. While plenty of works sold in the seven-figure range, the air became increasingly thin above \$10 million.



- Sales of art valued at more than \$10 million shrunk 51 percent in the first five months of 2023 compared with the equivalent period in 2022.

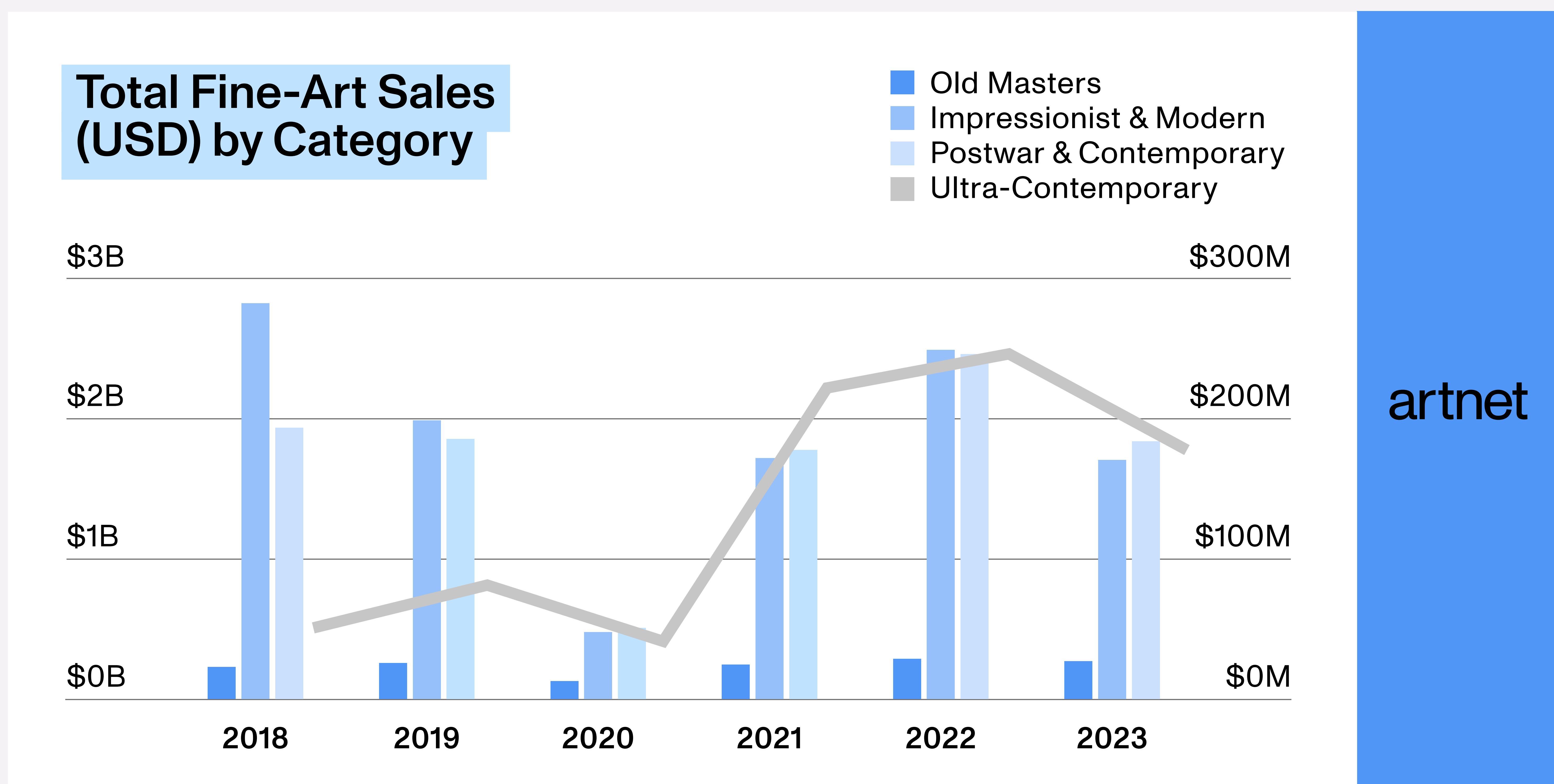
- Experts say buyers became more price sensitive at the same time that the extraordinary material offered in the wake of the pandemic lockdown began to dry up.⁴

- Art in the \$100,000-to-\$1 million range performed best. Sales in this segment were up 18 percent year over year.

- Sales of works priced between \$1 million and \$10 million were up 14 percent. This slice of the market received increased attention in light of the dearth of seven- and eight-figure works.

- The most affordable segment—works priced at \$10,000 and under—shrank 12 percent year over year. Many auction houses no longer consider it cost effective to transact at this low level, according to Caroline Sayan, CEO of the advisory firm Cadell North America.

What Category Was the Most Lucrative Midway Through the Year? Sales contracted in every category in the first five months of 2023—but some were hit harder than others.



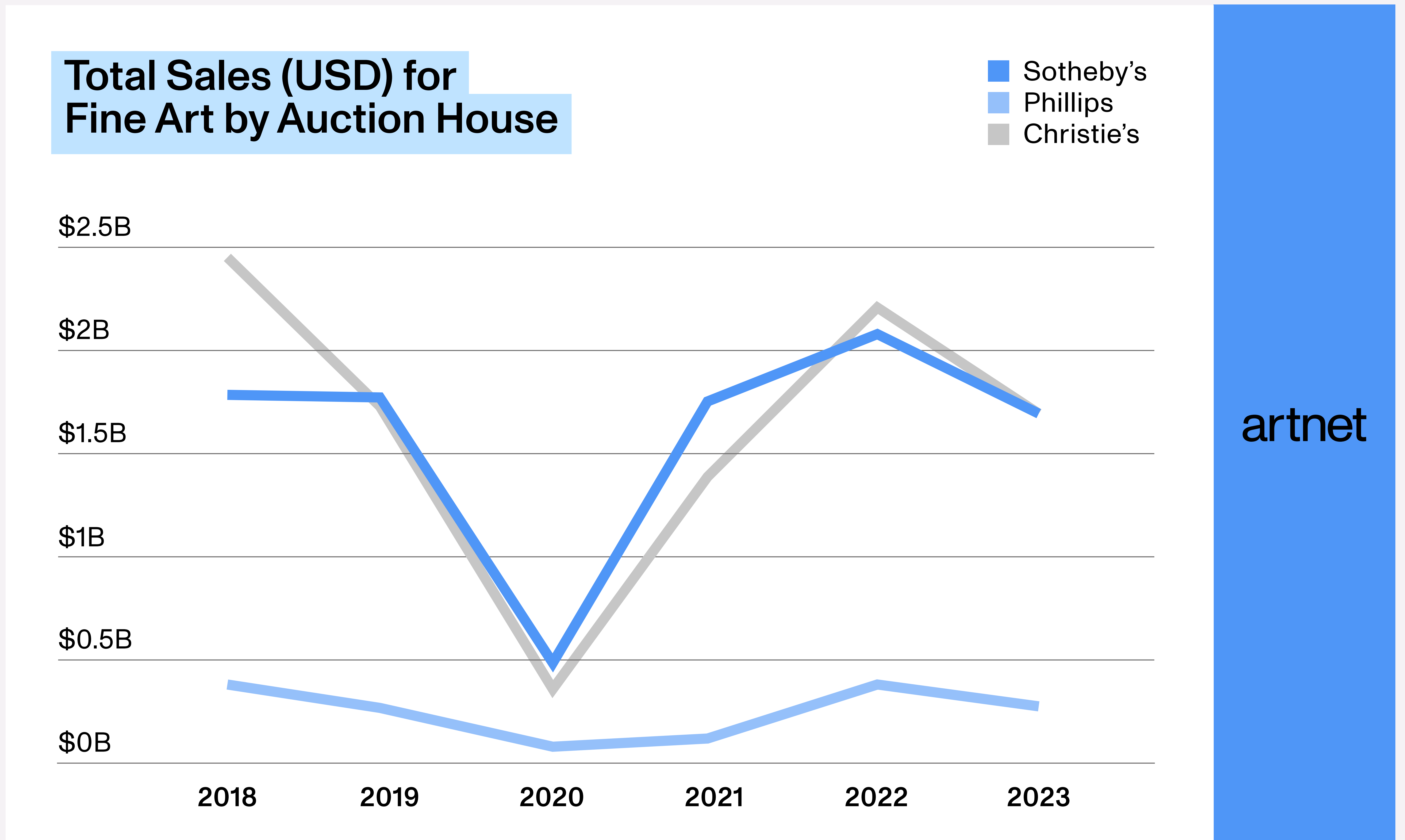
- The biggest decline was in the Impressionist and Modern sector, whose sales plummeted by almost 30 percent year over year. The postwar and contemporary category had a slightly smaller dip of 23 percent.

- The ample supply of top-tier Imp-Mod material in the first half of 2022 proved a hard act to follow. Driven by valuable estates like that of Anne Bass, sales of work by Claude Monet hit a high of \$450.8 million in the first six months of last year.⁵ The Impressionist artist's work generated just \$24 million in the first five months of 2023.⁶

- Ultra-contemporary art, once the fastest-growing category, took a tumble as the froth surrounding the market for young artists began to dissolve. It shrunk by 26 percent year over year.

- The most stable category is Old Masters, whose revenue declined a comparatively modest 6 percent. It remains one of the smallest markets by dollar value, second only to ultra-contemporary (which covers around two dozen years of artistic production, while Old Masters embraces nearly six centuries).

Which Auction House Came Out on Top in the Year's First Months? The Big Three auction houses all felt the squeeze in the first five months of the year.



- Christie's narrowly beat out Sotheby's in the race for auction-house supremacy, generating \$8.9 million more in fine-art sales by mid-2023. "They are more competitive than I've ever seen them," said art advisor Caroline Sayan.

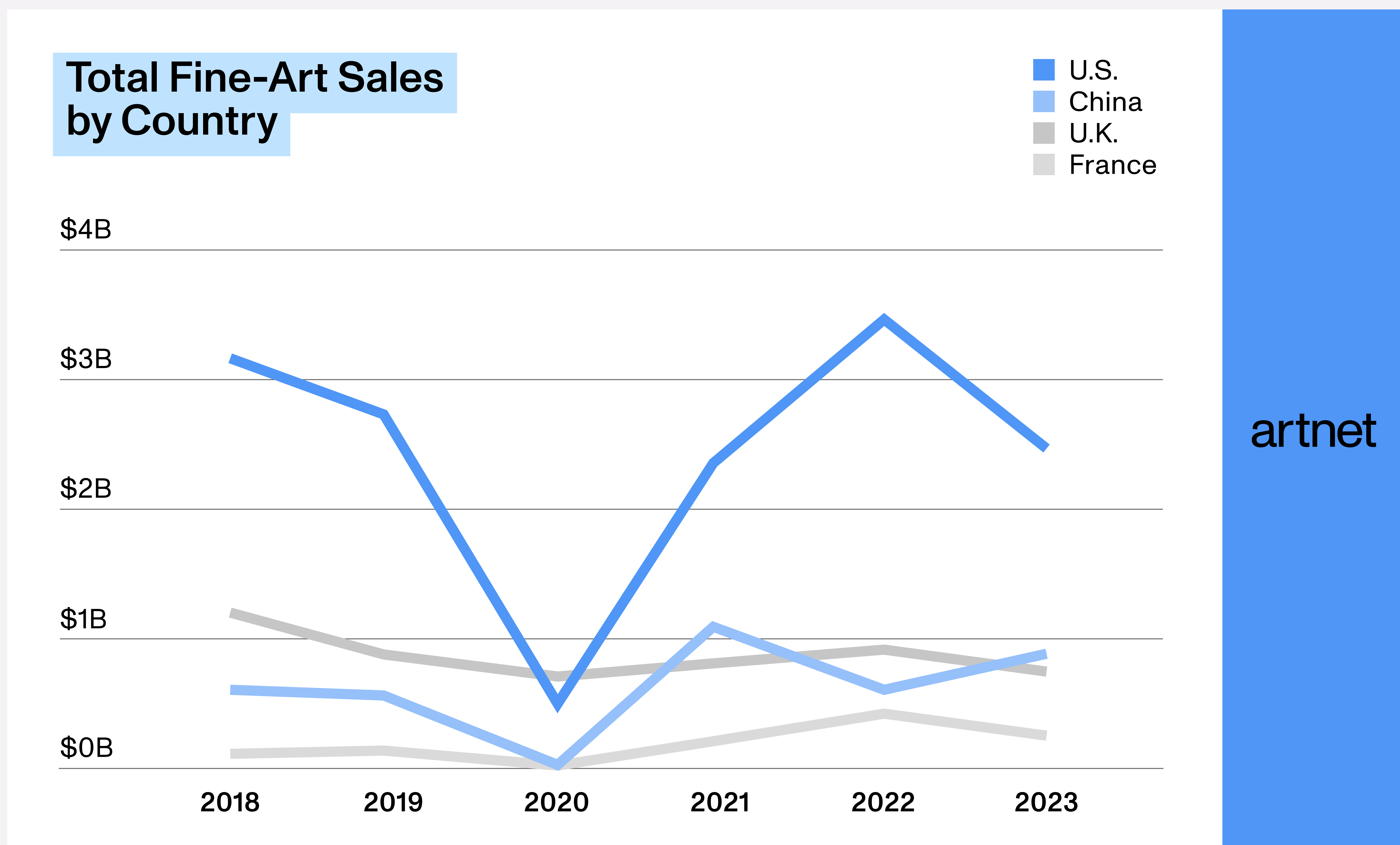
- Both houses saw revenue decline in the first five months of the year compared with the equivalent period in 2022. Christie's was down 23 percent while Sotheby's was down 20 percent.

