



Paris  
as of November 21st, 2022

Dear all,

Last May we were saying “yet nothing” to qualify the impact of rising interest rates on the watch market. I guess there was a 6 months lag as it should on most real asset market! We are witnessing a healthy market correction with the elimination of the speculators/flippers that were swarming over the past couple of years. However, the “Gem-set for Jet-set” spirit of important collectors is still very much alive. These guys are a very different audience than the flippers.

This time around the overall auction season did not stand on a strong foot. With 299 watches auctioned above 100k CHF this represents an -18% drop vs the May2022 number. But when one digs deeper than this headline figure to detail the composition you realize something quite logical: the segment of watches sold >1m CHF is up 150% since May2022 with 25 watches! ie. the super-rich collectors could not care less about the current environment while the rest of the market does. Another worth’s noting event was the dominance of Christie’s with 40% of total Geneva sales ahead of market leader Phillips with 32%. The young house Monaco Legend is on the podium with 12%, then Sotheby’s (10%) and finally Antiquorum (6%). This ranking illustrates the ability of auction houses to address the most dynamic population of collectors in this troubled macro-economic period namely Middle East and American collectors.

### Numbers have spoken, when in trouble cut the (cr)AP

	# pieces	Patek	Rolex	AP	Cartier	Duffour	Journe	George Daniels	Richard Mille	Vacheron Constantin	Omega	Lange	Voutilanen	Bethune	Longine	Tornek Rayville	Others
> 1m CHF	25	5	3			1	4	1	10				1				
500k - 1m CHF	29	12	7	1	1		2	2	2	2							
250k - 500k CHF	53	18	13	8			7		4				2				1
100k - 250k CHF	192	59	53	22	8		6	6	6	5	5	5	5	3	4	1	14
<b>TOTAL</b>	<b>299</b>	<b>94</b>	<b>76</b>	<b>31</b>	<b>9</b>	<b>1</b>	<b>19</b>	<b>3</b>	<b>22</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>15</b>

I just could not resist this pun after all the AP Royal Oak indigestion we went through in the run up of the 50th anniversary. What a huge difference the past 6 months made for the vintage market of the brand. Out of all the AP offered, only 31 achieved a price above the 100k CHF mark. That’s down -74%. NASDAQ style... It is a good illustration of the hype deflation and where “flippers” got the biggest hit (along with the modern watch market) while mid/long term collectors remain in the money thanks to their longer time horizon. One can argue there was an under-representation of AP but clearly, they have been super weak.

**Podium per value:** George Daniels’ personal daily wearer Spring Case Tourbillon did 4,08m CHF at Phillips, Richard Mille RM56 from Jean Todt hit 3,65m CHF at Christies, Rolex “Legend” Daytona 6263/8 achieved 3,41m CHF at Christies. Then for the accessit came the Nautilus 175th anniversary of Patek/Tiffany with 3,17m CHF at Christies and then the FP Journe Grande & Petite Sonnerie of Jean Todt for 3,05m CHF at Christies again.



**Podium per brand:** given the impressive number of Richard Mille sold above 1m CHF the sports watch brand deserves the number 1 seat (whaaat??). Then Patek representing a third of all watches sold above the 100k CHF but that’s also true for the watches above 500k CHF! Finally, FP Journe is a good number 3 as more watches from the brand were sold than back in May and 4 of them were above 1m CHF. Wow.

	# pieces	Phillips	Christies	Christies Thematic	Sotheby's Antiquorum	Monaco Legend
> 1m CHF	25	5	4	13	1	2
500k - 1m CHF	29	16	3	4	5	1
250k - 500k CHF	53	20	8	7	5	3
100k - 250k CHF	192	85	35	15	28	3
<b>TOTAL</b>	<b>299</b>	<b>126</b>	<b>50</b>	<b>39</b>	<b>39</b>	<b>6</b>

### Auction house premium

The auction house can explain some of the price difference observed and you can identify a real “Phillips premium”. For example, the Daytona 6265 black dial from Phillips did 107k CHF while the 6265 silver dial from Christie’s achieved only 75k CHF. This hefty difference can partly be due to the unwritten warranty of the Christie’s Daytona and the slight premium of black dials over silver ones but it cannot justify the whole 42% difference for sure. An interesting exercise to measure that premium is to use a perfectly identical modern such as the cerachrom 116500LN Daytona white dial: 40.3k CHF at Phillips, 36.5k CHF at Christie’s and 32.7k EUR at Sotheby’s. That’s 10% difference Phillips over Christies and 23% over Sotheby’s for the very same watch. Pretty big.

