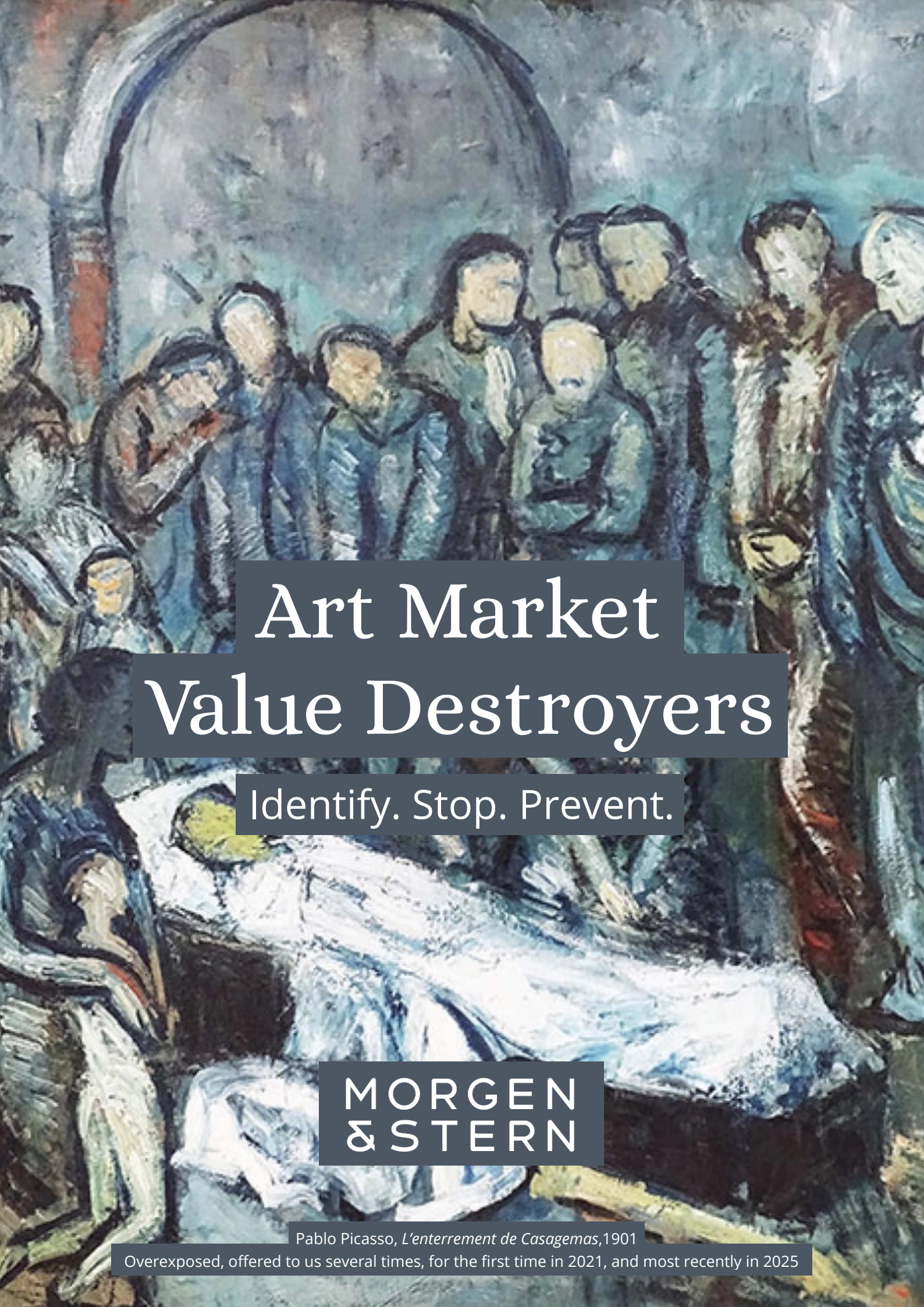




Art Market Value Destroyers

Identify. Stop. Prevent.