- Hardest hit was Phillips, which reported \$255 million in art sales, a 29 percent dip year over year, after reaching a record high in 2022.

- Note that these figures do not include private sales and indicate total revenue rather than profit—which means they don't reveal any erosion of the auction houses' margins caused by deals they may have struck with consignors.

Which Country's Art Market Is Leading?

The U.S. strengthened its position as the center of the global art market.



- Fine-art auction sales in the United States reached \$2.6 billion in the first five months of 2023, down 25 percent from the equivalent period in 2022 but in line with or above the totals from 2021, 2020, and 2019.

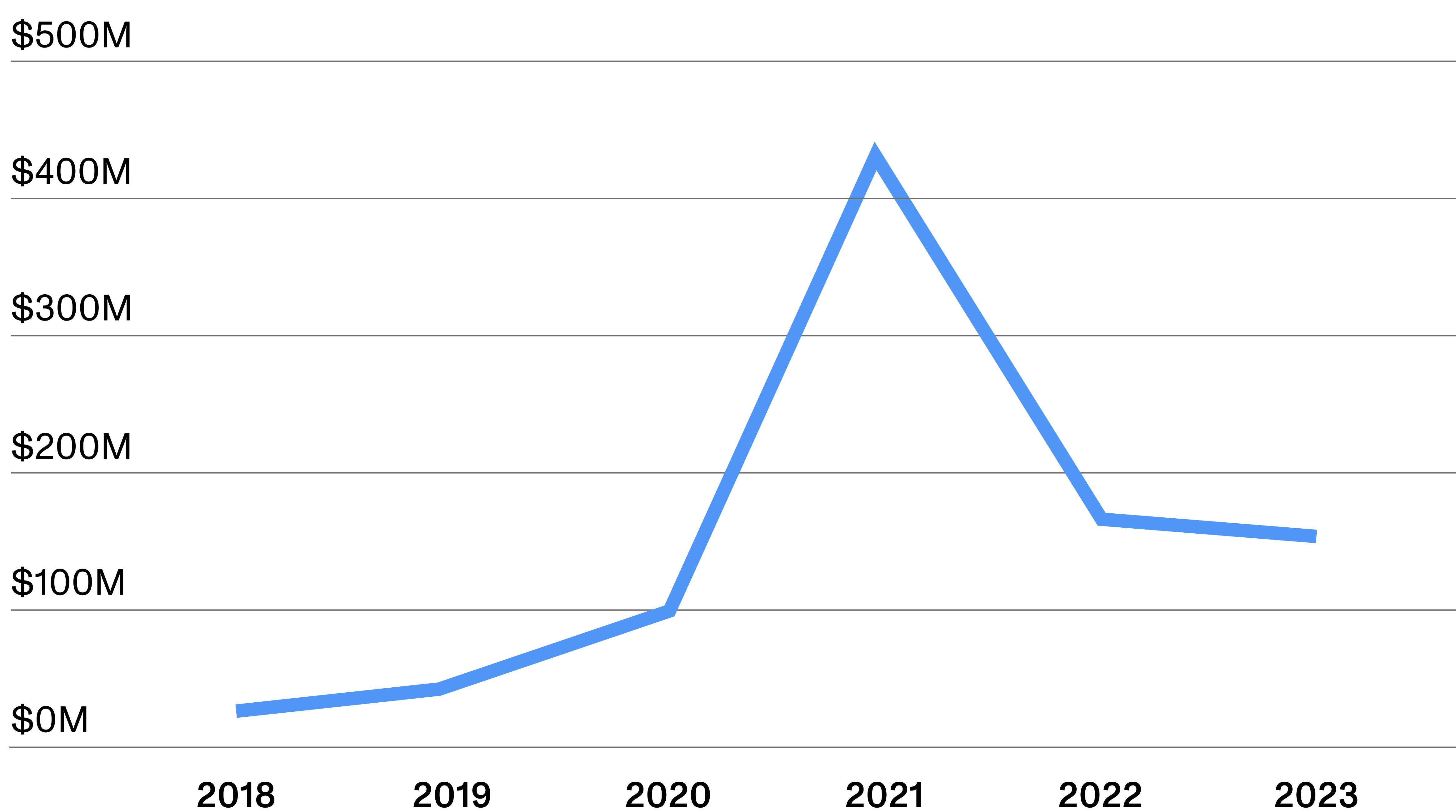
- China's total sales spiked more than 110 percent during the same period. The increase is due more to a schedule change than a wholesale transformation of the country's market. Several Chinese auction houses, including Poly International and Yongle Auctions, postponed their 2022 autumn sales to early 2023 in order to comply with government lockdowns, boosting the country's spring results.⁷

- The U.K. market continues to feel the impact of Brexit, with sales declining 27 percent.

- France's dip in fine-art sales, which follows several years of market expansion, is in part a reflection of a change in the Artnet Price Database, which stopped covering 43 French auction houses this spring because of complications with their catalogues.⁸

How Much Art Sold Online in the First Five Months of the Year? Now that in-person auctions have fully returned, online fine-art sales are hitting a plateau—but they remain far above pre-pandemic levels.

Total Online-Only Sales (USD) at Sotheby's, Christie's, Phillips, Bonhams, and Artnet Auctions



artnet

- A total of \$155.8 million worth of fine art was sold in online-only sales at Sotheby's, Christie's, Phillips, Bonhams, and Artnet Auctions in the first five months of the year. That's down 5 percent from the equivalent period in 2022 and down 64 percent from 2021, when many high-profile sales had not yet returned to being held in-person.

- The 2023 total remains more than 300 percent higher than 2019, when online sales generated just \$35.5 million in the year's first five months.⁹

That's a sign that the market's approach to virtual sales has changed for good.

- As live events retake their central place in the auction ecosystem, the average price of a work of art sold online has declined. It is now \$17,794, lower than it has been since 2019. This suggests that collectors remain comfortable transacting regularly online, but at an increasingly lower price point.

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- 5 Fall 2022 Artnet Intelligence Report
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- 7 Artnet Analytics and Artnet Price Database
- 8 Artnet Analytics and Artnet Price Database
- 9 Artnet Analytics and Artnet Price Database

European Old Masters



Portrait of a Man as Mars (c. 1620) by **Peter Paul Rubens**, the highest-priced artist at auction in the European Old Masters category

※ New Entry Since Mid-Year 2022 ↑ Up Year Over Year ↓ Down Year Over Year – No Change Year Over Year

	Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales (USD)
1	↑ Peter Paul Rubens	1577–1640	4	6	67%	\$54,717,899
2	※ Francisco Goya	1746–1828	27	32	84%	\$20,053,296
3	※ Bronzino	1503–72	1	1	100%	\$10,665,500
4	↑ Pieter Brueghel the Younger	1565–1636	5	5	100%	\$8,205,357
5	※ J.M.W. Turner	1775–1851	5	5	100%	\$6,325,180
6	※ Rembrandt van Rijn	1606–69	179	213	84%	\$5,200,927
7	↑ Orazio Gentileschi	1562–1647	1	1	100%	\$4,890,000
7	※ Valentin de Boulogne	1591–1632	1	1	100%	\$4,890,000
9	※ Bernardo Cavallino	1616–56	1	1	100%	\$3,922,000
10	※ Georges de La Tour	1593–1652	1	1	100%	\$3,680,000

Impressionist and Modern

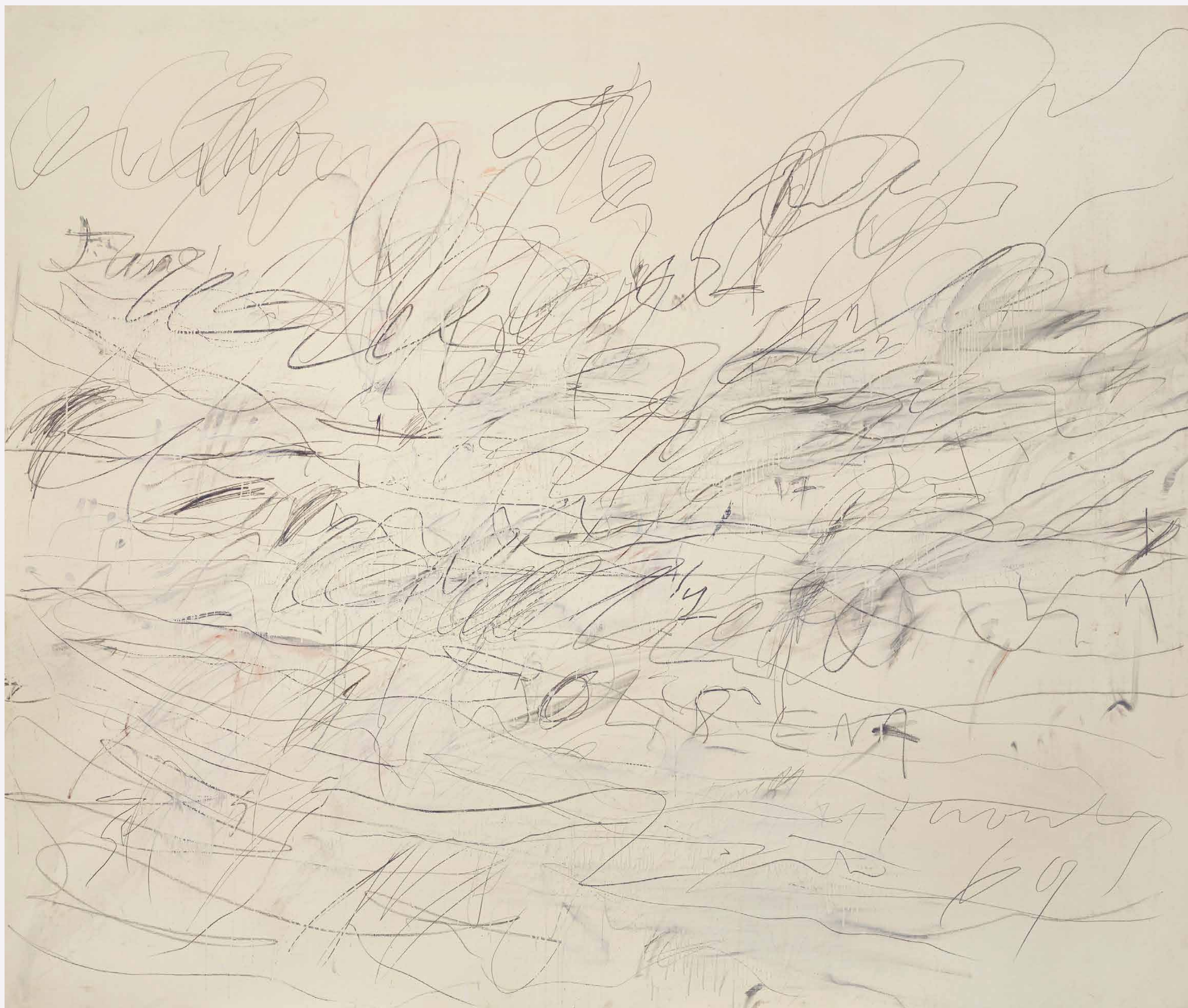


Insel im Attersee (Island in the Attersee) (1901–02) by **Gustav Klimt**, the fourth highest-priced artist at auction in the Impressionist and Modern category

