

PRICE DISTRIBUTIONS IN THE ART MARKET

This analysis aims to find the optimal price rank of investment quality artworks. It considered 5,172 prices of lots sold in Christie's, Sotheby's and Lopez Morton auctions in New York, London and Mexico City. The prices of the lots considered include buyer's premium. In monetary terms this sales represent \$3,350,981,110 USD.

Using the aforesaid database, price distributions were constructed in order to find the price rank where most of the transactions take place for each category of art. The selected optimal price rank represents where the market

is more active and thus the artworks could be more liquid.

Of course this is only an assumption because many other factors need to be taken into consideration but it is a good starting point when looking for investable artworks.

In the graphs built, the term number of lots sold means how many artworks were sold in the corresponding price range. The expression share of value represents the value in monetary terms (USD) of the artworks sold in the corresponding price range.

SUMMARIZED RESULTS

	OPTIMAL PRICE RANK	% OF LOTS SOLD IN OPTIMAL PRICE RANK	% OF VALUE OF OPTIMAL PRICE RANK
POST-WAR AND CONTEMPORARY ART	\$100,000 - \$500,000	36.5%	8.6%
IMPRESSIONIST AND MODERN ART	\$100,000 - \$500,000	32.9%	8.1%
LATIN AMERICAN ART	\$10,000 - \$50,000	48.3%	11.4%
OLD MASTERS	\$10,000 - \$50,000	38.2%	3.6%

Although the results are expressing that in some categories the optimal price range is below \$50,000 USD this might not be the best option. The effort and costs of finding the correct piece are the same as for a more expensive piece

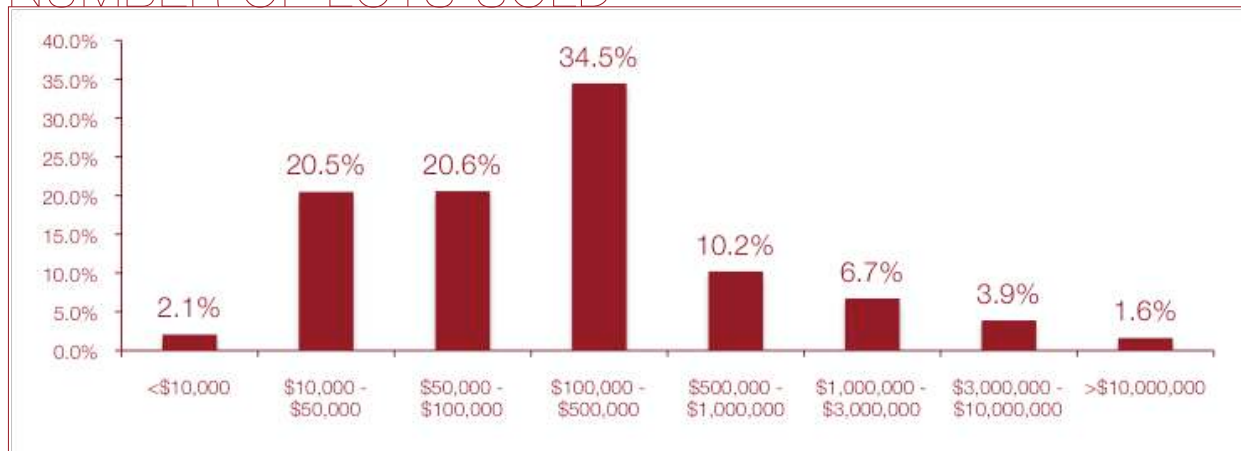
(\$100,000-500,000) and the return would be considerably lower. Buying artworks above \$500,000 USD should be done with more caution; it is considerably more difficult to find investable quality pieces because the offer is smaller.

POST-WAR AND CONTEMPORARY ART

The results from the auctions at London June 2012, New York May 2012 and November 2011 were analyzed representing a sale of \$1,802,062,680 USD. In total 1,979

lots were sold and the average price per lot was \$910,592 USD. Most artworks (34.5%) were sold between \$100,000 and \$500,000 USD.

NUMBER OF LOTS SOLD



SHARE OF VALUE



In general the high-end market accounts for most of the market value in this category, stating the importance of expensive masterpieces. According to Mei-Moses's paper Art as an Investment and the Underperformance of Masterpieces the most expensive artworks do not represent

