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5 Takeaways From the Spring Art Auctions

Results from a week of sales tell a story of a masterpiece market come down to earth, the cooling of young art stars — and a hack that finally ended Sunday.

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When Christie's executives decided on the evening of the auction house's contemporary art sales to withdraw its most expensive offering of the week, a squiggly-wiggly painting by the artist Brice Marden estimated to sell for $30 million to $50 million, it was evidence of apprehension in the market.

"The choice to withdraw the Marden was ours," Alex Rotter, a Christie's specialist, told reporters last Tuesday night. "It wasn't Brice's evening and we're not willing to jeopardize the market of an artist like that."

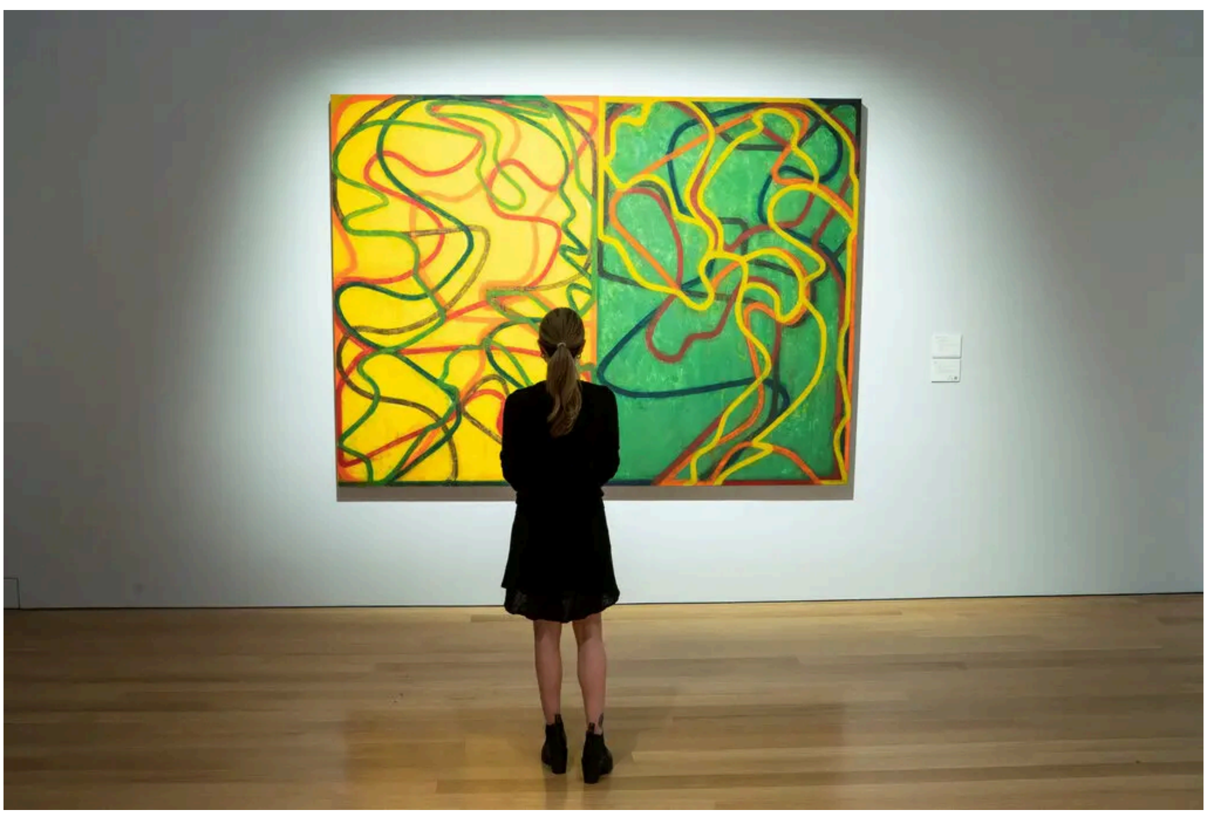
In other words, just two days into a week of marquee spring sales that ended Saturday, there was already a bad vibe.

