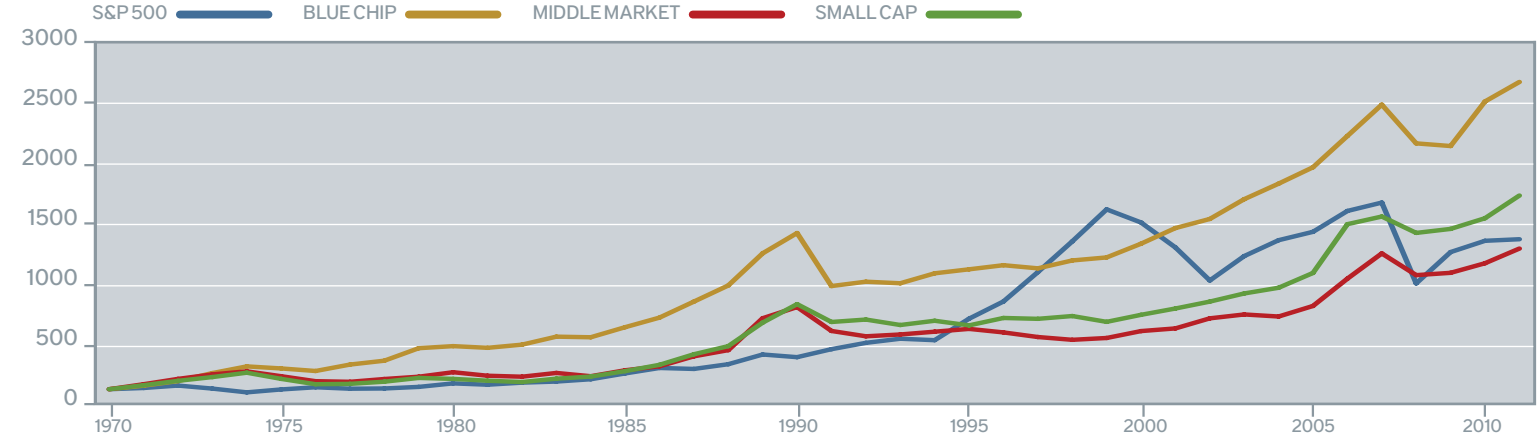
Mastering Old Masters

Old Master paintings, drawn from a fixed list of artists and a body of works that changes only with occasional discoveries and reattributions, offer an intriguing opportunity to compare the performance of high- and low-end artworks over a long period of time. For the following charts, we consulted more than 40 years of auction records encompassing 8,115 artists. After sorting the artists according to their total dollar sales between 1970 and 2011, we divided them into three categories, labeling the top 50 as "blue chip," those ranked 51 through 500 as the "middle market," and the remaining individuals as "small cap." While the Old Masters category does not perform as well as contemporary art, it poses fewer risks in terms of shifting tastes (albeit a greater risk of attribution error), and the category overall outperforms the equity market as represented by the S&P 500. Our subcategories, however, show substantial variability. Works by blue-chip artists offer the best investment and, despite limited liquidity, represent a safe bet when held over a sufficiently long period. Paintings by middle-market artists were the weakest segment, its index edging out the S&P for about the first 25 years on the chart below but lagging equities since 1995. As in the stock market, those trading in works by small-cap painters will show good performance (often outpacing stocks) if you pick the right name; expect trading to take place away from the major houses. BY ROMAN KRAEUSSL

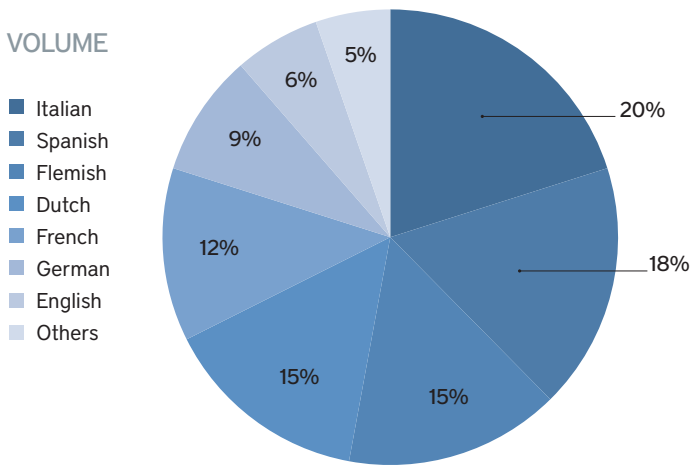
OLD MASTERS SEGMENTS MEASURED AGAINST EQUITIES, 1970–2011