※ New Entry Since Mid-Year 2022 ↑ Up Year Over Year ↓ Down Year Over Year – No Change Year Over Year

		Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales (USD)
1	↑	Pablo Picasso	1881–1973	872	955	91%	\$272,908,907
2	↑	René Magritte	1898–1967	36	52	69%	\$94,115,275
3	↑	Willem de Kooning	1904–97	41	47	87%	\$61,701,339
4	※	Gustav Klimt	1862–1918	21	23	91%	\$57,830,947
5	※	Wassily Kandinsky	1866–1944	30	34	88%	\$52,126,101
6	※	Henri Rousseau	1844–1910	1	1	100%	\$43,535,000
7	※	Georgia O'Keeffe	1887–1986	5	7	71%	\$43,264,600
8	↓	Alberto Giacometti	1901–66	33	44	75%	\$39,633,630
9	※	Alexander Calder	1898–1976	151	176	86%	\$37,455,911
10	※	Pierre-Auguste Renoir	1841–1919	63	76	83%	\$36,431,561

Postwar



Untitled (1969) by **Cy Twombly**, the ninth highest-priced artist at auction in the postwar category

※ New Entry Since Mid-Year 2022 ↑ Up Year Over Year ↓ Down Year Over Year – No Change Year Over Year

		Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales (USD)
1	↑	Gerhard Richter	b. 1932	74	82	90%	\$103,151,122
2	↑	Yayoi Kusama	b. 1929	232	252	92%	\$81,736,090
3	↑	David Hockney	b. 1937	219	254	86%	\$67,441,298
4	↓	Andy Warhol	1928–87	415	499	83%	\$56,380,479
5	※	Ed Ruscha	b. 1937	95	112	85%	\$43,421,906
6	※	Roy Lichtenstein	1923–97	182	207	88%	\$42,827,000
7	※	Louise Bourgeois	1911–2010	25	27	93%	\$40,922,155
8	※	Lucian Freud	1922–2011	23	24	96%	\$35,889,654
9	↓	Cy Twombly	1928–2011	22	26	85%	\$34,508,050
10	※	Wayne Thiebaud	1920–2021	38	51	75%	\$28,378,238

Contemporary

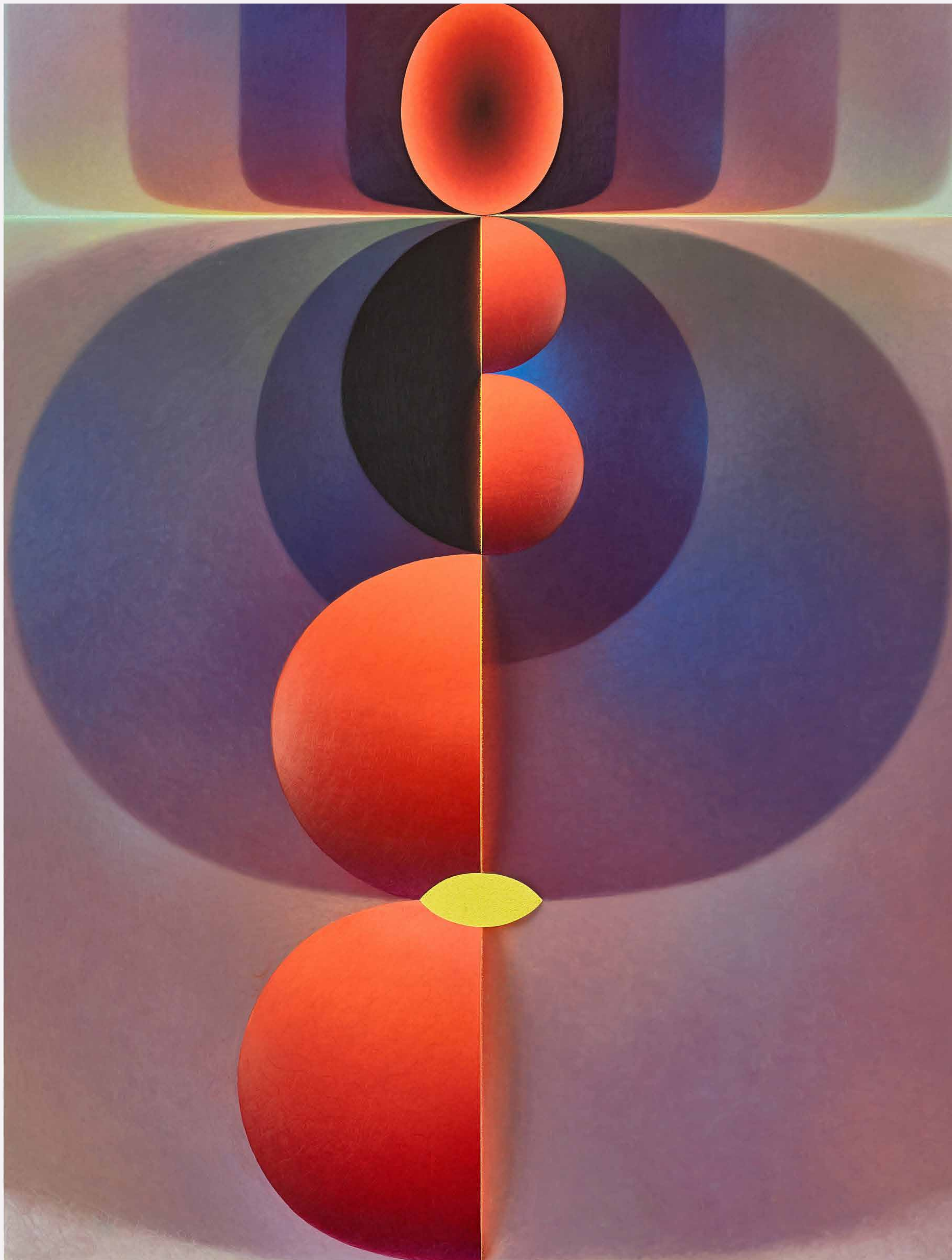


In the Milky Lake (2012) by **Yoshitomo Nara**, the second highest-priced artist at auction in the contemporary category

※ New Entry Since Mid-Year 2022 ↑ Up Year Over Year ↓ Down Year Over Year – No Change Year Over Year

	Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales (USD)
1	– Jean-Michel Basquiat	1960–88	25	25	100%	\$119,541,039
2	– Yoshitomo Nara	b. 1959	115	149	77%	\$42,327,461
3	↑ Cecily Brown	b. 1969	16	16	100%	\$33,045,845
4	↓ Banksy	b. 1974	160	230	70%	\$21,296,683
5	↑ Christopher Wool	b. 1955	21	31	68%	\$21,131,062
6	↓ George Condo	b. 1957	39	41	95%	\$18,567,219
7	※ Takashi Murakami	b. 1962	553	640	86%	\$13,954,567
8	※ Richard Prince	b. 1949	26	40	65%	\$12,585,205
9	※ Keith Haring	1958–90	114	133	86%	\$12,158,263
10	↓ Damien Hirst	b. 1965	289	386	75%	\$12,118,996

Ultra-Contemporary



Standing in Red (2019) by **Loie Hollowell**, the third highest-priced artist at auction in the ultra-contemporary category

※ New Entry Since Mid-Year 2022 ↑ Up Year Over Year ↓ Down Year Over Year – No Change Year Over Year

	Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales (USD)
1	↑ Matthew Wong	1984–2019	5	5	100%	\$14,115,421
2	※ Jonas Wood	b. 1977	31	42	74%	\$6,926,087
3	※ Loie Hollowell	b. 1983	11	14	79%	\$5,756,655
4	※ Caroline Walker	b. 1982	22	23	96%	\$5,315,376
5	※ Huang Yuxing	b. 1975	17	20	85%	\$5,031,012
6	↓ Shara Hughes	b. 1981	18	23	78%	\$4,804,351
7	↓ Ayako Rokkaku	b. 1982	61	76	80%	\$4,485,718
8	※ Rashid Johnson	b. 1977	11	11	100%	\$4,446,047
9	↓ Adrian Ghenie	b. 1977	5	6	83%	\$3,505,104
10	※ Hao Liang	b. 1983	1	1	100%	\$3,140,087

Trophy Lots and the New Competitive Auction Landscape

By Artnet News and Morgan Stanley

Financialization, Opacity, and Outsizing Impact

As the fine-art auction market has grown more and more financialized in recent years, it has also grown more and more opaque to nearly everyone except the auction houses, their consignors, a small group of wealthy financiers who have become increasingly pivotal to the sector's inner workings, and various agents and intermediaries for the aforementioned parties.¹ The irony is that the business of auctions has never before delivered such impressive sales totals so consistently, even as it has never before so consistently presented such difficulty to observers hoping to plainly understand (let alone quantify) demand for individual lots, artists, genres, and the overall market.²

In an earlier era, perhaps the greatest impediments to a clear view of the fine-art auction market were mathematical, in that final prices reported by the auction houses included the buyer's premium, a sizable fee owed by the winning bidder and calculated as a percentage of each lot's hammer price (i.e., winning bid).³ Buyer's premiums vary slightly from auction house to auction house, but in general, the percentage declines as the hammer price increases through a series of predetermined price brackets (which themselves differ slightly from house to house and from dominant regional currency to dominant regional currency).⁴ Christie's, Sotheby's, and other houses have also raised their buyer's premiums multiple times over the years, making historical comparisons of demand in the fine-art auction market even more challenging.⁵

Auction houses have long preferred to communicate only the larger premium-inclusive prices to the media and the public, a practice that muddies comprehension of the auction market in multiple ways: first, by making it more difficult to seamlessly compare sales results with presale estimates, as the latter omit the buyer's premium; and second, by intimating that competition for the lots in question was more active than actual bidding reflected.⁶ The complication radiates outward via auction price databases, which generally log only final, premium-inclusive prices to match each house's public-facing records. (This is also true for the Artnet Price Database; all prices in this article include the buyer's premium unless otherwise expressly noted.)

And yet, the houses' preference for reporting premium-inclusive prices adds only a relatively modest amount of opacity in comparison with an array of extenuating financial circumstances negotiated between houses, consignors, financiers, and various intermediaries for select lots.⁷ Below, a table captures four of the most important such scenarios in the present-day fine-art auction market:

Extenuating Financial Circumstances at Auction

Agreement Type	Definition
Guaranteed Minimum Price (aka House Guarantee) ⁸	<p>The auction house agrees to pay the consignor a guaranteed amount for one or more lots, regardless of the outcome of the public sale. While guaranteed lots are indicated as such to the public in presale materials (typically including a distinct icon in the online lot listing), the actual amount of the guarantee is known only by the house, the consignor, and any agent(s) working on behalf of the involved parties.</p>
Irrevocable Bid (aka Third-Party Guarantee) ⁹	<p>In advance of the public sale, the auction house secures an agreement from a third party to bid a certain amount for one or more lots. If the irrevocable bid wins during the live sale, then the irrevocable bidder acquires the lot, typically for that bid plus the buyer's premium but less a financing fee paid by the house in the form of a discount on the final sale price. If another bidder tops the irrevocable bid, then the irrevocable bidder typically receives a percentage of the difference between their bid and the winning bid. While lots with an irrevocable bid are indicated as such to the public (typically including a distinct icon in the lot listing), the actual amount of the bid is generally known only by the house, the consignor, the irrevocable bidder, and any agent(s) working on behalf of the involved parties. (One minor nod to transparency: when an irrevocable bidder wins a lot, U.S. law requires houses to revise down the final sale price to reflect the discount given as a financing fee.)</p>
Enhanced Hammer (aka Rebate Commission) ¹⁰	<p>The auction house agrees to pay the consignor a percentage of the buyer's premium for one or more lots. Unlike guaranteed minimum prices and irrevocable bids, enhanced hammer deals still were not specifically indicated to the public by Christie's, Sotheby's, or Phillips as of June 1, 2023, and the actual amount paid to the consignor is known only by the house, the consignor, and any agent(s) working on behalf of the involved parties.</p>
Interested Parties ¹¹	<p>A party with a direct or indirect financial interest in a given lot registers to bid on said lot. Examples include a co-owner of the lot and a beneficiary of the estate from which the lot has been consigned. The only scenario in which the house discloses the identity of the financially interested party is when the auction house itself owns the lot in whole or in part. Even in this case, the house indicates to the public only that such an arrangement exists for a lot (typically using a distinct icon in the lot listing); the exact nature or size of the financially interested party's stake is not detailed to the public.</p>

As the table above shows, these presale deals and ownership complexities create obstacles to understanding not only how much was paid for many lots but also who won them and through what mechanism, as well as which party bore the risk en route to the lots' acquisition by new buyers. In fact, even the overview above simplifies the landscape to some extent; against the auction houses' wishes, an unsanctioned secondary market for irrevocable bids has developed among financiers in recent years.¹² Further, the above summary does not reflect financial arrangements made on the buyer side, including extended payment terms to attract bidders.

