The art market is the result of complex interactions. Signals such as the name of the artist, characteristics of an art work, specificities of a sale, reactions of art galleries, critics, museum directors, collectors and investors are factors which all influence the determination of prices and are difficult to model accurately. Still, even if modelling does not allow the capture of each single factor, it provides a more quantitative analysis than the one which is usually carried out by agents in the art market. 

The thesis consists of four chapters. The first two chapters investigate the market for Picasso works. First, we apply the hedonic regression method to analyse the factors that influence the prices of Picasso paintings. The second chapter relates the prices of Picasso paintings to the pre-sale estimates published before a sale and examines whether experts at auction houses form unbiased price predictions, whether they could have made better forecasts and whether they use all the available information. In chapter 3 we continue investigating the pre-sale estimate - hammer price relationship, but we focus on the market for prints. The chapter analyses the fact that identical prints are sold systematically at a lower price at one auction house than at another. We approach this problem by offering two possible explanations. Finally, in chapter 4, we compare the prices in the markets for paintings and prints. We examine whether prices in different markets follow a common pattern, whether prices are linked by a long-run and/or short-run relationship, and whether they influence each other. Investment strategies for potential buyers are derived.