### Prices dispersion

One cannot deny the sharp collapse of modern watches since Springtime 2022 but what people forget to mention is the impressive performance of these modern watches posted from Nov2021 until April2022 or so. Net-net on a year-on-year basis the likes of Nautilus 5711A or Daytona 116500LN have been stable to 10% higher. An evolution that many assets would like to boast.

In the vintage watch market, there is no such thing as a one price reality. That might be true for a single/unique piece but for more widely produced pieces one can speak about a trend, a global mood but a scatter plot graph is a more realistic approach. That is particularly true given the liquidity that can be sketchy. The explanation of some of the results observed was that a pretty wide portion of the collectors who have been active over the past years were simply sitting on their hands during these Geneva auctions. They wanted to see how the market would react and interpret the rapidly worsening macroeconomic environment. Less actors means less battle intensity and thus lower prices. The difficulty here is to identify what is temporary and represents a true buying opportunity and what is the deflation of an “anything goes up” bubble due to some excess liquidity.

There has been a shift in the market from a period in 2016-2020 where “one watch must fit all situation”. That stance put a favorable skew to the sport watches you could wear with a suit but



also at the beach. The market became bigger. Long lasting accommodative financial conditions and COVID helped to expand further the interest in watches. People had more time to study the horological landscape which helped the neo-vintage watches, the independent brands and of course the Royal Oak discovery in the run up to the much spoke about 50th anniversary.

The current period is more fostering the return of the complicated watches offering some true underlying/intrinsic value to the detriment of -relatively speaking- the “time only” watches. Chronographs do qualify positively.

## **Patek**

In trouble times Patek has always been a shelter. This time was not different. Tiffany Blue 5711 confirmed its grey market price of 3.2m CHF, vintage monsters such as 2523 World Time and 1518 double signed by Cartier were above 2m CHF while a 1518 pink gold and the 2499 black dial were above 1m CHF. Minute repeaters remain super hot with the likes of 3974 or 5074 always reach higher prices (540k to 960k CHF). The 530 were also super strong in the 700-900k CHF range. Split second 5004 is now comfortably starting its price tag at 275k CHF for the yellow gold version. The widely produced 3940 is now trading above 50k for normal configurations and between 100k & 200k for later special boutique editions. Same stories for the 3970 which seems to have benefited from the rise of AP QP over the past year and trade now between 100k and 200k depending on rarity. Let’s remember these have also been widely produced. I am not chasing them at that level. On the opposite the beautiful 5970 has been softer overall and should be a “buy on dip” reference given how perfectly balanced this watch is. The Padellone 3448 price levels were flatish (200/250k for yellow gold and 570k for white gold).

The only weak spot within Patek was counter intuitive although we know “true collectors” tend to overlook them: the vintage Nautilus and Aquanaut! Both down about 20% vs expectations. They are still far from the support that will bring their respective large anniversary (50<sup>th</sup> in 2026 for the Nautilus and 30<sup>th</sup> in 2027 for the Aquanaut). However, where is the logic when a 3700A produced at ~3300 pieces trades only 10% above a 5711A made at ~20.000+ examples? That won't last forever. This is a buying point to try and catch some rare or perfect examples. The 3800 did better relatively speaking: 35k for JA (steel & gold), 53/60k for A (steel) and 90/110k for J (yellow gold). Travel time: 5110P is now 45k+ and 5131P North Pole enamel seems to be a market favorite (150/190k).

“Mass” modern sport references: Nautilus 5712A auctioned between 75k & 100k CHF, 5711A between 100k & 115k, 5990A at 151k. All down about 50% vs their peak. Aquanaut 5164A sold for 84k CHF. The ratio for a Tiffany is stable at 2x the grey market price of a normal one. For the Aquanaut, the 5167A has been weakening toward 50k which dragged down the very popular 5065A although the later has corrected the anomaly and now trades 10% to 20% above the still produced 5167A.

## **Rolex**

**Daytona:** much more Daytonas than usual were offered. Possibly ahead of next year’s 60th anniversary and they did very well. The top lot 6263/8 “The Legend” which is an incredibly attractive 18k yellow gold Lemon ROC dial with screw down pushers did score 3.4m CHF. This is



the same performance in EUR denominated terms than its sibling's 2017 score of 3.7m CHF. Other gold version of 6263/8 (non Paul Newman) were stable to higher. A champagne dial did 202k CHF while a black split dial reached a whopping 378k CHF. Now this is typically a "if you know you know" type of watch which illustrates that real collectors have been at the helm here. Same analysis for the uber rare 6265/8 three lines white graphics finding a new owner at 816k CHF at Monaco Legend! The classic and less popular champagne dial 6265/8 scored 144k CHF at Antiquorum which is stable vs May level.