MORGEN
& STERN

Pablo Picasso, *L'enterrement de Casagemas*, 1901

Overexposed, offered to us several times, for the first time in 2021, and most recently in 2025



We share this report in a spirit of openness and responsibility. Many of the patterns described here are not isolated incidents. They are symptoms of a market culture that too often rewards opacity over integrity. By documenting these recurring practices, we aim to help collectors, advisors, and institutions recognize early warning signs and protect and enhance the value of their holdings.

— *Tillmann Woeske, Managing Partner Morgen & Stern*

The art market does not suffer from a lack of opportunity—it suffers from a lack of structure.

Each scenario in this report demonstrates how trust, once compromised, directly translates into lost value. The solution is not regulation alone, but professionalism: verified mandates, price discipline, and solid business ethics.

At Morgen & Stern, we believe integrity is a market advantage. Protecting it is not only in the collector's interest—it is in everyone's.

The following cases are all real. We have anonymized them to protect the respective works and owners from further market exposure. On demand, we are happy to share additional details or comparable examples that follow the same patterns.

If you suspect that one of your works is affected by any of the practices described in this report, please contact us in confidence. We are happy to share our tools, data resources, and experience to help restore transparency and control.

Executive Summary:

Private Sales—How to Protect Value

In high-end private sales, value is lost not through the artwork itself but through process failures: uncontrolled dealer chains, opaque pricing, and misaligned incentives.

Key Points

- **Uncontrolled dealer chains.** When one dealer passes a work to 5–10 others, exposure can grow to tens or even hundreds of thousands within a few steps, causing loss of confidentiality, overexposure, and price pressure.¹
- **Price inconsistencies.** Multiple intermediaries quote varying prices, undermining trust and slowing serious buyers.
- **Misaligned incentives.** Markups added at every link inflate the gross price and widen the buyer–seller gap.
- **Market fatigue.** Repeated exposure to the same work signals “nobody wants it,” hurting desirability and final value.
- **Negotiation leverage shifts to buyers.** Long chains and time-on-market give buyers justification for lower offers or waiting for distress.

Solutions

- **Mandate only in writing.** Define authorized seller, duration, fees, and allowed buyer groups.
- **Fix one asking price.** Any deviation requires written approval to maintain credibility and negotiation power.
- **No dealer chains.** The work may be shown to collectors only; if unsold, the mandate returns to the owner. Avoid multi-step commissions. Long chains destroy value fastest.

The most effective way to protect and enhance the value of your holdings is to work exclusively with experienced art-market professionals who adhere to the strict principles detailed in this report.

¹ We are increasingly observing that even established and reputable market participants pass on mandates to other dealers without the owner’s authorization.

1. Unnecessary Firesale

When inflated ambitions destroy real value

Owners expected return: \$1.5M

Gallery Price: \$2.5M (almost 70% markup)

Status: Fire Sale Offer \$1.5M with owner return \$1M

Background

In the secondary market, ambition can quietly turn into erosion. Once a work is overexposed at an unrealistic price, confidence collapses. The art remains the same—but the market's trust does not.

Case

A work by a major postwar artist was consigned to an established gallery. The owner's goal was a net return of \$1.5 million, yet the gallery priced it at \$2.5 million—an almost 70% markup. After a year without results, another gallery took over, again insisting on the same inflated figure and preparing to show the work at a major fair. Before the event, the gallery asked Morgen & Stern to discreetly place the piece. Our due diligence revealed it had already been heavily marketed by the previous gallery—information deliberately withheld.

When advised that the market was saturated and a repositioning essential, the gallery refused to adjust. Months later, it returned: the owner was now willing to sell for \$1 million, and the gallery was asking to market the work for \$1.5 million plus our commission—still implying a 50% margin. We declined the offer.

Assessment

Both galleries acted against the owner's interests, chasing margin instead of outcome. Their overpricing and opacity turned a solid asset into a distressed one.

Transparent representation and disciplined pricing are the best ways to preserve trust—and value. Collectors should agree in writing on a defined price range and a fair commission structure within which a gallery or its partners may operate.

2. Below the Mandate

When intermediaries offer below the owner's price

Owners expected return: \$10M

Offer by advisor—without owners consent: \$8M

Result: Original Price range becomes unachievable

Background

Unauthorized discounting is one of the quietest but most damaging behaviors in the market. It typically occurs when a dealer, broker, or advisor, after failing to sell at the agreed price, begins testing demand at a lower figure—without informing the owner.