The art market's greatest weaknesses are uncertainty and doubt — emotions that have a greater effect on the industry because it revolves around a relatively small number of ultrawealthy buyers and sellers. There was plenty of angst last week after a "technology security issue" took down Christie's official website, which remained down until Sunday, when it was restored. Cybersecurity experts said it was most likely the result of a ransomware attack, with still-unclear consequences for the private data of the auction house's clients.

Without the eye-popping prices and masterpiece-filled estates of dead moguls like David Rockefeller and Paul G. Allen that have defined auctions of recent years, the spring sales at Christie's, Sotheby's and Phillips delivered $1.4 billion, on estimates ranging from $1.3 billion to $1.8 billion. That's a 22 percent decrease from total earnings of $1.8 billion in 2023 — a respectable finish, according to market experts, given the financial challenges of this season.

But the results will do little to persuade collectors to part voluntarily with top material during the next major auction season in November, when the outlook will be made even more uncertain by the U.S. presidential election.

"The air is thinner at higher levels and the market is more selective," Charles Stewart, Sotheby's chief executive, said in an interview on Friday morning, citing the shrinking demand at high price levels. His company sold $633 million worth of art, within its expectations of $549 million to $783 million. He added that the industry was "a momentum-based market. There can be a little bit of a herd mentality."



A woman looks at "Event" by Brice Marden, who died last year, during a preview at Christie's. The diptych painting, expected to sell between $30 and $50 million, was

withdrawn ahead of their 21st Century Evening Sale in New York City last Tuesday.
Estate of Brice Marden/Artists Rights Society (ARS), New York. Photo by Eduardo Munoz/Reuters

Falling prices and skittish bidders seen in last year's sales meant that salespeople needed to work overtime to secure financial guarantees that would ensure a minimum level of success. There were also tough conversations about the fickle nature of the art market.

"A lot of people who plowed money into art during the pandemic have big frowns on their faces" in much the same way as in the 1980s, said the art adviser Doug Woodham, referring to an earlier market boom-and-dip for contemporary art. "That up-down cycle — it's been part of the art market for so long. For those who haven't experienced that, it always comes as a surprise."

With a chaotic sales season just behind us, our auction reporters talked with longtime clients, auction executives, former sales rainmakers and market analysts. Here are takeaways from the spring sales — and a periscope look ahead at the biggest trends emerging in the art market.

The Unanswered Questions Surrounding the Christie's Hack

When did Christie's know its website had been compromised? How did it regain control of its systems? Who was behind the hack? And what assurances did the company provide clients about the safety of their financial information?

All major auction houses pivoted online in response to the pandemic, stepping up their digital sales. Halfway through last year, Christie's said, nearly 80 percent of all bids across its auctions were placed online, a significant jump in online transactions from 45 percent in 2019.

But the cyberattack showed that the company might have been unprepared for its leap into the virtual world.

In March, some clients noticed that their attempts logging onto the auction house's mobile version of its website redirected them into other people's private accounts. Edward Lewine, a Christie's spokesman, said it was "an issue with our mobile and

WeChat apps brought about by a routine security update, which was resolved in a little over an hour."

And then there was a data breach reported in August, when a German cybersecurity company revealed that auction house files included the locations of artworks held by some of the world's wealthiest collectors.

Cybersecurity experts contacted by The New York Times said that it could be weeks or months until Christie's understood the full scope of the attack — at which point the company might face scrutiny for how it responded to hackers, particularly if a ransom was paid.

"Ethically you don't want people to pay the ransom but from a business point of view you might want to," said Stuart Madnick, the co-director of cybersecurity at the Massachusetts Institute of Technology, adding that the technical costs of rebuffing an attack can soar into the millions of dollars.