Houses and consignors have also become increasingly willing to voluntarily withdraw lots attracting relatively weak presale interest in order to prevent them from being publicly bought in (or "burned," in auction parlance).¹³ This maneuver boosts sell-through performance at public auction, helps preserve lots' future resale value for the owners, and can provide appealing inventory for the houses' private sales departments, which undertake the job of finding buyers for works under more discreet, less pressurized conditions.¹⁴

Whether coincidentally or not, the recent rise in presale withdrawals has taken place alongside multiple larger shifts toward opacity in the fine-art auction sector. Major auction houses, including Christie's and Phillips, have reduced or discontinued production and distribution of physical auction catalogues since 2020.¹⁵ This decision has made it even harder to track withdrawn lots, which are typically removed entirely from the houses' public-facing online records.¹⁶ Upon being acquired by telecom magnate Patrick Drahi's BidFair USA, in 2019, Sotheby's joined the world's two other largest auction houses—Christie's and Phillips—in being privately owned and thus freed from the requirement to publicly report extensive financial results on a regular basis.¹⁷ Last but not least, in the summer of 2022, New York City repealed all industry-specific regulations governing auctioneers, thereby allowing houses of all sizes to disclose less information to consignors, bidders, and the general public than before.¹⁸

However, at least one certainty remains in this increasingly complex market: every year, fine artworks in the market's uppermost price echelon have an outsized effect on the overall performance of fine art at auction. More specifically, the availability and performance of so-called trophy lots—works of fine art sold for more than \$10 million each—have never been more important.¹⁹ In 2022, lots sold for more than \$10 million each made up the single largest portion of the fine-art auction market by value, and this price bracket was also the only one to increase in total sales year over year, according to the Artnet Price Database and Artnet Analytics.²⁰

The financialized nuances of the fine-art auction market impact the highest-priced lots more than any other sector of the market, whether the focus is on house guarantees, withdrawn lots, or other extenuating circumstances.²¹ This makes intuitive sense: the higher the stakes, the more inclined sellers and auction houses alike may be to limit their downside risk using the tools available.

The major Christie's and Sotheby's evening auctions held in New York in May 2023 provided a sampling of the financial aspects of the 21st-century auction landscape. The executors of the S.I. Newhouse estate negotiated a guarantee to cover all works from the collection offered by Christie's, including in its latest dedicated single-owner evening sale, on May 11, 2023.²² In contrast, the heirs of the Gerald Fineberg estate opted for an enhanced hammer deal from the same house on all works consigned from the collection.²³ The dangers of eschewing house and/or third-party guarantees were exemplified when Picasso's *Femme assise au chapeau de paille (Marie-Thérèse)* (1938), carrying a presale estimate of \$20 million to \$30 million, failed to sell on a maximum bid of \$18.5 million during Christie's 20th-century art evening auction.²⁴

Sotheby's, meanwhile, made minimum price guarantees for the star lots in its marquee May evening sales, then accepted irrevocable bids for both works: Gustav Klimt's *Insel im Attersee* (1901–02), which hammered at \$46 million, slightly above its estimate in the region of \$45 million; and Louise Bourgeois's *Spider* (1996), which hammered at its low estimate of \$30 million.²⁵ Sotheby's also withdrew Yoshitomo Nara's 1998 painting *Haze Days*, despite its status as the anchor lot of "The Now" evening sale; the work had the highest estimate (\$12 million to \$18 million) of the event but, notably, no house-guaranteed minimum price or irrevocable bid.²⁶

Demystifying "Trophy Lots"

The relationship between the growing importance of trophy lots and the growing financialization of the fine-art auction market is symbiotic. As prices for the most sought-after artworks have escalated to higher levels, the cost of losing such artworks to a rival auction house has escalated in kind, along with the financial arrangements required to win consignments and incentivize buyers.

This dynamic has created something of a feedback loop at the apex of the auction market for fine art: as the owners of highly prized artworks have seen estimates and sale prices in the auction sector rise significantly, the potential for similar (if not greater) gains has motivated them to drive

harder bargains when consigning to major auction houses, which must then compete to offer the most favorable terms, incentivizing the houses to offset the corresponding financial risk by negotiating irrevocable bids with third parties. But by ensuring that trophy lots continue to sell for tens, if not hundreds, of millions of dollars through such financialization, the houses arguably put pressure on themselves to repeat the process with the next wave of major auctions.

Recent auction data helps us frame the scale and proliferation of prices, guarantees, and irrevocable bids herein. Across the nine fine-art evening auctions held in Christie's, Sotheby's, and Phillips's New York salesrooms in May 2023, the three houses made minimum price guarantees for 87 out of the 332 lots on offer before withdrawals (26.2 percent by volume). The combined low estimate of the 87 guaranteed lots was \$730.9 million, an amount totaling roughly 57.1 percent by value of the \$1.28 billion aggregate low estimate of all 332 works in those same auctions.²⁷ Yet the houses also accepted irrevocable bids on 85 lots whose combined low estimates reached \$663.5 million, equating to roughly 52 percent by value of the aforementioned \$1.28 billion aggregate low estimate.²⁸

In terms of the impact on trophy lots, we have utilized the Artnet Price Database and Artnet Analytics to determine that 32 artworks in the above auctions carried presale low estimates of more than \$10 million each, with their aggregate low estimates totaling \$648 million. Of those 32 lots, we found that 22 of them (68.8 percent by volume) came with house guarantees, and 22 (68.8 percent by volume) also had irrevocable bids. Further, we calculate the combined low estimate of the lots with house guarantees was \$489 million, while the combined low estimate of the lots with irrevocable bids was \$487 million—meaning each financial arrangement had been made for just over 75 percent of the \$648 million low estimate of all trophy lots by value.

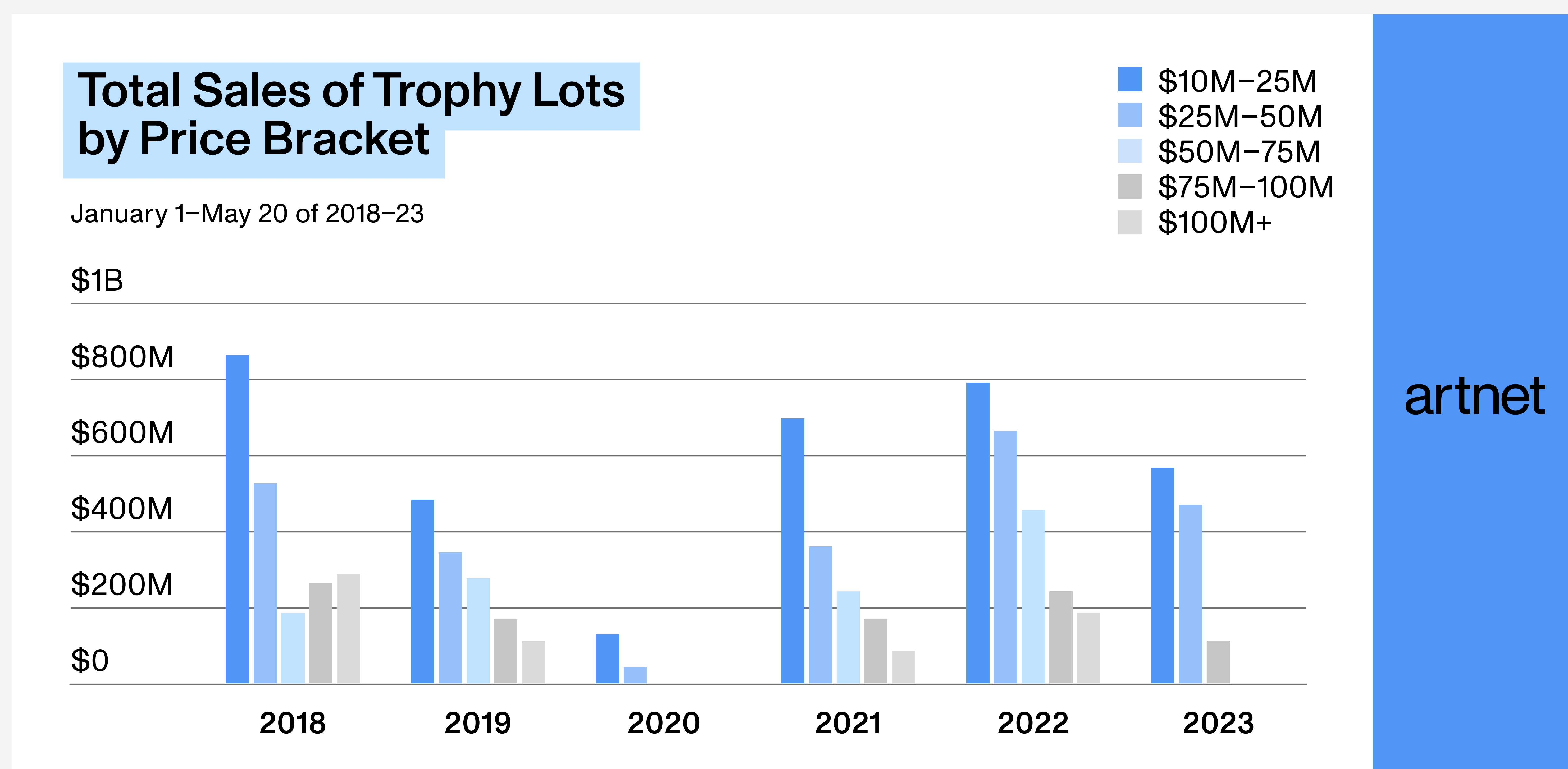
Sharpening Quantified Analysis of Trophy-Lot Sales

Although the data above covers only one seasonal auction cycle in one major auction market, it suggests that trophy lots correlate to the financialization of the fine-art auction sector much more strongly than works in lower price brackets. In the absence of comprehensive public data about the dollar value of guarantees and irrevocable bids, studying the performance of trophy lots becomes perhaps the best proxy for understanding the private machinations that increasingly shape the peak of the public auction market.

Our analysis looks at the price bracket for lots sold above \$10 million from January 1 through May 20 in each year since 2018. In concert with the Artnet Price Database and Artnet Analytics, we separated the broad “trophy lots” price bracket into a series of more specific high-end brackets: lots sold for more than \$10 million through \$25 million; lots sold for more than \$25 million through \$50 million; lots sold for more than \$50 million through \$75 million; lots sold for more than \$75 million through \$100 million; and lots sold for more than \$100 million.

To provide further insight, we examined those price brackets’ interaction with secondary factors, including genre of artwork, city of sale, and type of evening auction (meaning, the regularly scheduled “marquee” evening sales, with the highest-priced lots, held seasonally by Christie’s, Sotheby’s, and Phillips worldwide, versus premier single-owner collection evening sales). The analysis focuses on fine art, which includes paintings, works on paper, sculptures, prints, photographs, digital artworks, and more, from artists born from 1250 to the present; it excludes decorative art, defined here as encompassing antiques, antiquities, and collectibles of all other types.

Examining Trophy Lot Sales by Price Bracket



Source: Artnet Price Database and Artnet Analytics.