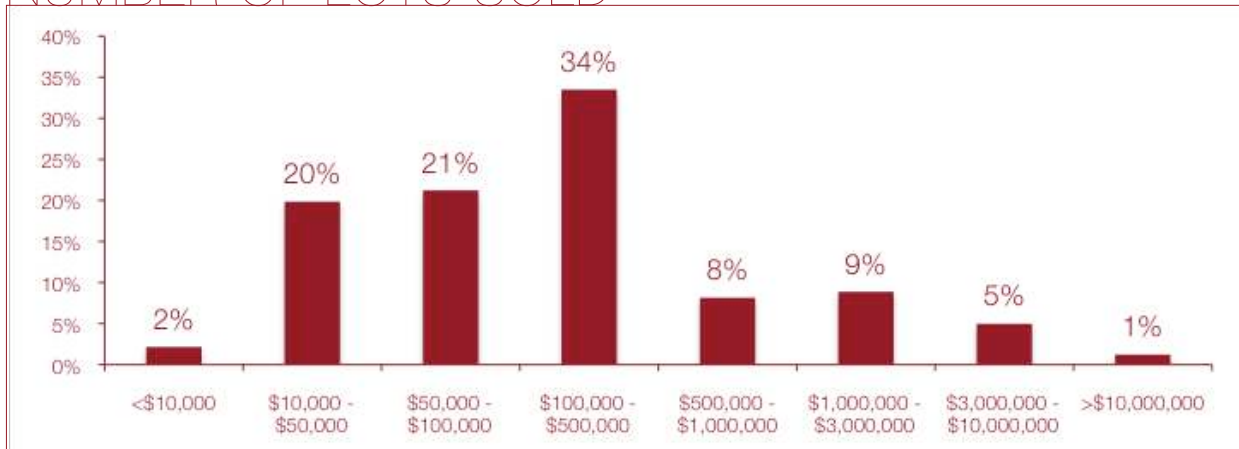
a good investment because it is not very probable that they will appreciate significantly in the future so they are only like art trophies. They estimate that a 10% increase in purchase price is expected to lower future annual returns by 0.1%.

IMPRESSIONIST AND MODERN ART

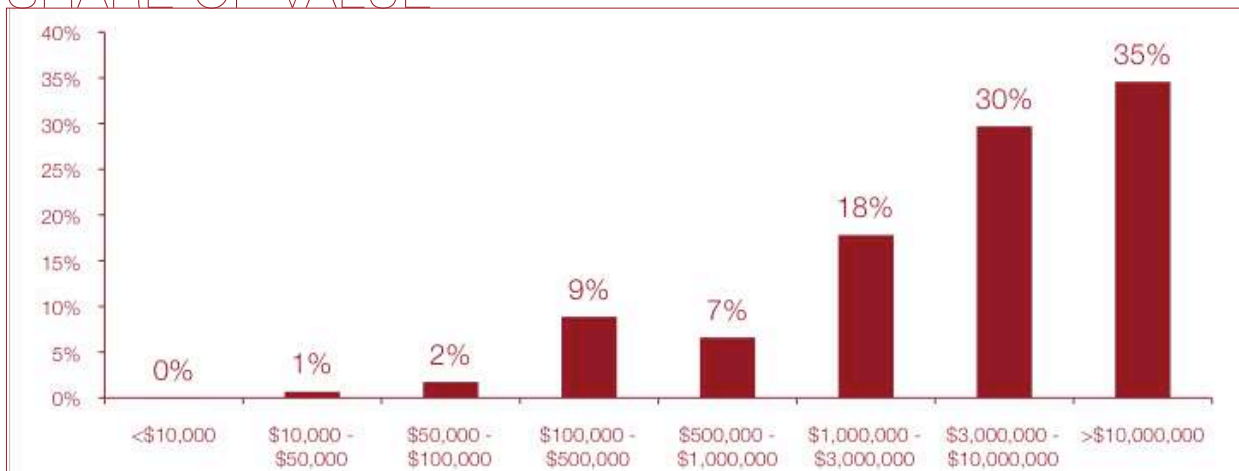
This analysis accounts for 1,385 lots sold representing \$1,234,186,599 USD. The optimal price rank would be \$100,000 - \$500,000 USD. The auctions analyzed were

from Sotheby's and Christie's in June 2012, May 2012 and November 2011. Of the total lots sold 34% achieved a price between \$100,000 - \$500,000 USD.

NUMBER OF LOTS SOLD



SHARE OF VALUE



Once again it can be observed that the high-end of the market represents most of the market in monetary terms, meaning that the top masterpieces sold were extremely expensive.

LATIN AMERICAN ART

For this category 1,043 sold lots were analyzed from Sotheby's, Christie's and Lopez Morton, representing a total of \$101,210,976 USD.

NUMBER OF LOTS SOLD



SHARE OF VALUE



It was interesting to find that in Latin American Art the most expensive artworks do not represent the highest share of the market in monetary terms. Although the opti-

mal price rank would be \$10,000 - \$50,000 the \$100,000 - \$500,000 rank looks very attractive because it seems to represent the highest share in value.

OLD MASTERS

In this category 765 sold lots were considered adding \$213,520,855 USD. The auctions analyzed were from Sotheby's and Christie's in January 2012 and June 2012.

NUMBER OF LOTS SOLD



SHARE OF VALUE



Although the optimal rank would be \$10,000 - \$50,000 its share in the market is very low. Furthermore the return that a \$10,000 artwork could represent is not very signifi-

cant so it would be preferable to aim towards a bit more expensive artworks, especially in this category where the costs of maintenance could be higher.