



BETTING ON BLUE CHIPS ART PROVES A SAFE PLACE TO STASH CASH

How powerful a financial strategy is collecting art? How does the return on \$100,000 dropped on a top-notch painting 30 years ago measure up to that on the same sum put into real estate or a hedge fund over the same period? To gauge art's potency as a long- and short-term investment, we created an index of the 500 painters with the highest sales totals at auction, then compared it with the S&P 500, housing prices, and hedge fund values. The art data, culled from more than 225,000 auctions worldwide, includes sales of paintings by Old Masters through contemporary artists (see the table at far right for the top 50 on the list). The larger graph, of long-term returns (from 1970 through the first half of 2010), shows that art outperformed equities and real estate, generating a strong average annual return of 9 percent, compared with 8 percent for the S&P 500 and a modest 5 percent for housing prices. In the second graph, of short-term returns (from 2000 through the first six months of 2010), art surpasses both equities and hedge funds. Overall, art has been a sound investment.

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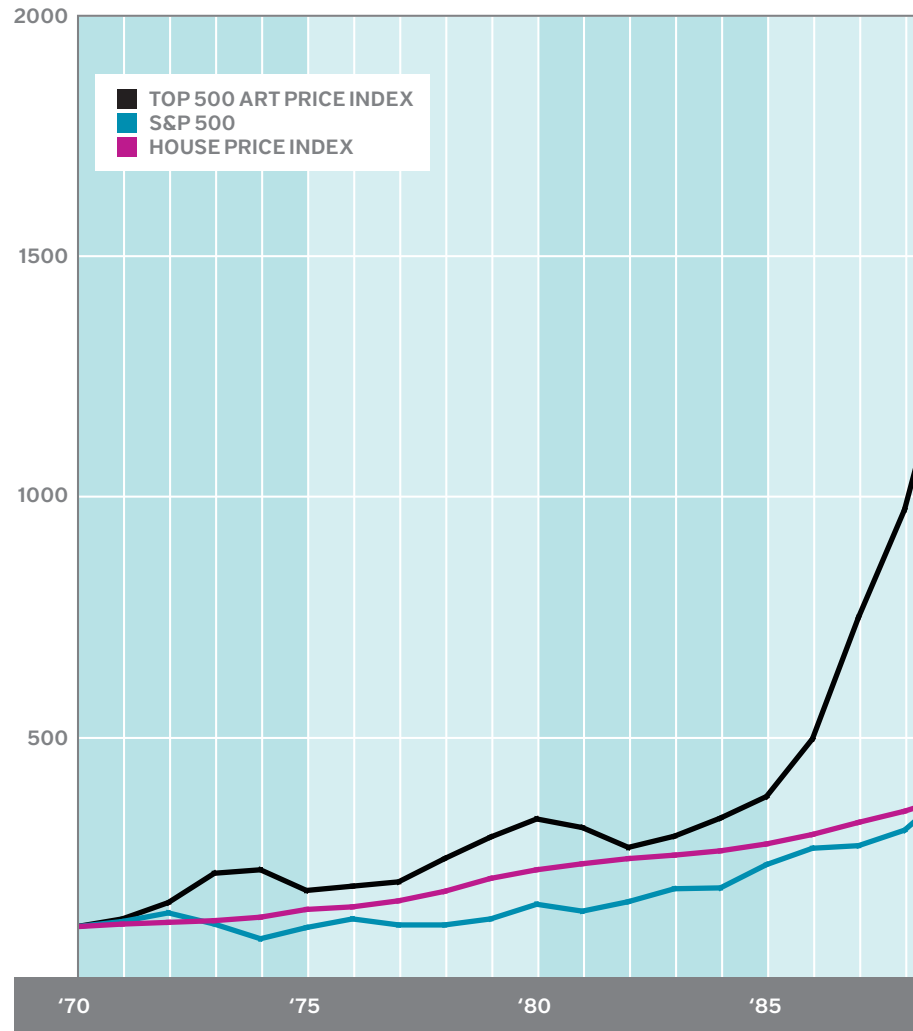


Hold or flip? In the London June sales, Picasso's *Portrait d'Angel Fernández de Soto*, 1903, sold at Christie's for \$51.6 million, nearly double the \$29.2 million it brought in 1995, while Richard Prince's *Millionaire Nurse*, 2002, sold for \$3.43 million at Sotheby's, below the \$4.7 million it fetched in May 2009.



