

## ABSTRACT

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The purpose of this thesis is to examine the potential of art as an alternative investment. To do this, we start with a brief history of art market that is followed by an analysis of art market structure. We cover numerous risks affecting the behavior in the market subject to information asymmetry. As far as the feasibility of art as an investment is concerned, we identify different types of alternative investment and compare their potential. Despite high opacity of the art market, more data are being made available giving us an opportunity to present a clearer explanation of the current state of the art market. A question has to be asked, does the value of art solely depend on the subjectivity of human taste or on an opportunity to speculate? The subject of the detailed discussion are, both, internal and external factors, which influence the value of artworks, and hence the sale price. Using econometric analysis of auction records, we aim to uncover objective factors, which determine the sale price. The analyses lead to a conclusion that the price determinants, the most notable of which are auction houses and auction location, affect the sale price to a different extent. Yet, regardless the price, our subjective personal pleasure from a particular art piece might be crucial.

**JEL Classification** A22, C25, D44, F23, M20, Z10, Z11

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