

## HELLUVA TOWN



### Patina shines at Empire State

Patina Restaurant Group has a knack for getting prime real estate at some of the city's most famous tourist attractions, from Rockefeller Center—where it operates three eateries—to Lincoln Center and Madison Square Garden.

Its latest coup is the Empire State Building, where it recently opened State Grill and Bar. The plush venue serves sophisticated American cuisine and classic cocktails reminiscent of the Art Deco period in which the landmark building was born.

"It is our strategy to look for these locations," said Nick Valenti, chief executive of the bicoastal restaurant group, which runs the Sea Grill at Rockefeller Center.

Connections also help Patina land big locations. The Malkin family, which runs Empire State Realty Trust, has known Mr. Valenti for decades, ever since he was general manager of the John Peel Room—a restaurant in a Long Island hotel that the family owned.

New York City Police Commissioner William Bratton and former New York Gov. David Paterson were among State Grill and Bar's first guests.

—LISA PICKENSCHER

### A change of art

The creators of Sugarlift want buying art online to be as easy as shoe shopping. CEO and co-founder Wright Harvey said the online gallery—in the works for a year—has a "mission of connecting a new generation of artists and art collectors."

It launches Nov. 5, along with a 650-square-foot physical gallery space in East Williamsburg, Brooklyn.

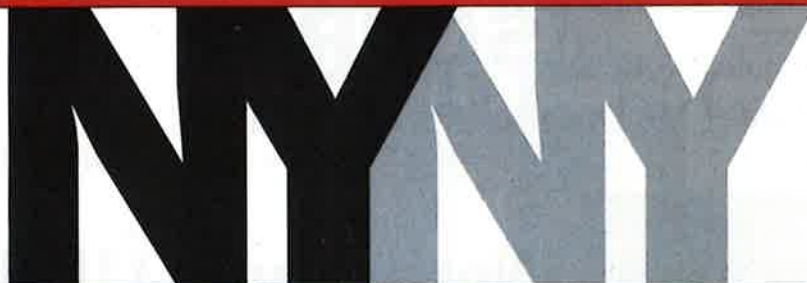
Mr. Harvey founded the business with Bart Plela, COO, a colleague from his days working in corporate strategy for JPMorgan. The website features artist interviews and can't-miss art shows.

Sugarlift commissions all the artwork that it represents, including Fanny Allié's *Glowing Homeless* (pictured). "We bounce ideas off the artists, push them in new directions, equip them with new technologies," Mr. Harvey said. Limited-edition prints, signed and numbered by each artist, will range in price from \$250 to \$2,500.

Potential buyers can make an appointment to see the art in person before buying, and though the artists are all local, the site will ship nationwide.

In the first show, seven Brooklyn-based artists will exhibit 30 works. The gallery will change exhibitions seasonally.

—JESSICA KRAMER



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**NEW COMPOSITION:** Marc Porter, Christie's chairman, Americas, believes that the firm's private sales eventually "will sit next to auction sales on an equal level."

# Christie's latest bid

## Art auction house debuts private sales gallery to help it compete with Sotheby's, dealers

BY THERESA AGOVINO

**T**he smell of fresh paint hung in the air along with the screech of drills as a small band of construction workers put the finishing touches on a new space at Christie's in late October. Yet those heading to the auction house's Rockefeller Center home for the big nighttime auctions of Impressionist/modern and contemporary/postmodern art this week and next may never see the firm's latest attempt to capture more sales. ¶ The new 11,000-square-foot gallery with terrazzo marble floors and cutting-edge lighting slated to open Nov. 1 will host private sales only. ¶ "Christie's is doing more and more private sales, so we needed to build accordingly," said Marc Porter, chairman, Americas, and international head of private sales. "In the long run, I think private sales will sit next to auction sales on an equal level." ¶ Private transactions accounted for 53% of the worldwide art market's sales in 2013, according to the European Fine Art Foundation's annual report, while private sales made up 17% of Christie's total of \$7.13 billion last year, up from 13% five years ago. So Christie's is just trying to get its house on the same wavelength.

See CHRISTIE'S on Page 30

### SALES JUMP

# 13%

PRIVATE SALES' PORTION of Christie's total sales, 2009

# 17%

PRIVATE SALES' PORTION of Christie's total sales today

KARIBAN LEVINE



# Christie's new bid

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Plus, revenue from private transactions is rising faster than overall sales at both Christie's and rival Sotheby's. And though Christie's is larger than Sotheby's, their private-sale totals have been similar for the past three years.