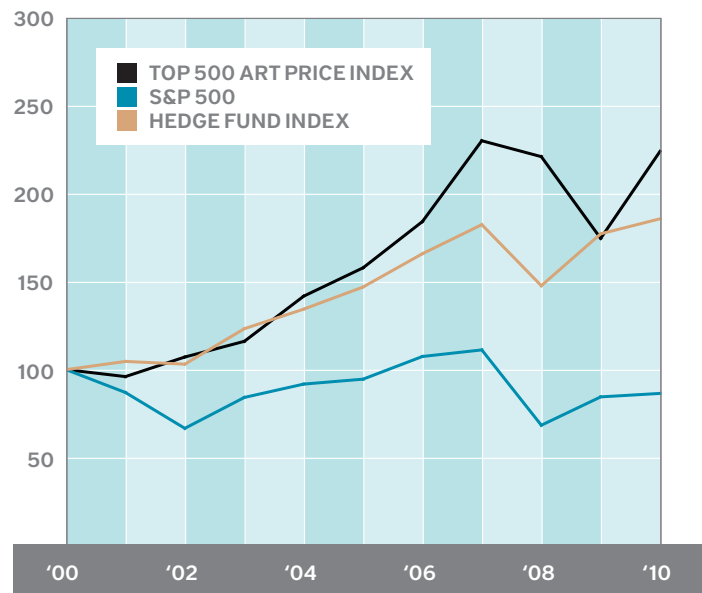
TOP 500 PAINTERS VERSUS THE S&P 500 AND HOUSING PRICES: 1970-2010

In the late 1990s and early 2000s, stocks surpassed art, thanks to the tech bubble. But the art market picked up in 2002, dipping less than the S&P 500 during the latest financial crisis and recovering more robustly.



TOP 500 PAINTERS VERSUS THE S&P 500 AND HEDGE FUNDS: 2000-2010

In the past 10 years, a lost decade for equities, art outperformed even hedge funds. During the first half of 2010, following the financial crisis, the art market returned 46 percent, compared with the flat returns of the S&P 500.