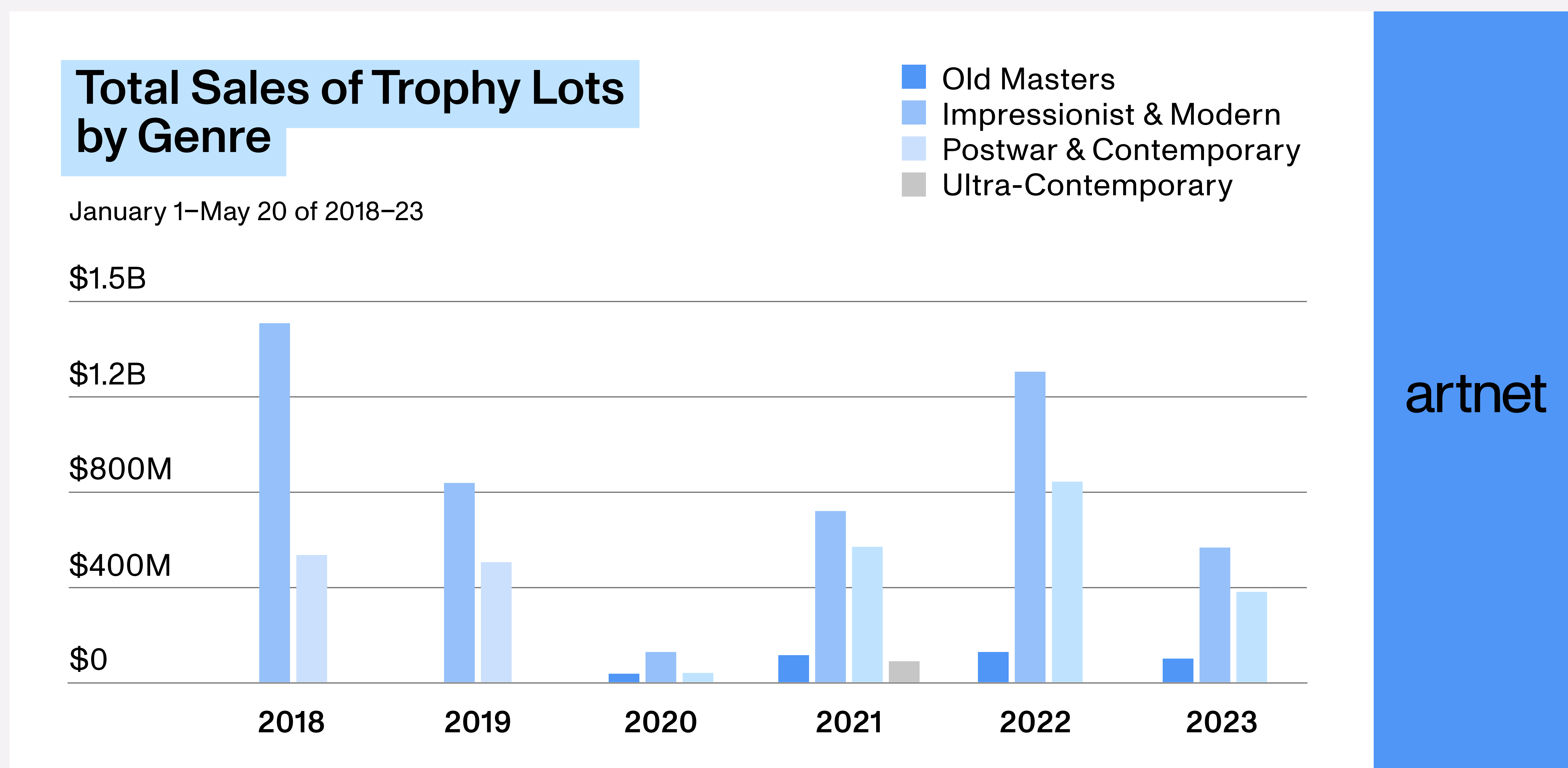
The data shows that the trophy-lot category is not quite as top-heavy as one might think: the 15 lots that sold for more than \$75 million during the sample period since 2018 made up about \$1.5 billion, or only about 17.5 percent, of the \$8.8 billion in sales generated by all trophy lots during that period.

In terms of total sales of trophy lots, the only year in the sample period quieter than 2023 was 2020, when the COVID-19 pandemic upended the auction calendar. Less than \$1.2 billion worth of trophy lots changed hands between January 1 and May 20, 2023—and no lots at all traded for more than \$75 million. The only other year in the data set where that happened was, again, 2020.

In fact, the dollar value of trophy-lot sales in 2023 was less than half the \$2.4 billion generated by such sales in 2022, when the “Big Three” houses’ usual marquee evening art auctions were supplemented by dedicated single-owner auctions of works from the collections of Texas oil heiress Anne H. Bass; Swiss sibling art dealers and collectors Thomas and Doris Ammann; real-estate tycoon Harry Macklowe and his ex-wife, Linda Macklowe; and David M. Solinger, the first president of the Whitney Museum of American Art who was not a member of the Whitney family. (More details on the sales split between these two categories later.)

In terms of quantity, in only two years were fewer trophy lots sold during the sample than the 53 traded in 2023. Those years were 2019, which saw 51 lots sold for more than \$10 million, and 2020, which saw only eight such lots. Supply was especially limited at the top: in 2023, no lots at all had been sold in the price brackets above \$75 million by May 20; the only other year for which this was the case was 2020. (More on supply when we look at trophy-lot sales by auction type later.)

Examining Trophy Lot Sales by Genre



Source: Artnet Price Database and Artnet Analytics.

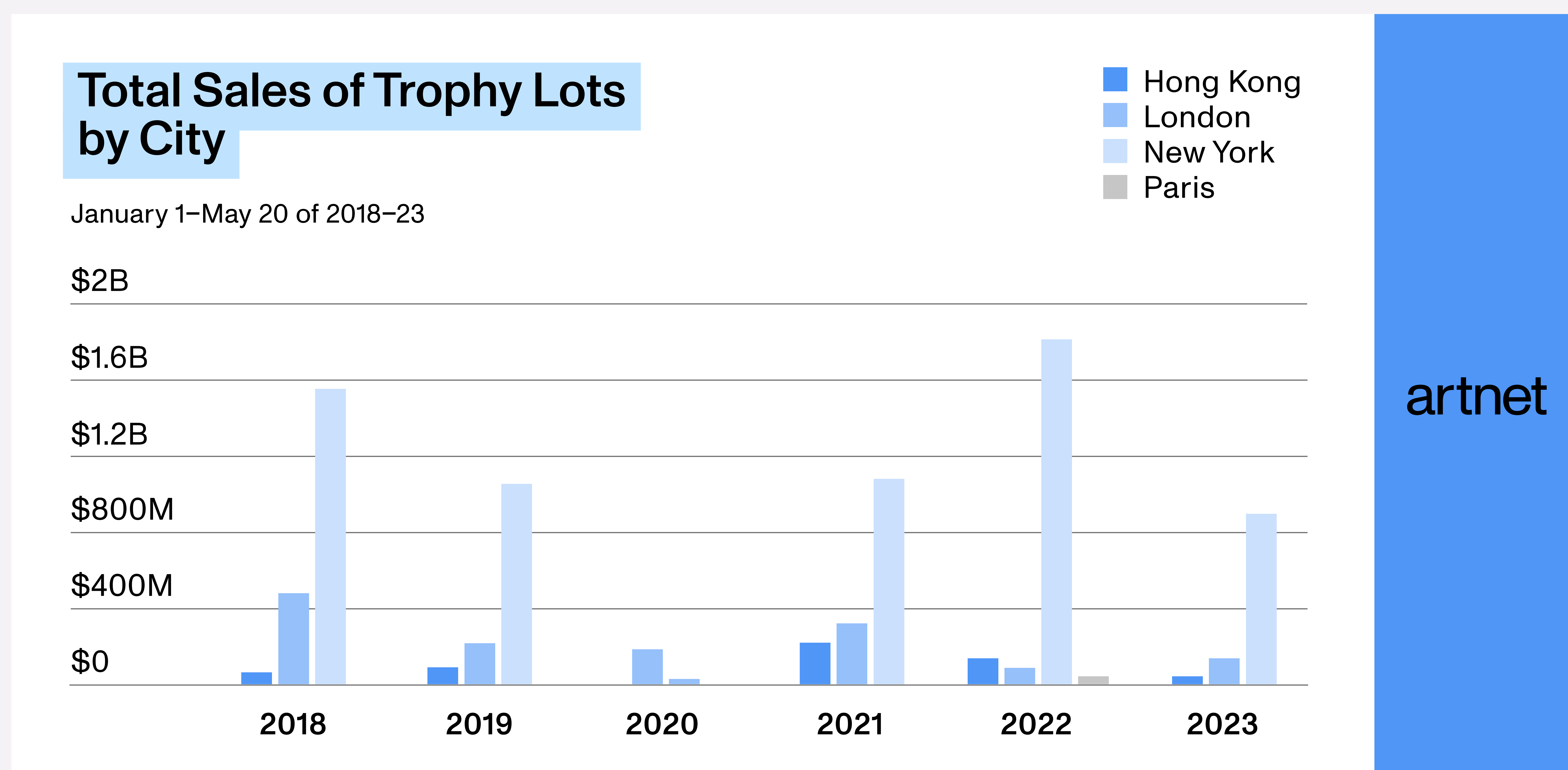
Trophy-lot sales volume remained concentrated in Impressionist and Modern works (defined here as those made by artists born from 1821 through 1910) throughout the data set, especially when it comes to fine artworks sold for more than \$50 million. Except in 2020, the Impressionist and Modern genre did not see aggregate trophy-lot sales dip below \$600.5 million (the 2023 total) during the sample period, and there were only two years in the past six (2020 and 2023) in which the genre generated less than \$325.4 million in sales for artworks traded for more than \$50 million each.

Even the closest competitor to the Impressionist and Modern genre—the Postwar and Contemporary genre (defined here as consisting of works made by artists born from 1911 through 1974)—has lagged significantly behind.

Postwar and Contemporary trophy lots have not outsold their Impressionist and Modern counterparts by value. The closest they came was in 2021, when the sales volume for Postwar and Contemporary trophy lots was \$586 million against \$727.8 million in sales for Impressionist and Modern trophy lots. The biggest divide between the genres was in 2018, when the \$1.5 billion worth of Impressionist and Modern trophy sales topped the equivalent total for Postwar and Contemporary (\$546.7 million) by more than \$953 million.

Old Master trophy lots have performed better since the pandemic than before, generating at least \$80 million in total sales in the sample period of every year since 2021. (We define Old Masters as artists born from 1250 through 1820.) In contrast, only one trophy lot by an Ultra-Contemporary artist (defined as any artist born in 1975 or later) was sold during the sample period: Beeple’s *Everydays – the First 5000 Days* (2021) in 2021, for \$69.3 million. (See the final section of this article for more details.)

