



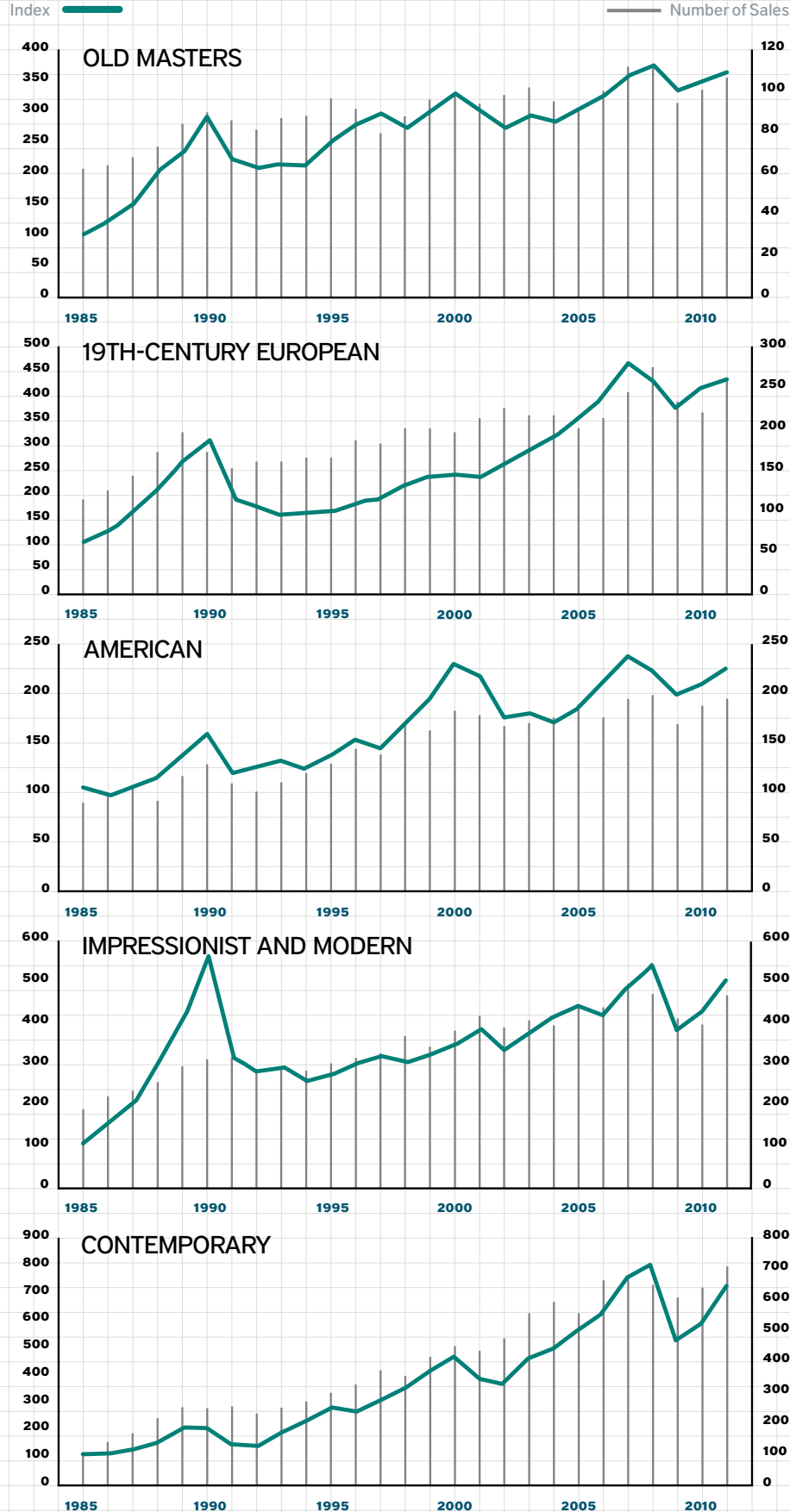
Clockwise from top left: In the category of 19th-century European paintings, Alfred Stevens's *La Villa des Falaises à Sainte-Adresse, 1884*, sold for \$626,500 this past November, up from \$442,500 when sold in 1996. *Greenwood Lake, 1879*, by American artist Jasper Francis Cropsey, brought \$422,500, a steep drop from \$673,500 when auctioned a decade earlier. Joan Mitchell's *Untitled, ca. 1961*, fetched \$5.1 million in November's contemporary sales, a stunning rise on \$903,500 in 2004. A 1919 still life by Imp/mod master Georges Braque sold for \$650,500 in November, a \$250,500 price increase over a decade. A ca.-1510 Herri Met de Bles landscape, offered in December's Old Masters sales, more than doubled in price, to \$582,000 from \$225,000 in 1997.