In one sense, Sotheby's has been out front in creating a stylish abode for private sales, opening up its \$12 Gallery at its York Avenue location in 2011. It opened additional galleries in Hong Kong in 2012 and London last year. Private sales at Sotheby's totaled \$1.2 billion last year, or 19% of its total. What's more, Sotheby's private sales shot up 30% in 2013, nearly twice the growth rate of overall sales. Similarly, Christie's private sales jumped 19% last year, while its overall figure rose 14%.

In a private sale, an owner consigns a piece of art or jewelry to an auction house, dealer or gallery, and a selling price is set. The agent then serially contacts purchasers it believes would be interested in buying the object, until it finds a buyer. In an auction, the piece is presented to a wide audience at one time, and, once it hits a certain price level, the highest bidder gets the prize.

## Smaller commissions

The auction houses' push into private sales goes beyond a desire to match collectors' buying preferences. "Overall profitability can be higher because it involves less expenses than putting on an auction," said Kristine Koerber, an analyst at Barrington Research.

However, she noted, as auction houses push further into private sales, they will have to take smaller commissions. The reductions are not likely to be as substantial as the ones needed to win the headline-grabbing sales of major contemporary artists like Jeff Koons, Francis Bacon and Andy Warhol.

"If Christie's is doing more [to increase private sales], Sotheby's can't be far behind," said Ms. Koerber.

Sotheby's declined to comment. Mr. Porter declined to say whether private sales were more profitable than auction sales. "It's another revenue source," he said.

There are numerous reasons someone might choose to sell items privately. The most obvious is that they don't want anyone to know they are selling off parts of a collection. To accommodate that, Christie's has added a new door so sellers and buyers don't have to walk through the lobby to gain access to the private selling area, which has four private viewing rooms as well as larger galleries that can be used for shows.

Mr. Porter added that some art styles don't have deep wells of prospective buyers, so an auction isn't appropriate. He said that even some popular artists have works that trade in a set range. For example, Andy Warhol's silk-screen prints of former first lady Jacqueline Kennedy routinely sell for \$1 million.

The auction house already has numerous rooms it uses for private sales. However, Mr. Porter said, the



SILK-SCREEN PRINTS of Jacqueline Kennedy by Andy Warhol sell for \$1 million.

16-foot ceilings, lighting and spaciousness of the new area create a much better environment for buying and selling.

Christie's move to bolster its private sales is troubling news for galleries and dealers who have traditionally controlled that part of the business. That's because the auction houses have global reach and marketing muscle that few galleries or dealers can match.

"It's a subject of great concern for dealers," said Dorsey Waxter, president of the Art Dealers Association of America, a trade group. Ms. Waxter, who is a partner at the Van Doren Waxter gallery, added that her members can't compete with Christie's and its competitors' ability to sell an item at auction if efforts to find a private buyer fail.

"That's a big advantage," said Ms. Waxter.

## Galleries versus auction houses

She said that galleries and dealers often have more expertise in a specific genre because they have spent careers cultivating their knowledge. Despite that, galleries are competing on commissions as they try to figure out how to combat the challenge from auction houses. One sign of the changing tide is that sellers are giving dealers only about three months to sell a piece—down from six months a few years ago—because they know they can go to an auction house.

Ms. Waxter said some galleries are hosting more events to develop stronger ties with buyers and sellers. Another idea is to have galleries join forces to show a specific type of work simultaneously.

Yet, Mr. Porter said, Christie's strength is its up-to-the-minute knowledge of buyers' preferences that stems from hosting so many auctions around the world. Moreover, it has specialists in all major categories of art to advise both buyers and sellers.

"No dealer has the reach and resources that we have," said Mr. Porter. ■

# SOURCE LUNCH:

Interview by Irina Ivanova

MICHAEL DOWLING



## North Shore-LIJ chief moves with a changing market

Michael Dowling, CEO of the North Shore-LIJ Health System, has helmed New York's largest health care group since 2002. Most recently, Mr. Dowling, 64, expanded the group from its Long Island base into Manhattan, and soon it will go well beyond.

Last year, the system launched a health insurance company, CareConnect, as it moves to new reimbursement models. Hospitals now are paid for each treatment. But they are moving to reimbursement based on their performance, not volume.

### What is your biggest challenge?

The revenue in health care is changing, and you've got to diversify. I'm a big advocate that we should get paid for value and get away from traditional fee-for-service. But if you do it too quickly, you go broke. We've got about 350,000 members in some kind of value-based plan, and that's going to grow phenomenally.