Examining Trophy Lot Sales by City of Auction



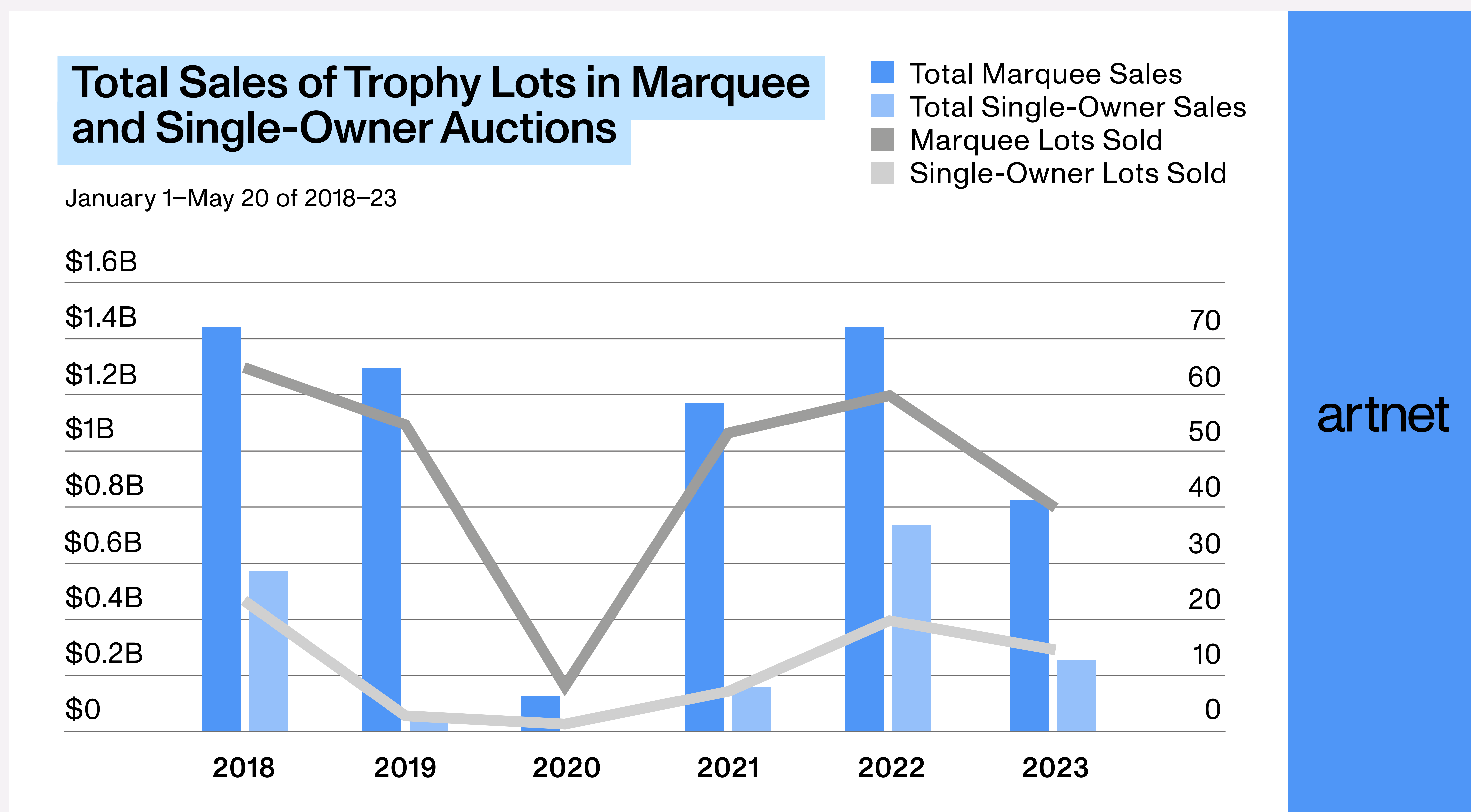
Source: Artnet Price Database and Artnet Analytics.

New York City was the dominant market for fine artworks sold for more than \$10 million in the studied period. The exception was the COVID year of 2020, when London bested New York by roughly \$91 million in trophy-lot sales—a quirk of timing, in that London’s major February evening sales were able to go on as planned, whereas the virus’s subsequent spread forced the postponement and restructuring of the usual marquee evening sales in New York in May.²⁹ Otherwise, London routinely placed a distant second, trailing New York in trophy-lot sales by at least \$726.9 million each year during the sample period.

The disparity was especially pronounced when it came to artworks that sold for more than \$50 million each at auction. Setting aside 2020, the closest the two hubs were at this price level was in 2023, when New York auction houses sold \$120.3 million worth of fine artworks traded for more than \$50 million each and London houses sold none at all. London’s apex in such transactions arrived in 2022, when the city’s auction houses sold \$187.5 million worth—and New York’s sold \$709.6 million worth. New York and London were the only two cities that sold even a single fine artwork for more than \$50 million during the period studied. In 2022, London became the only city besides New York where an artwork sold for more than \$75 million in any of the past six years through May 20, when *L’empire des lumières* (1961) by René Magritte found a buyer for more than \$79.4 million in 2022.

Except for the industry-wide anomaly of 2020, Hong Kong trended up steadily as a trophy-lot sales destination in the period studied. Sales at the top of the market peaked at nearly \$213.8 million in 2021. However, they fell by nearly 50 percent year over year in both 2022 and 2023, to \$139 million and \$67.4 million, respectively. This tracks with a larger drop in supply spread across all price brackets in Hong Kong in 2022—perhaps an effect of the unusually high number of works to have come to auction the prior year—as well as larger strains on the Chinese macroeconomy in 2023.³⁰ Paris has been trending up in this competition lately. Granted, it took until 2021 for the city to sell its first trophy lot: another Magritte painting, *La vengeance* (1936), which brought roughly \$17.4 million in its auction debut. Paris nearly quadrupled its trophy-lot sales year over year, selling three works for a combined \$65.4 million in 2022 before coming up empty in 2023.

Examining Trophy-Lot Sales by Auction Type



Source: Artnet Price Database and Artnet Analytics.

Although sales of trophy lots in marquee evening auctions at Christie’s, Sotheby’s, and Phillips peaked in 2018 at just under \$1.5 billion, such auctions have delivered less than \$1.2 billion worth of such sales only twice during the sample period: the outlier COVID year of 2020 and 2023. Sales of trophy lots in marquee evening auctions were down nearly 43 percent by value over year through May 20, 2023, with total sales landing at \$823.4 million. Notably, no fine artworks traded above \$75 million in marquee evening auctions in 2023, while at least two lots sold at that lofty price level in every other year in the data set except 2020.

Single-owner sales have become an increasingly large part of the conversation surrounding auction performance in recent years, but their impact on trophy-lot sales has been volatile during the sample period. One year after \$590.6 million worth of trophy-lot sales were generated via single-owner evening auctions in 2018—notably, the year that the Peggy and David Rockefeller collection set a then-record for the largest single-owner collection at auction, largely thanks to a dedicated evening sale in May—the same figure for the relevant period dropped to a mere \$45.1 million. After an understandably silent showing in 2020 (\$0), trophy-lot sales in single-owner evening auctions rose to \$142.7 million in 2021. Then, in 2022—when works from the Ammann, Bass, Macklowe, and Solinger collections were the subject of dedicated evening auctions—that number burgeoned more than fivefold, to \$746.7 million, before receding to \$241.4 million in 2023.

The supply (or lack thereof) of the very highest-priced lots marked the difference between healthy and anemic years of trophy sales in single-owner evening auctions during the period studied. Setting aside 2020, when zero trophy lots were sold in single-owner evening auctions, the three worst-performing years (2019, 2021, and 2023) saw no lots at all sell for more than \$50 million each in single-owner evening auctions. By contrast, the best-performing year (2022) saw four such lots bring a total of \$394.3 million in single-owner evening sales, while the second-best-performing year (2018) saw three such lots bring

\$280.4 million. Taken together, the data suggests that any year of high-volume trophy-lot sales in single-owner evening auctions is routinely followed by a down year of the same, a correlation that likely speaks to the reliance of single-owner evening auctions on estate sales of extreme consequence, the timing of which are unpredictable by nature. (The Macklowe auction, the result of a divorce settlement, is the rare exception.)

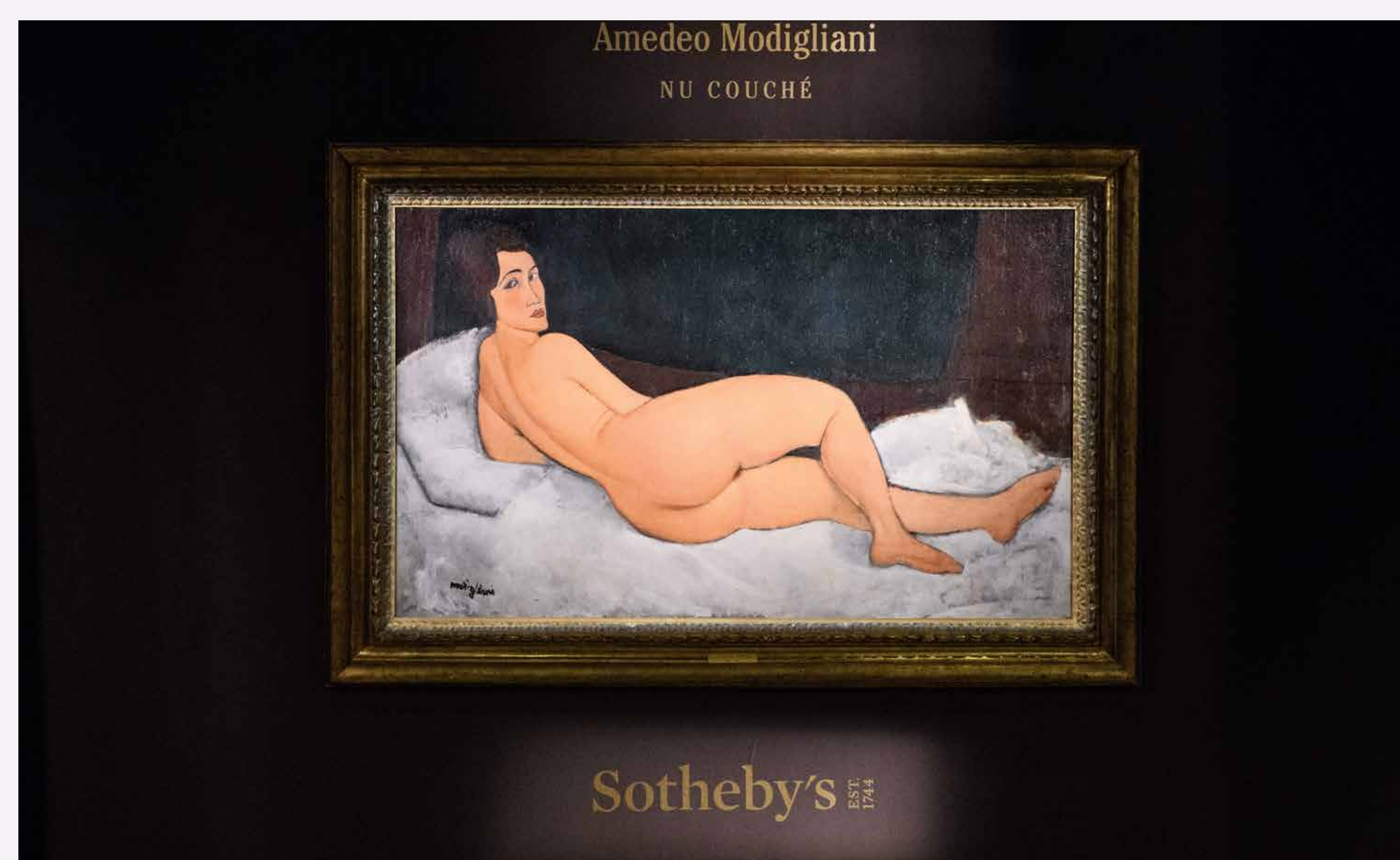
Although the single-owner evening auctions' trophy-lot sales were therefore uneven in the relevant period, their volume increased appreciably over time compared with the equivalent in marquee evening sales in the timeframe examined. In other words, the overall supply of artworks selling for more than \$10 million each seems to depend more and more on the number of major single-owner collections offered in standalone evening auctions over the time period in question. While the two figures diverged by nearly \$1.3 billion in 2019, the differential declined to slightly more than \$1 billion in 2021, then to \$692.3 million in 2022, and finally to \$582 million in 2023. Only time will tell if this trend persists, but it is a relationship that bears watching.

Capsule Studies of Individual Trophy Lots

Complementing the macro analysis in the prior section, below are capsule studies of six trophy artworks. All were selected from a list of the 15 highest-priced fine artworks sold at auction during the January 1 through May 20 sample period from 2018 through 2023. Each artwork was chosen for how it illustrates or expands upon one or more major themes discussed.

2018

Amedeo Modigliani's *Nu Couché (sur le côté gauche)* (1917), sold for \$157.2 million in the Impressionist and Modern art evening sale at Sotheby's New York, May 18.



Amedeo Modigliani, *Nu Couché (sur le côté gauche)* (1917)

Based on macro data, Modigliani's reclining nude represents the platonic ideal of a trophy lot in terms of genre (Impressionist and Modern) and city of sale (New York). Impressionist and Modern artworks accounted for between 55.8 percent and 73 percent of trophy-lot sales by value in every year studied except 2021, when the genre accounted for only 49.3 percent (\$727.8 million) of the nearly \$1.5 billion worth of sales.

The New York skew was even more pronounced, as auctions in the city sold between 66.1 percent and 85.1 percent of all trophy lots by value in five of the past six years. (Here, the anomalous year was unsurprisingly 2020, when New York houses sold two trophy lots for a combined \$29 million, roughly 14.9 percent of the \$194.9 million worth of such artworks sold at auction worldwide.)