Madnick said that ransomware attacks have traditionally occurred through malicious software that is downloaded onto a computer. Hackers then use the software to retrieve and encrypt information, which prevents the owner from accessing it. When those files are particularly sensitive — like banking information and credit checks — hackers might threaten to publicly release the information.

"They convert the cyberattack from kidnapping to blackmail," Madnick said, explaining that many companies ultimately pay their ransomers because the cost of rebuffing them is high.

Christie's buyers seemed largely unfazed by the cyberattack during the evening sales, which reached $528 million, within its estimate of $474 million and $693 million. Those results signaled the trust between the auction house and its clients; however, it remains to be seen how far that loyalty extends if there is a significant data breach.

"It has been a memorable week for Christie's," Guillaume Cerutti, the auction house's chief executive, said in a statement. "We are grateful for the trust our clients and stakeholders have shown in Christie's during these moments and heartened by the numerous encouragements we have received."

Third-Party Guarantees Are All But Guaranteed

Alberto Giacometti's sculpture "Femme Leoni," from 1947, brought $22.3 million with fees at Christie's 20th Century Sale last week. via Christie's

A $22.3 million bronze sculpture of a woman by Alberto Giacometti. A $7.5 million scene of lovers in a park by Kerry James Marshall. An $8.3 million painting of a wave by David Hockney. These pictures have one thing in common: They were purchased, market observers say, by clients who promised to pay a minimum price before the auctioneer had even picked up the gavel.

The third-party guarantee, which became a popular risk-avoidance tool after the 2008 financial crisis, is playing an increasingly critical role in today's jittery art market. (Consider it the art-market equivalent of a put option.) Last week, auction houses secured outside investors to support a vast majority of financial guarantees offered to sellers. Those investors were behind every guaranteed work in Phillips's modern and contemporary evening sale on May 14 — commitments roughly equivalent to two-thirds of the auction's total value. At the Christie's and Sotheby's evening sales, 105 of the 117 works with guarantees were backed by third parties.

"When so many works are guaranteed, you are essentially watching a private sale in public," said the art dealer David Zwirner. While the prearranged deal-making sucks the drama out of the room, "it is better for a work to sell than not sell."

The phenomenon is "almost a requirement for selling right now," the former auction executive Caroline Sayan said. What many have noticed this year is that the pool of potential guarantors is growing beyond the typical hedge-fund honchos. Dealers are joining, and the Toledo Museum of Art recently admitted to serving as a guarantor at auction.

Demand for Young Artists Showed Some Cracks

Justin Caguiat, “The Saint Is Never Busy,” 2019. While the fervor for some emerging artists has died down, a dusky, fresco-like abstraction by Caguiat cemented his rise. Estimated at $200,000 to $300,000, it sold for $1.1 million with fees. via Sotheby's

The fervor for work by young emerging artists has officially died down — leaving a number of casualties in its wake. Sotheby’s The Now auction of cutting-edge art delivered $32.7 million, down almost 12 percent from a similar sale last spring and 55 percent from 2022.

In recent seasons, “I lost count after trying to capture the number of different bidders on a single piece,” said the former auction executive David Norman. Last week, “there were fewer big battles,” he noted, adding that “some artists that filled these opening sequences a few years ago were absent.”

The case of the Colombian-born, Brooklyn-based artist María Berrío shows just how quickly the tides can turn. She had two lots on offer this week, both of which sold for more than $1 million each at auction in 2022. “The Lovers 2,” a bedazzled close-up of a woman, secured a winning bid of $1.3 million at Phillips in a

December 2022 sale in Hong Kong — but the buyer never paid. The seller re-offered the work at Phillips in New York on May 14 with a much lower estimate: $250,000 to $350,000. There were no takers. (A representative for Phillips said the house received "multiple offers" shortly after the sale and "a deal was finalized with the seller" for $274,999.)