### What do you think of the state of Brooklyn health care?

We're having discussions in Brooklyn. I can't tell you [with] who yet, but we will have a substantial presence in Brooklyn. But some of the hospitals in Brooklyn are in very difficult financial straits [and] should have merged years ago.

### What should be done with those hospitals?

Some of them need to exist because of their location [but] need to be part of a much larger system. The trouble is, if you're a big system like us, you've got to be careful not to take on something that's going to hurt you.

### At one point you were ready to take over Long Island College Hospital. Did you dodge a bullet?

Yes, we did. It was a very difficult decision. We were looking at it for a while, and we decided it wasn't the right time for us.

If we had been allowed to move forward and not get caught up with all the crap, we would have had it up and running by now. But you get union politics, local politics, court politics, SUNY, and we were right in the middle of it. What we would have done there was something very similar to what we have in Greenwich Village. [At Lenox Hill HealthPlex] we were expecting about 40 patients a day. I think we're well over 100 now.

### You recently launched a partnership with GoHealth for 50 urgent-care centers across Long Island. Why?

We should have as many distribution locations as possible to deliver care. Health care should not only be given at a doctor's office and in a hospital. If you're living a block from a CVS and your kid gets a fever in the middle of the night, why not go to CVS rather than drive five to 10 miles to wait five hours in the emergency room? We've hired a lot of people from outside health care. We've been doing a lot of joint ventures.

### Private equity would get you access to capital, but New York has tight restrictions on private equity in health care.

We're in discussions, trying to figure whether or not there are ways to do this legally. There will be for-profit medicine in New York, whether we like it or not. There is today: Insurers are buying physicians' practices. A lot of the policymakers say, "We'll never allow it in New York." Even-

tually, we'll have [it], too.

### Is that why you started your own insurance company?

Eventually, I want to be in the business of promoting health as well as curing illness. If I just get paid to take care of sick people, I'm just going to take care of sick people.

But if I have your full premium dollar [as an insurer], I don't want you to get sick. If you were a member of ours, I'd say you couldn't eat that [pointing at reporter's milkshake]. We'd be monitoring your behavior. And if I want to sell insurance, I've got to have facilities and locations of care in a much bigger area, either through full ownership or partnerships.

### CareConnect covers care at hospitals outside your system. Why?

People move for care, so we need a [bigger] footprint. We're looking very diligently at New Jersey, at Westchester, north of Westchester and western Connecticut, possibly. Around the country you have these very large, competitive health systems. And they are looking at New York. I want to be a big enough player in New York to be able to either take advantage of these relationships or prevent some of those relationships.

### Is medical marijuana a business opportunity for you?

For medical purposes, I think it's good. And then there are requirements about how to produce it, how you distribute it. Are we interested in playing a role there under the right conditions? Yes. You have to figure out how to get into enough things, so if a few of them go wrong, you're still OK. ■

## WHERE THEY DINED:

**COMFORT DINER**  
214 E. 45th St.  
(212) 867-4555  
comfortdiner.com

**AMBIENCE:**  
A classic diner, but all the customers wear suits

**WHAT THEY ATE:**  
■ Chicken soup, turkey burger, iced tea  
■ Veggie cheeseburger, milkshake

**PRICE:**  
\$41.31, including tip

## PLAY/LIST People, places and things that make Michael Dowling tick

**ROOTS:** Mr. Dowling grew up the oldest of five children in Knockaderry in County Limerick, Ireland. He's the only one who lives in the U.S.

**HURLING:** The Irish national sport, that is. Mr. Dowling was a gifted player, but gave it up to enter the workforce.



**TUROPHOBIA?** He'll eat anything except cheese. "I worked in a cheese factory briefly one time, back in Ireland, and I still smell it."

**THREE-SECOND RULE:** In Mr. Dowling's childhood home, "if something fell on the floor, you just picked it up and

used it again. Now if something falls on the floor, my wife goes into a panic. But our house is clean!"

**EARLY HOURS:** Mr. Dowling has a daily 6:30 a.m. work meeting at a diner



near his office in Great Neck, L.I.

**NOT DOC:** Mr. Dowling wrote and defended his Ph.D. dissertation in public welfare at Columbia but never handed it in. "It was in the car when I got the job with Mario Cuomo [as an adviser]. Has it made a difference? I don't think so. But it's a regret that I didn't complete it; I spent a



lot of money and a lot of time."

**NO HELMETS:** Though he loves sports, "you learn how to be very good at something when you don't wear protection. Protection gives you a false sense of security."