Gold Paul Newman also confirmed recent performance. An average 6264 Lemon did 816k CHF while a perfect JPS in the rare 6264 reference reached 1.43m CHF. Champagne dial 6241PN did 1.07m CHF when "with provenance" or 680k CHF for a "plain vanilla" one. This is very solid vs last year and stable vs May.

Steel version "Paul Newman" Daytonas are stable and respect their reference hierarchy. "Entry" of the Newman family 6239PN black dial still belongs to the 190k-215k CHF range. White dial did 233k CHF (+23% over black: stable). Same story for the 6262PN: 215k CHF for musketeer black dial and 240k CHF for white dial. 6241PN black dial achieved 277k CHF at Phillips which is flat. A magnificent "Panda" MK2 dial achieved 630k CHF at Phillips which raised a few eyebrows. The one notable step down was the controversial black dial RCO bought at around the 500k CHF mark. That's half of what it used to be either because of a dispute over the eligible serial number (2085xxxx seems the only accepted one from now on for MK1 dial version) or because of the quality of the dial.

The steel vintage Daytona are higher across the board. The "mustard tropical" 6262 from Phillips did 214k CHF which is a nice score for a non-PN and non-special dial. Even a usually forsaken 6263 "Sigma" dial full set did a 139k CHF at Phillips.

**Zenith:** they did very well. Porcelain 16520 in steel sold for 152k & 164k CHF. A mint Patrizzi achieved 122k at Phillips. MK1 floating sold for 80-90k CHF. All the gem style "statement watch" zenith scored between 200k & 300k CHF. Solid & stable.

**DayDate:** this big classic remains "en vogue" with true collectors especially stone dials although not to the same extent as earlier this year. Price of Stella dials remain fully indexed to the color which defines rarity. A Turquoise achieving 78k CHF while an oxblood did 30k CHF. All rare/specials ones such as Coral or Tapisserie dials with stone continue to attract Arab/Asian collectors and trade north of 180k CHF.

**PreDaytona:** not many offered but the exceptional condition of the Clapton tropical brown 6034 and Goldberger "new old stock" 6238 18k achieved respectively some impressive 189k CHF and 266k CHF. An okay Stellite 6062 yellow gold did 475k CHF and a steel 8171 Padellone 227k CHF.

**Time Only Rolex** (Submariners/Sea-Dwellers/GMTs/Explorers/Milgaus): dull or down. The stars of yesterday simply do not carry the heat anymore except for top condition ones: two rare 5512 square crown guard offered, one sold for 126k CHF and the other not sold. COMEX Sub still have their fans but the price difference between the rare 5514 COMEX and the more common 16610 or 16660 COMEX seemed small at 164k vs 88k/139k range. Sea-Dweller 1655 mk2 tropical did 50k vs 75-100k a couple of years back. To be fair there was no major Sub "big crown" offered. Nonetheless another mythical monster, the 6541 Milgauss, failed to reach the reserve price and was not sold. The Explorer II 1655 are actually a bright spot in the overall picture selling between 30k & 60k CHF depending on provenance. Explorer did not shine.



### **(cr)AP, back to 2020 or so**

The correction of AP watches has been disorderly. It is notable that within vintage the very few outstanding pieces offered such as the Christie's 25654st QP green dial with diamond index did very well with 529k CHF. Within the Royal Oak family, you observe some anomalies such as some vintage QP cheaper than "time only" 5402. This is particularly true for yellow gold pieces. For example: Sotheby's 25654BA at 76k CHF vs Antiquorum's 5404BA at 137k CHF. This should logically correct in the future (Royal Oak QP > time only Royal Oak). The indigestion of 5402 is still present with several ones unsold although mostly concentrated at Antiquorum and Sotheby's. Clearly there were some opportunities with a 5402 A series selling 82k CHF at Sotheby's while a C series sold for 75k CHF at Antiquorum. There was no top quality full set example offered like in May so although being weak, these results need to be considered with the necessary caution that quality difference can have on prices. Also worth noting that the complicated MODERN Royal Oaks still managed to achieve ok results which was a surprise to me.

I very much doubt that the positive obsession for the Royal Oak design vanished in the space of 6 months hence the current price dynamic should be seen and leveraged as a superb buying opportunity. Just put one on your wrist to remember the eye impact it will have on future collectors.