The Art of Appreciation

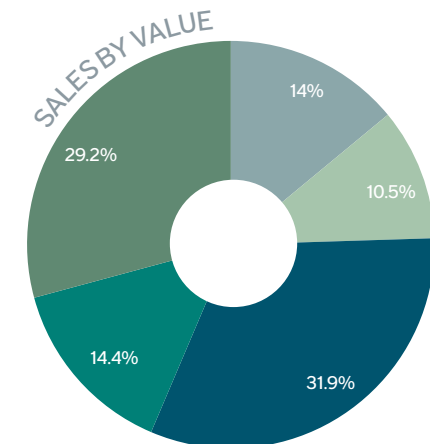
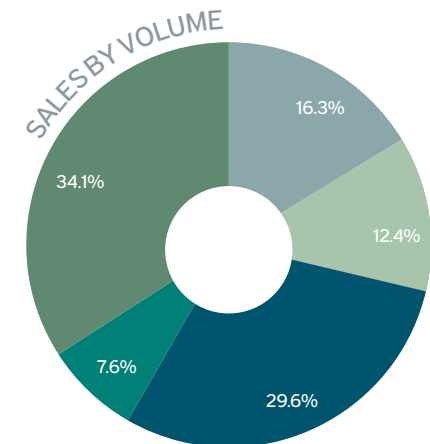
HERE WE EXPAND ON last month's analysis of repeat sales of paintings at auction by breaking out results according to individual auction categories. Once again looking at the period from 1985 to 2011, we measure the annualized effective rate of return (ERR) of repeat sales in Old Masters, 19th-century European art, American art, Impressionist and modern, and contemporary art categories. The majority of repeat sales in our data set took place in New York and London, which together account for 75 percent of the action by volume and 90 percent by value. Further, most of these repeat sales took place at the major auction houses, Sotheby's and Christie's, with each accounting for more than 35 percent of the sales by volume. While we can see a general positive trend in art prices in the market for all five categories, it is important to note that the data do not include buy-ins—that is, they include only works that were sold at least twice. Thus there is an upward bias to these indices. Overall, Old Masters and American art provided only moderate returns, especially if one adds in transaction costs and other expenses such as insurance and storage. The most dramatic change in the art market in this period is the surge in the sheer number of contemporary art resales compared with earlier years, when Impressionist and modern dominated. BY ROMAN KRAEUSSL

REPEAT AUCTION SALES PERFORMANCE BY GENRE (1985–2011)

Comparing the bars, which measure volume on the charts below, we see that the four traditional categories struggled to approach a doubling of transaction volume over the past 26 years, while contemporary art saw its transactions increase sixfold. We base all our indices at 100 in 1985 and follow the theoretical performance of an investment in each specific style through 2011. Contemporary art provided the highest returns, followed by Impressionist and modern art. Comparing indices across categories, we can see that Imp/mod was the hardest hit during the art market crash of the early 1990s—indeed, the peak value in 1990 has never again been matched. But the categories most affected have shifted over time: Sales of American paintings took the most severe hit in the recession of the early 2000s, and contemporary was most affected by the financial crisis of 2008.



- 19th-Century European
- American
- Impressionist and Modern
- Old Masters
- Postwar and Contemporary



REPEAT SALES BY VOLUME AND TOTAL TURNOVER

Our pie charts compare categories by volume, or number of resale transactions, and by value, or total U.S. dollar turnover based on the price at the time of the most recent sale. Contemporary art accounts for the largest portion of the overall number of resale transactions, with 34 percent, but just 29 percent of the total dollar turnover. Conversely, Impressionist and modern resales account for less volume—29.6 percent—while capturing the largest share by value at 31.9 percent. While the portion of Old Master resales is relatively slim at 7.6 percent, the turnover it accounts for in dollars is roughly double that, at 14.4 percent, indicating the category's clear lead in average price per lot.