Case

An advisor who had previously marketed a blue-chip Impressionist painting at the owner's target (including his own fee) decided to re-offer it at a lower price. His logic: "The client probably wouldn't mind if we find a buyer slightly below the goal."

Once that reduced number entered conversations and emails, it began circulating among credible market participants. Within days, the new figure became the reference point for the work's value.

Assessment

Offering below the mandate erodes price integrity and misleads the market. Even when done with good intentions, it signals distress. Future buyers benchmark against the leaked figure, and the original price range becomes unachievable.

Every agreement to sell should define a clear price corridor and prohibit any re-offering outside of it without renewed consent. Professional representation means discipline, not improvisation—and a single unauthorized quote can cost millions.

3. Moonshot Pricing

When fantasy replaces due diligence

Owners expected return: \$6M

Market Price Range: \$40-95M

Result: Work not sold

Background

Scarcity fuels speculation—but speculation without verification destroys value. “Moonshot” pricing arises when intermediaries circulate fantasy numbers without confirming ownership, documentation, or legal status.

Case

A modern masterpiece was offered to us by different dealers between \$40 and \$95 million. The real owner—an elderly collector—was unaware of the inflated figures and would have sold for \$6 million, provided certification costs were covered.

After direct contact, the owner granted us access for inspection. The work and its documentation were genuine, but its market credibility had been compromised by months of inflated rumor.

Assessment

Moonshot pricing creates false expectations and paralyzes real buyers. Once the market perceives a gap between rumor and reality, confidence vanishes. Information asymmetry benefits no one.

Verification before valuation is not bureaucracy—it is protection. Only disciplined research and direct confirmation restore trust in both the work and its price.

4. Let's Go Fishing

When offers circulate for works that aren't even on the market

Market Price Range: \$12-40M

Result: It turns out, the artwork is not for sale at all

Background

PDFs and images circulate faster than mandates. As files are reused and reshared, fictional offers for non-available works multiply.

Case

A renowned modern painting was offered to Morgen & Stern by several intermediaries at prices ranging from \$12 million to \$40 million.

Coincidentally, a collector collaborating with us on our provenance and valuation tools disclosed that he owned the painting—and had never authorized its sale.

Assessment

This case highlights how unverified materials and hearsay transform into circulating misinformation. Once a work is falsely “on the market,” both the real owner and potential buyers suffer: credibility evaporates, and legitimate offers are ignored.

Digital provenance is as critical as artistic provenance. Every file and claim must be traceable to an authorized source. Morgen & Stern's controlled legal and verification framework exists precisely to prevent such failures.

Strategic Recommendations

Restoring Control and Protecting Value

Unnecessary Firesale Overpricing kills value	Below the Mandate Unauthorized underpricing
Moonshot Pricing Fantasy replaces facts	Let's Go Fishing There is no painting at all

There is no universal solution to the patterns described in this report. Yet certain principles consistently restore order and protect value.

1. Reclaim control over market information.

Monitor where and how your works are being circulated. The faster you identify unauthorized marketing, the greater your leverage to stop it.

2. Demand written confirmation of every mandate.

Verbal agreements are not professional standards. Define in writing the minimum price, commission, and duration of every sale authorization.

3. Reset the narrative before re-entering the market.

Once a work has been overexposed or misrepresented, repricing alone is not enough. Only a coherent narrative and strategic timing can restore confidence.

4. Avoid speculative intermediaries.

If an advisor, dealer, or broker cannot demonstrate direct contact with the owner disengage. Unverified chains are the main source of value erosion.

5. Choose partners who protect your interests, not their margins.

Integrity is not idealism; it is a financial strategy. Professional representation means discipline, documentation, and accountability at every stage.

Contact & Legal Information



Tillmann Woeke

Managing Partner

tillmann.woeske@morgenandstern.com



Felix Holzapfel

Managing Partner

felix.holzapfel@morgenandstern.com

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Publisher

Morgen & Stern GmbH
Wilhelmstr. 120A
10963 Berlin
contact@morgenandstern.com
www.morgenandstern.com