Nu Couché (sur le côté gauche) is also one of just five lots sold for more than \$100 million during the sample period since 2018—and one of just two sold for more than \$150 million. However, the high-stakes work hammered at \$139 million, considerably below its \$150 million presale estimate; it also carried an irrevocable bid.³¹

2019 Jeff Koons's *Rabbit* (1986), sold for \$91.1 million in the Postwar and Contemporary evening sale at Christie's New York, May 15.

In 2019, *Rabbit* became the most expensive fine artwork by a living artist ever sold at auction. Part of the reason this record still stands more than four years later is the gleaming metallic sculpture's sterling provenance—a major driver of value among trophy lots. *Rabbit* came to Christie's from the estate of publishing tycoon and renowned collector S.I. Newhouse, who acquired it from Gagosian in 1992 and kept it in his collection for the remainder of his life. Gagosian, for his part, bought the sculpture from a private collector who had acquired it on the primary market from Koons's then-gallerist, the famed Ileana Sonnabend.³² This made the May 2019 Christie's sale not only the first time *Rabbit* had returned to the market in 27 years but also the first time it had ever appeared at auction, ensuring that it was fresh to market and thus a significant draw to buyers. The work was offered without a house guarantee or an irrevocable bid.



Jeff Koons, *Rabbit* (1986)

In retrospect, the sale of *Rabbit* signified that the fine-art auction market had entered an era in which demand for Postwar and Contemporary trophy lots rivaled that for more time-tested works. It marked the first time in the period studied that a work from the Postwar and Contemporary genre sold for more than \$75 million. In fact, two such lots found buyers at this lofty price level on the same night: *Rabbit*, and Robert Rauschenberg's silkscreen *Buffalo II* (1964), which Christie's New York sold for \$88.8 million.

The combined \$179.9 million brought by that pair eclipsed the equivalent total brought by all Impressionist and Modern lots that sold for more than \$75 million that year. (The only entry in the latter category was Claude Monet's 1891 haystack painting *Meules*, which sold for \$110.7 million at Sotheby's New York a day earlier.) The Postwar and Contemporary genre repeated this feat in 2022, proving that the dynamic created by *Rabbit* was not a one-time occurrence.

2020
David Hockney's
***The Splash* (1966),**
 sold for £23.1 million
 (\$29.9 million) in the
 Contemporary art
 evening auction at
 Sotheby's London,
 February 11.



David Hockney, *The Splash* (1966)

That *The Splash* (which carried a house guarantee from Sotheby's) was the top-selling fine-art lot during the sample period in 2020 highlights just how anomalous that pandemic year was for the auction sector. At roughly \$29.9 million, *The Splash* would not have been among even the 10 priciest lots in any other year in the period studied.

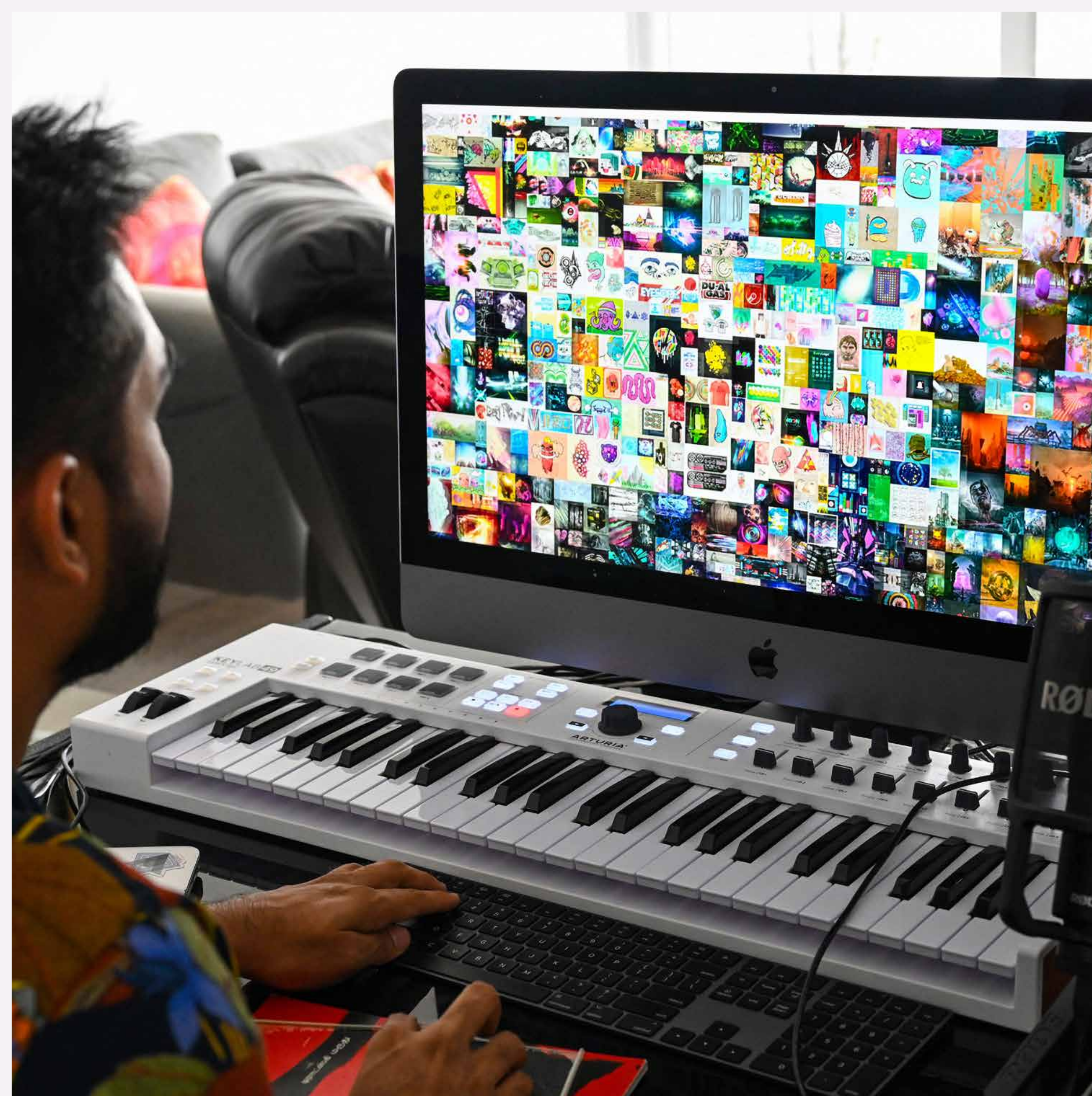
It was not even a particularly expensive work by Hockney. Consider, for example, that his *Portrait of an Artist (Pool With Two Figures)* (1972), sold for an artist record of \$90.3 million in November 2018.³³ For comparison within the sample period, note that Hockney's double portrait *Henry Geldzahler and Christopher Scott* (1969) sold for £37.7 million (\$49.5 million) in March 2018—only the ninth most expensive lot by any fine artist to change hands during the sample period that year.

Due to extraordinary global events that disrupted the auction calendar, many consignors chose to hold their choicest works back from the market in 2020.³⁴ Only eight fine artworks fetched more than \$10 million between January 1 and May 20 that year. Notably, six were sold in London during the month of February. The other two crossed the auction block in New York's January sales of Old Masters and brought a combined total of barely more than \$29 million—about \$900,000 less than *The Splash* on its own.

These sales further contextualize how and why London auction houses outperformed New York's in total sales of trophy lots during the sample period in 2020—again, the only time London has done so since 2018. *The Splash* was not just the only artwork to be sold in London for between \$25 million and \$50 million; it was the only fine-art lot to be sold for more than \$25 million anywhere in the world in 2020. For comparison, four works were sold in London for more than \$25 million during the equivalent period in 2019 and 2022, respectively, while New York auction houses sold at least 12 artworks for more than \$25 million each during the sample period of every year under examination, with the lone exception of 2020.

2021 Beeple's *Everydays – the First 5000 Days* (2021), sold for \$69.3 million in a single-lot online auction at Christie's, February 25–March 11.

Everydays – the First 5000 Days, a digital collage backed by an NFT, was responsible for a string of “firsts” and “onlys” among the annual lists of the 15 top-selling fine artworks at auction during the period ending May 20. It is the first and only one made by an Ultra-Contemporary artist (defined as artists born in 1975 or later); the first and only digital trophy lot; the first and only trophy lot sold in an online-only auction; and the first and only trophy lot to be sold directly from the artist's studio during the sample period.



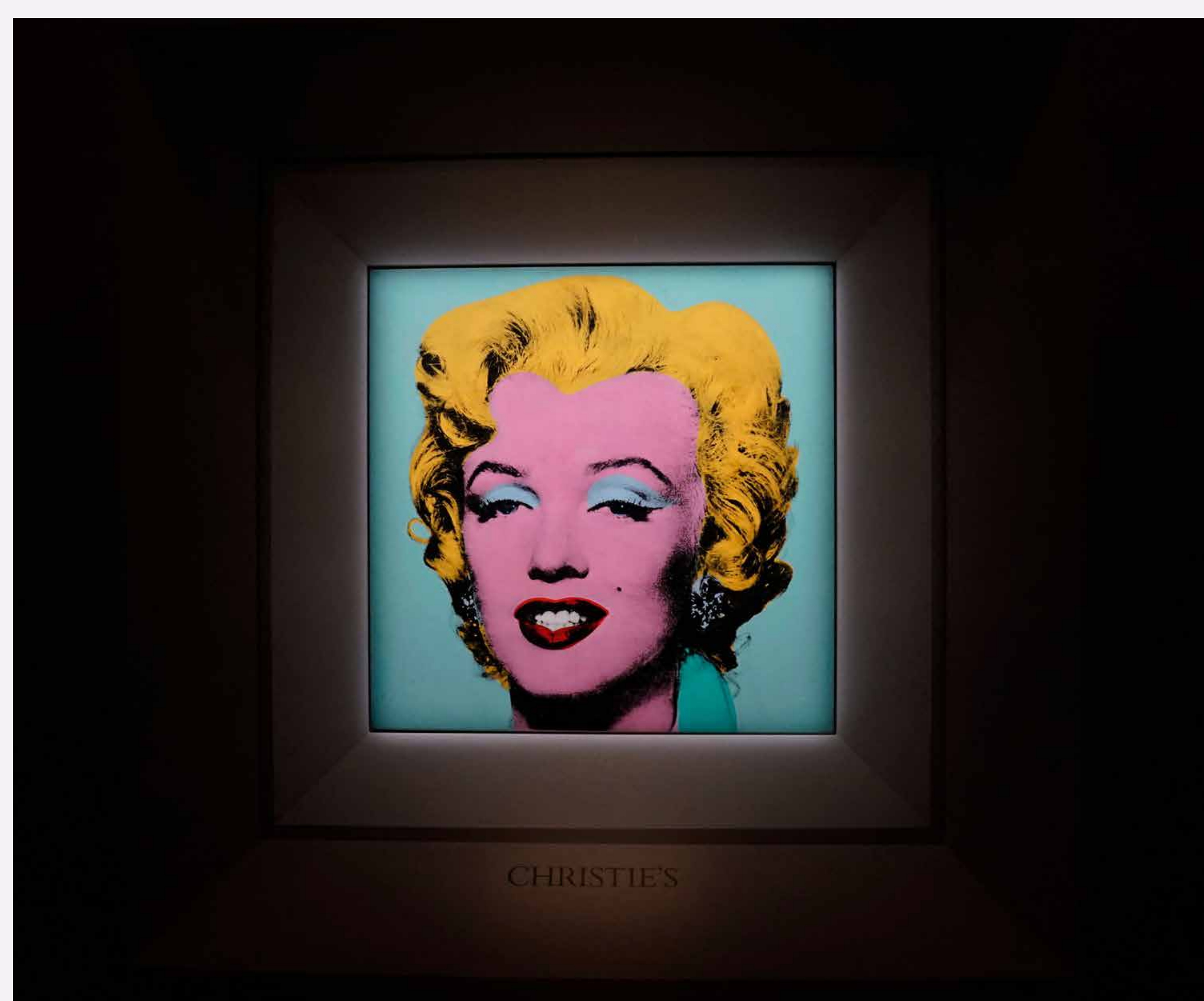
Beeple, *Everydays – the First 5000 Days* (2021)

Experts can debate whether these traits make Beeple's (aka Mike Winkelmann's) work a turning point, an exception that proves the rule, or something in between. What is without question is that its unexpectedly high price initiated a surge of interest in NFTs in the fine-art auction sector that has had a lasting legacy. Though results have yet to be repeated at this level, Christie's, Sotheby's, and Phillips all still regularly offer NFTs in 2023, and nearly two years ago, Sotheby's even launched a dedicated platform for blockchain-based works called Sotheby's Metaverse.³⁵

Although it may seem unusual in retrospect that the work carried neither a house guarantee nor an irrevocable bid, it is important to remember that Christie's started the bidding for *Everydays* at \$100, implying that the work was not considered a trophy lot before the sale.³⁶ Yet it is now in rare company. Across all genres, only 36 works have sold for more than \$50 million during the sample period from 2018 through 2023, good for a combined \$2.8 billion worth of sales.