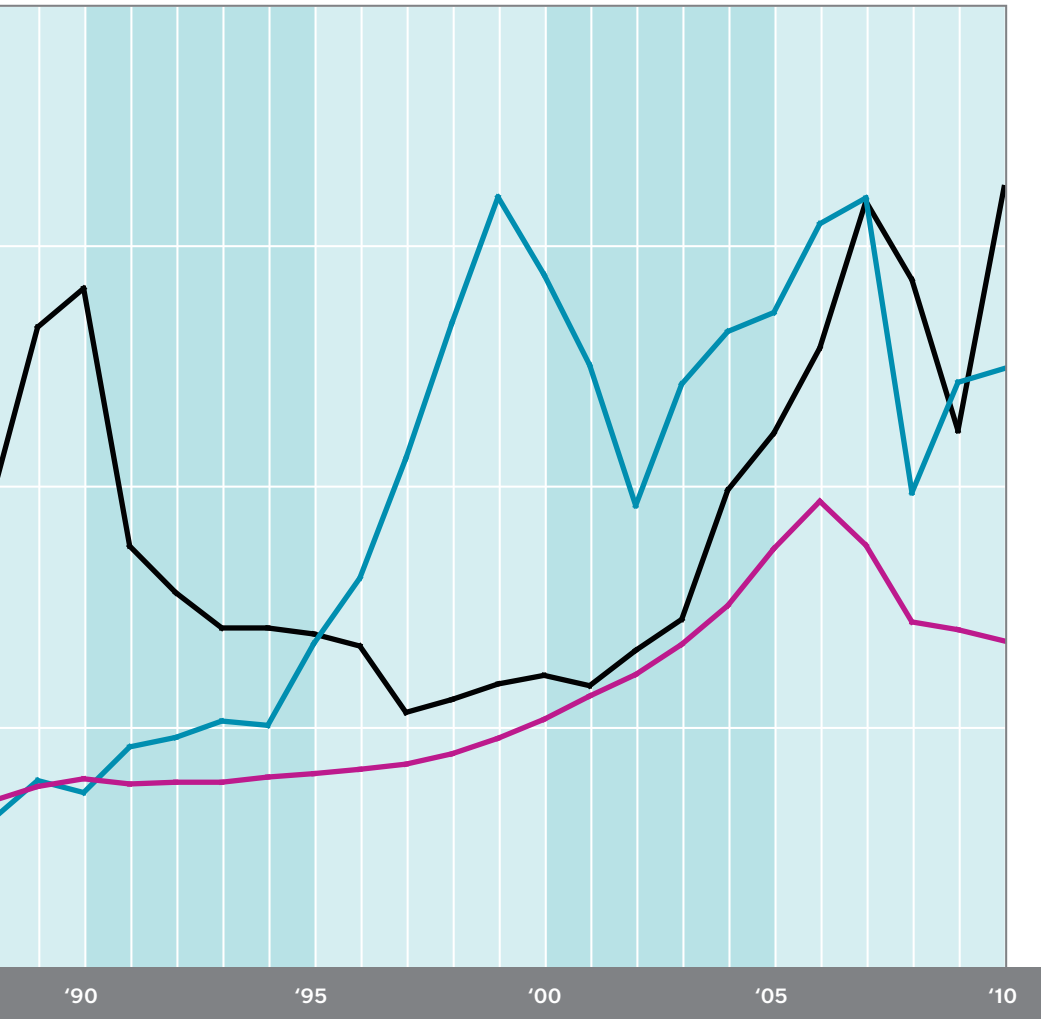


FROM LEFT: CHRISTIE'S; SOTHEBY'S

TOP 50 PAINTERS: 1970–2010

Listed below are the top 50 of the 500 painters that comprise the index, the number of their works that sold, and how much money these generated from 1970 through the first half of 2010. The average price paid for a painting has increased by 40 percent.

NAME	NO. OF SALES 1970–2010	TOTAL SALES IN USD 1970–2010
Pablo Picasso	1,437	2,987,316,796
Claude Monet	889	1,887,884,442
Pierre-Auguste Renoir	2,771	1,352,210,009
Andy Warhol	1,398	1,104,333,202
Francis Bacon	139	746,503,881
Paul Cézanne	265	727,390,260
Henri Matisse	413	721,273,732
Vincent van Gogh	172	649,934,891
Fernand Léger	848	622,197,941
Marc Chagall	996	610,814,462
Amedeo Modigliani	199	604,927,931
Mark Rothko	215	575,048,466
Camille Pissarro	847	542,571,350
Gerhard Richter	952	482,499,692
Willem de Kooning	487	435,878,774
Paul Gauguin	230	430,630,514
Joan Miró	514	389,915,067
Jean-Michel Basquiat	590	373,742,309
Kees van Dongen	1,062	358,400,970
Pierre Bonnard	1012	357,142,941
Maurice de Vlaminck	2,572	360,260,794
Roy Lichtenstein	344	308,891,088
Alfred Sisley	464	288,344,292
René Magritte	463	281,806,657
Jean Dubuffet	823	262,111,390
Canaletto	399	249,506,341
Edouard Manet	110	242,041,458
Alexej Jawlensky	894	234,523,592
Georges Braque	602	228,586,245
Wassily Kandinsky	238	231,534,610
Lucio Fontana	614	226,349,301
Paul Signac	359	212,708,684
Lucian Freud	94	202,053,861
Piet Mondrian	231	201,399,253
Giorgio de Chirico	1,224	198,271,336
Edvard Munch	196	198,565,507
Maurice Utrillo	2,180	195,390,588
Damien Hirst	468	236,059,739
Pieter Brueghel	473	199,829,409
Chaim Soutine	367	185,809,268
Juan Gris	187	183,236,009
Alfred James Munnings	1,213	179,599,024
Peter Paul Rubens	441	170,433,561
Henri de Toulouse-Lautrec	208	168,839,243
Raoul Dufy	1,266	164,871,786
Eugène Boudin	2,047	159,960,759
Rembrandt	90	154,477,446
Ernst Ludwig Kirchner	165	160,722,725
Edouard Vuillard	802	159,100,611
Yves Klein	143	148,527,551



NUMBER OF SALES AT AUCTION BY TOP 50 PAINTERS: 1970–2010

Although annual sales totals usually vary directly with volume, the index for 2010 (measured only through June) rose while the number of lots sold remained relatively low, demonstrating the rebound of the art market.