### **Cartier**

Prices of popular Cartier like Crash, Cloche, Tank cintrée or Asymétrique were stable to slightly lower. It remains pretty amazing how some model preferences materialize in the market. Paris Crash all sold for about 214k CHF while the much rarer London edition scored 705k CHF. That's high but significantly lower than 2022 market prints. One did 1.5m\$ in May and 885k\$ last year. The price of a watch is a function of 3 main criterias: popularity, condition and rarity. The very radical design and relative scarcity of the Paris Crash version makes this model vulnerable in terms of price move as it doesn't have such a large audience at current market price and a change of heart in its "fashionability" could be very painful. Too risky for me.

### **FP Journe**

I kept hearing the market for Journe was softer ahead of the auction. Well Octa and Chrono Souverain remain the "entry" price level and that starts at 85/95k CHF. If you want a Tourbillon you have to put between 400k & 500k CHF on the table. An exceptional one will command over 1m CHF. A Resonance starts at 227k CHF all the way to 1.07m CHF for a pre-souscription and the Vagabondage II did 302k CHF. Ruthenium examples all sold between 440k CHF and 639k CHF and the "Grande et Petite Sonnerie" changed hands for a whooping 3.05m CHF. Strong enough for me for sure! Despite the "mainstream effect" effect Instagram puts on Mr. Journe's creations he is a true genius bringing any model he touches to the next level of improvement. The design of his watches might be divisive for some but their quality and small quantities produced keep them in the relative safe heaven camp.



## **Omega**

Interesting to observe the Big Arrow is no longer the main Speedmaster attracting collectors to pay up for some Omega. Five achieved prices higher than 100k including 2998-1 at 120k CHF or prototype 145.0xx at 200k CHF. The Speedmaster is finally starting to attract some serious money.

## **Lange**

The reborn german brand managed to place 6 watches above the 100k CHF mark including one above 1m! The price of the popular Lange1 model cooled down a bit in the 33-65k CHF price range. The Darth at 50k was a surprise but none of the popular blue 101.027 or super rare variant showed up. The "Dufour" Datograph was also stable to 10% softer. I consider this is a pause after a remarkable acceleration in the market interest for these models.

## **Independents**

They are a bit like the modern art for watches. Some will never understand. But the selling auction house is also an important feature as it educated some clients very much like an art gallery could have done and their clients prefer buying through this trusted channel. Hats off for Phillips in that space selling the Georges Daniels (690k-4.1m), Dufour (1m), DeBethune (100-200k), Daniel Roth (90k), Jurgen (240k), Klings (164k), Halder (252k), Gronefeld (151k), MB&F (176k) or Voutilainen (100-315k). Very impressive.

## **Vacheron Constantin**

Usual amount of nice VC achieving remarkable prices with 600k for the unique rectangular platinum 4764 at Sotheby's and 542k CHF for the 6448 at Phillips. The 222 remains a "yet to happen" at 82k CHF. The iconoclast Mercator did either 50k or 140k depending if in a classic version or a special series with provenance.

## **Richard Mille**

Consecration for this brand. American & Middle east collectors did not keep their powder dry and it was a real RM firework. 2m CHF for the first RM001. 3.6m CHF for the Saphir RM56 with provenance etc etc... TEN over 1m

## **CONCLUSION**

-20% would be about right to sum it up overall with of course some marked disparities. Some positive: 1) it's a good time to put your hands on watches people would never be willing to sell, 2) total size of the Geneva week sales is actually unchanged at 140m CHF 3) everyone and its dog will be less numerous to ask you how much you pay to flip their freshly acquired timepiece from a non-diligent authorized dealer or from any seller within the last year! Generally speaking,



we are witnessing a takeover of the market by real collectors which allows more diversity in the timepieces than only blockbusters model.

Looking forward to the next 6 months and given the current market mood I prefer sticking to timepieces with some "extra sauce" which can be desirable by all client types as not easy to source. This is how I currently positioned the inventory. Example: You want to play longer term the Nautilus 50<sup>th</sup> anniversary? Chase the first generation 3700 baton minute track or any special double signed Tiffany or Asprey pieces. The Royal Oak indigestion will fade so you can start bottom fishing some good pieces such as the non-leap year QPs now as there are not many buyers around. Finally if you like 6263 Daytona Big Red go for the Sigma Big Red version or a rare cream "grené" and let's see what Rolex will prepare for the 60<sup>th</sup> anniversary of this fabulous icon in 2023. Happy hunting and long live the fellow collectors.

Best regard,

Teddy