As in the Ultra-Contemporary genre, only one Old Master artwork sold at this level through May 20 in each of the past six years: Sandro Botticelli's *Portrait of a Young Man Holding a Roundel*, for \$92.2 million. Of the remaining 34 fine artworks traded for more than \$50 million during the period examined, 25 are by Impressionist and Modern artists, and the remaining nine are by Postwar and Contemporary artists.

2022
Andy Warhol's *Shot Sage Blue Marilyn* (1964), sold for \$195 million in the Collection of Thomas and Doris Ammann evening auction at Christie's New York, May 9.



Andy Warhol, *Shot Sage Blue Marilyn* (1964)

Thanks to this transaction, Warhol's *Shot Sage Blue Marilyn* became not only the priciest fine-art lot of any kind sold since Leonardo da Vinci's *Salvator Mundi*, which brought \$450.3 million in November 2017, but also the most expensive work by an American artist ever sold at auction.³⁷ Exceptional provenance again played a role. The painting passed through S.I. Newhouse's collection en route to the equally esteemed collection of the

Swiss art-dealing Ammann siblings, whose family it stayed in for 36 years before being offered at auction for the first time in 2022.³⁸ It carried neither a house guarantee nor an irrevocable bid, and it is possible that the Ammanns' executors left money on the table as a result given that the work hammered at just \$170 million (\$195 million after fees), below its unpublished \$200 million estimate.³⁹

Shot Sage Blue Marilyn also reflects the recent importance of single-owner evening auctions within the realm of fine artworks sold for more than \$10 million each. In 2022, such auctions generated \$746.7 million worth of sales of fine-art trophy lots during the sample period, or 34.2 percent of all such sales by value across all evening auctions staged through May 20. While that share is the highest of any year in the sample, it is not a complete outlier. In three of the past six years (including 2023), single-owner evening auctions accounted for at least 22.7 percent of all trophy-lot sales by value in evening auctions.

Single-owner sales have been an even greater factor when it comes to fine artworks sold for more than \$100 million at auction in recent years. Only five such works have traded during the sample period since 2018. Of those five, three were sold in marquee evening sales, generating \$371.3 million in total. The other two (including *Shot Sage Blue Marilyn*) were offered in single-owner evening sales and brought a combined \$310 million. Of the \$681.4 million worth of fine artworks that traded for more than \$100 million each at auction, then, about 45.5 percent of sales by value came from single-owner evening sales, versus roughly 54.5 percent from marquee evening sales.

2023
Zhang Daqian's *Pink Lotuses on Gold Screen* (1973), sold for HK\$251.6 million (\$32.1 million) in a single-lot evening sale included in Sotheby's Hong Kong's 50th anniversary auction cycle, April 5.



Zhang Daqian, *Pink Lotuses on Gold Screen* (1973)

Equipped with a house guarantee and an irrevocable bid, this painting was auctioned from the family collection of Chinese textile entrepreneur C.S. Loh, whose wife acquired it directly from the artist in 1973.⁴⁰ It exemplifies the fine-art auction market's rise in Hong Kong in recent history, including in the post-pandemic era.

Of the top 15 lots by price in each year of the sample period since 2018, only three were sold in Hong Kong. *Pink Lotuses on Gold Screen* is the most recent of the transactions; the other two took place in 2021. Together, the trio fetched HK\$804.8 million (\$103.3 million), or 17.6 percent by value of the \$584.3 million generated by all trophy lots auctioned in Hong Kong through May 20 in each of the past six years.

The most expensive artwork sold in Hong Kong during the sample period since 2018 was also by Zhang Daqian, whose *Landscape After Wang Ximeng* (1947) brought HK\$370.5 million (\$47.2 million) at Sotheby's Hong Kong in April 2022. Between this earlier transaction and *Pink Lotuses on Gold Screen*, lots by Zhang accounted for more than half the value (52.7 percent) of the \$150.5 million worth of fine artworks sold for more than \$25 million each in Hong Kong through May 20 of the past six years.

Discussing trophy lots in Hong Kong also necessitates a word about the globalization of taste. Although three of the four lots sold in the city for more than \$25 million each are by Asian artists (Chu Teh-Chun joins Zhang in this group), the second most expensive lot sold there to date during the sample period is a painting by an American artist: Jean-Michel Basquiat's *Warrior* (1982), which traded for HK\$323.6 million (\$41.7 million) in a single-lot evening sale at Christie's Hong Kong in March 2021. Deepening the nuance is the fact that *Warrior* was won by New York-based dealer Christophe van de Weghe, a reminder that not all lots sold in Hong Kong are bought by bidders based in Asia—and that the city's growth as an auction market has been an international phenomenon in more ways than one.⁴¹

Conclusions

While the quantifiable details of minimum price guarantees, irrevocable bids, and other financial machinations remain opaque to outsiders, their effects are influential at the top of the fine-art auction market, where competition among houses to offer the most sought-after works intensified as prices escalated. Sales of lots above \$10 million are therefore unusually indicative of significant new trends and longstanding stabilities alike, as the stakes have become so high that very little develops without both outsized demand and careful financial planning.

In this sense, one can have confidence that a market shift is real when it is reflected in the performance of trophy lots. This applies to such nascent phenomena as the emergence of Hong Kong and Paris as viable auction markets for works priced above \$10 million, the sale of the first Ultra-Contemporary trophy lot, and the sizable impact of single-owner evening sales on the marketing and sale of artworks in the highest price brackets.

The same is true of market dynamics that consistently repeat among trophy lots, including the dominance of the Impressionist and Modern genre, the overwhelming preference for New York as a sales venue, and the continuing rarity of works capable of selling for more than \$50 million (let alone for more than \$100 million), no matter what financing deals have been struck behind the scenes. The performance of trophy lots cannot tell observers everything about the state of the fine-art auction market, but it nevertheless speaks volumes.

Endnotes

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This report reflects results from 391 auction houses worldwide from January 1–May 20, 2023. To consider how 2023’s results stacked up to previous years, we compared them to worldwide auction sales from the equivalent period from 2018 through 2022.

Artnet’s Fine Art and Design Database includes fine-art objects such as paintings, photographs, prints, and sculptures by artists ranging from Old Masters to contemporary artists and beyond. The Decorative Art Database contains antiques, antiquities, and collectibles. Both databases only include items with a low estimate of \$500 and above. Every single lot included in the Artnet Price Database is verified against auction catalogues or directly with the auction houses and then categorized by a team of multilingual art history specialists to ensure the highest level of accuracy and allow for detailed data analysis. We only include Chinese auction houses that have been vetted by the China Association of Auctioneers, a national association in China that is seeking to standardize the auction industry. This report reflects the numbers in Artnet’s Price Database as of June 16, 2023.

All sales prices are adjusted to include the buyer’s premium. Price data from previous years has not been adjusted for inflation. All results are logged in the currency native to the auction house where the sale took place, then converted to U.S. dollars based on the exchange rate on the day of the sale.

We defined online-only sales as those held exclusively online with no live bidders in attendance. We defined artistic categories as follows: “European Old Masters” covers European artists born from 1250 to 1820; “Old Masters” covers artists born from 1250 to 1820 from any country; “Impressionist and Modern” concerns artists born between 1821 and 1910; “Postwar” concerns artists born between 1911 and 1944; “contemporary” covers artists born in any country from 1945 to 1974; and “ultra-contemporary” covers artists born after 1974. To avoid anomalies, all genre breakdowns (except ultra-contemporary) in the “Data Dive” section and the Impressionist and Modern and postwar artistic categories exclude Chinese artists (but include Chinese artists with dual nationalities).

Notes on geographic terms: Oceania covers auction houses located in Australia and New Zealand. North America covers auction houses in the U.S., Canada, and Mexico. China includes results from both the mainland and Hong Kong.

Previously published Fall 2022 Intelligence Reports covered sales from January 1–June 30. The time frame was extended to July 10 in 2020 to accommodate rescheduled auctions. This mid-year report covers a shorter period.

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Marketplace: Nicolas Party, *Trees* (2019), © Nicolas Party, Courtesy the artist & Hauser & Wirth; Cecily Brown's *Free Games for May* (2017). Christie's Images Limited 2023; Roy Lichtenstein *Rouen Cathedral, Set IV* (1969). Christie's Images Limited 2023 © Estate of Roy Lichtenstein; Lee Friedlander, *The Little Screens* (1961–70). © Lee Friedlander, courtesy of Sotheby's, Fraenkel Gallery, San Francisco and Luhring Augustine, New York; Henri Rousseau's *Les Flamants* (1910). Christie's Images Limited 2023; Peter Paul Rubens, *Salome Presented With the Head of Saint John the Baptist* (1609). Courtesy of Sotheby's. **Welcome to Bargain City?** Glenstone founders Mitchell Rales and Emily Wei Rales. Photo: Saul Loeb/AFP via Getty Images; Christie's Global President Jussi Pylkkänen, Christie's Images Limited 2023; Auctioneer Georgina Hilton. Christie's Images Limited 2023; Pablo Picasso's *Femme nue couchée jouant avec un chat* (1964). Courtesy of Sotheby's © 2023 Estate of Pablo Picasso / Artists Rights Society (ARS), New York; Auctioneer Henry Highley, March 2023, Courtesy of Phillips (Photo by Thomas De Cruz Media: Davide Cossu); Phillips Asia Chairman Jonathan Crockett. Courtesy of Phillips. **6 Questions With:** Fanny Lakoubay. (Photo by Cecile Vacarro); Artist Vera Molnár. (Photo by Catherine Panchout/Sygma via Getty Images); Gladys Lin. (Photo by Gladys Lin); Visitors to Art Basel Hong Kong 2023. (Photo by Sebastian Ng/SOPA Images/LightRocket via Getty Images); Saara Pritchard, Courtesy of Saara Pritchard. (Photo by Justin Tallis/AFP via Getty Images); A painting by Richard Estes. (Photo by Atilano Garcia/SOPA Images/LightRocket via Getty Images. **Data Dive:** Peter Paul Rubens, *Portrait of a Man as Mars* (c. 1620). Courtesy of Sotheby's; *Insel im Attersee (Island in the Attersee)* (1901–02) by Gustav Klimt. Courtesy of Sotheby's; Cy Twombly, *Untitled* (1969). Courtesy of Sotheby's © Cy Twombly Foundation; Yoshitomo Nara, *In the Milky Lake* (2012). Courtesy of Sotheby's; Loie Hollowell, *Standing in Red* (2019). Courtesy of Sotheby's. **Trophy Lots and the New Competitive Auction Landscape:** Amedeo Modigliani, *Nu Couché (sur le côté gauche)* (1917). (Photo by Anthony Wallace/AFP via Getty Images); Jeff Koons, *Rabbit* (1986). (Photo by Timothy A. Clary/AFP via Getty Images); David Hockney, *The Splash* (1966). (Photo by Daniel Leal/AFP via Getty Images). Beeple, *Everydays: the First 5000 Days* (2021). (Photo by Roslan Rahman/AFP via Getty Images); Andy Warhol, *Shot Sage Blue Marilyn* (1964). (Photo: Timothy A. Clary/AFP via Getty Images); Zhang Daqian, *Pink Lotuses on Gold Screen* (1973). (Photo by South China Morning Post / Alamy Stock Photo)