Rising stars still managed to ignite a spark here and there. Bidders chased an earth-toned composition by the Tokyo-born poet-artist Justin Caguiat past its $300,000 high estimate to a final price of $1.1 million with fees. "Speculative buyers have turned to seek out the next group of artists for whom they think the prices have a way to run," Norman said.

The Masterpiece Market Has Come Down to Earth

The art market commentator Josh Baer had a take in his industry newsletter at the beginning of the week: "$20 million is the new $50 million." His pronouncement proved true.

While previous seasons were buoyed by nine-figure collections from the likes of the real estate magnate Harry Macklowe and his former wife, Linda Macklowe, and the patron Emily Fisher Landau, this year's auctions were put together piecemeal. In a soft market, collectors who have the luxury of choice are unlikely to part with valuable works, experts said. Even Christie's opted to withdraw its highest estimated lot by Brice Marden in the moments before the auction.

"Sellers are holding out," said the art dealer Nick Maclean, a founder of the gallery Eykyn Maclean, "and buyers are very specific about what they want."

This bears out in the numbers. This season, Christie's, Phillips and Sotheby's sold 11 lots between $20 million and $50 million and none beyond that threshold. In spring 2022, the market's most recent peak, 16 works sold in the $20 million-to-$50 million range and nine sold for more than $50 million.

When the environment at public auction is too risky, some sellers opt to do business behind closed doors. Christie's sold a Mark Rothko painting for more than $100 million late last year to the hedge-fund founder Ken Griffin. (The information was first reported by the newsletter The Canvas; a representative for Griffin declined to comment.) “There’s a lot of trading that isn’t taking place at auction,” said the art adviser Allan Schwartzman.

What’s Old Is New Again

Leonora Carrington, “Les Distractions de Dagobert,” 1945, sold at Sotheby’s for $28.5 million with fees — more than eight times her previous high benchmark set in 2022.
Estate of Leonora Carrington/Artists Rights Society (ARS), New York; via Sotheby’s

The art market, like fashion, is cyclical. Right now, the word among dealers is that minimalism is out. (And indeed, geometric paintings by Frank Stella and Robert Mangold failed to go at Phillips’s evening sale.) But Surrealism — especially by female artists who have been historically undervalued — is in. The hottest artist of the spring season was the painter and author Leonora Carrington, who died in 2011.

“Les Distractions de Dagobert,” her Hieronymus Bosch-inspired 1945 composition depicting the debauched life of King Dagobert I, sparked the most dynamic bidding war of the week at Sotheby’s Modern evening sale on May 15. After a 10-minute battle, the final price reached $28.5 million with fees — more than eight times Carrington's high benchmark at auction in 2022. The buyer was the Argentine developer Eduardo F. Costantini, the founder of the Museum of Latin American Art of Buenos Aires. He was outbid when the work last sold at auction in 1995 for $475,500 ($974,500 today, accounting for inflation). "I didn't want to miss it this time," he told Artnet News, which identified him as the buyer.

Earlier in the sale, a painting of a floating specter in a forest by Remedios Varo, another female Surrealist, who died in 1963, more than doubled its $1.5 million estimate, fetching $4.2 million with fees.

"When the newer, speculative segments of the market grow volatile, there is a return to classic 19th and 20th century works with long established and more predictable markets," Norman said. He noted that the estimates in this sector were also more attractive, which helped to jump-start bidding. The majority of works on offer that had previously appeared at auction carried low estimates below or equivalent to their earlier purchase prices.

Sometimes, final prices failed to exceed what the sellers had paid. At Christie's, Giacometti's bronze "Femme Leoni" sold on a single bid for $22.3 million with fees. The same work sold in 2020 for $25.9 million.

Art "is actually a very risky investment," Woodham, the art adviser, said, "so you need to go into this market with eyes wide open." While this week offered some participants a harsh reality check, "market prices were revealed — and I think that's great for the market."

Zachary Small is a Times reporter writing about the art world's relationship to money, politics and technology. More about Zachary Small