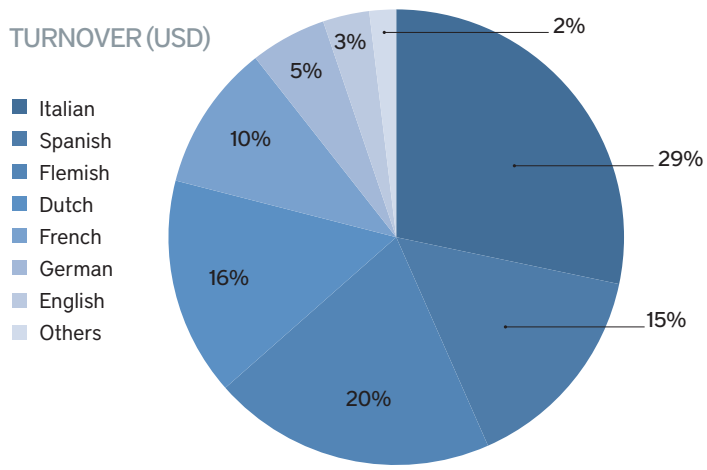
The indices representing our three categories of Old Masters in comparison with the S&P 500 show all investments taking a hit in the 2008 financial crisis. However, while the stock index today remains below its previous peak, all three Old Master indices already have surpassed their pre-crash levels. Earlier bubbles resulted in category-specific corrections: All categories of painting took a dive in the early 1990s following the Japanese Impressionist debacle, though stocks took no notice; and after the 2000 tech bubble burst, stocks plunged as Old Masters were unfazed. Blue-chip Old Masters in particular performed strongly during the October 1987 stock crash, and following the 2000 dot-com crash, and faced a smaller correction than stocks in 2008 followed by a stronger upward trend in 2009.



SALES VOLUME VERSUS TURNOVER BY NATIONALITY, 1970–2011

A comparison of the number of sales versus total dollar turnover of sales by artist's nationality shows that paintings by Spanish artists sell more often and therefore offer greater liquidity, while works by Dutch and Flemish artists command higher prices. But either way you look at it, Italians are the market leaders.





ARTISTS BY SEGMENT, 1970–2011

Even those with only a cursory knowledge of art history will have no trouble recognizing the names of artists that the market has deemed to be blue chip, though some may be surprised to see that Canaletto and Bruegel outsell Rubens and Rembrandt. As you move down the list to review the highest-ranked names in the middle-market and small-cap categories, the artists become less known and the number of sales per artist substantially decreases, from nearly 300 on average for the top 10 blue-chip artists to less than one-third that for the top 10 small-cap artists.

RANK	NAME	NATIONALITY	NUMBER OF SALES	TOTAL SALES TURNOVER
BLUE-CHIP OLD MASTERS				
1	Canaletto	Italian	400	$248,158,705
2	Pieter Bruegel	Flemish	433	$197,169,234
3	Peter Paul Rubens	Flemish	444	$182,259,521
4	Rembrandt Harmensz. van Rijn	Dutch	89	$150,507,053
5	Francesco Guardi	Italian	489	$125,137,634
6	Lucas Cranach	German	187	$79,571,680
7	Anthony van Dyck	Flemish	372	$74,214,886
8	George Stubbs	English	166	$70,556,569
9	Bernardo Bellotto	Italian	86	$66,761,403
10	Salomon van Ruysdael	Dutch	315	$58,603,945
MIDDLE-MARKET OLD MASTERS				
51	Guercino	Italian	143	$24,396,494
52	Balthasar van der Ast	Dutch	133	$24,308,017
53	Joseph Wright of Derby	English	236	$23,588,649
54	Adriaen van Ostade	Dutch	308	$23,523,061
55	Frans Francken	Flemish	782	$23,209,621
56	Jan Steen	Dutch	288	$22,964,067
57	Jacques-Louis David	French	30	$22,945,534
58	Lodovico Carracci	Italian	52	$21,492,732
59	Jan Lievens	Dutch	73	$21,053,236
60	George Romney	English	543	$21,021,875
SMALL-CAP OLD MASTERS				
501	Pierre-Henri de Valenciennes	French	69	$2,679,967
502	Gijsbrecht Leytens	Flemish	53	$2,668,420
503	Pieter Bout	Flemish	271	$2,667,602
504	Simon Luttichuys	Dutch	53	$2,666,440
505	Jean-Louis Demarne	French	267	$2,660,656
506	Segna di Bonaventura	Italian	9	$2,658,805
507	Jacob Ochtervelt	Dutch	68	$2,655,288
508	Lorenzo di Credi	Italian	13	$2,645,411
509	Philip Reinagle	English	150	$2,638,969
510	Alessandro Turchi	Italian	100	$2,638,457

From top: The 1791 *Portrait of Baron de Robeck Riding a Bay Hunter* by blue-chip painter George Stubbs fetched $3.3 million at the July 8, 2009, evening sale at Sotheby's London; representing the middle market, Joseph Wright of Derby's undated *Portrait of Colonel Charles Heathcote* realized $962,500 during the January 26, 2011, sale at Christie's New York; small-cap Alessandro Turchi's undated *The Abduction of Helena* brought just $40,000 a year later at the same house's January 26, 2012, sale.

FROM TOP: SOTHEBY'S; TWO IMAGES, CHRISTIE'S

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