

# Records broken as frenzy for rare rocks takes hold

**Diamond sales** Buyers are happy to pay way over the odds for a stone with a history or exceptional features, says *Maria Doulton*

A record-breaking diamond is exciting, but to have a flush of record-breakers is more than just a coincidence. Christie's auction house alone has achieved three world records in the past six months. In Geneva in November the Archduke Joseph sold for \$21.5m, the highest price paid for a colourless diamond, even though the Golconda stone had a pre-sale estimate of just over \$15m.

Then, in April, the 34.65 carat Príncipe pink diamond sold at Christie's in New York for \$39.2m, the highest price ever paid for a Golconda diamond or for any diamond auctioned in the US. The price surpassed the previous house record of \$23.4m, set in December 2008, for the sale of the Wittelsbach Diamond.

A week later, Boehmans in London sold a blue diamond Bulgari ring to Laurence Graff for \$6.2m, at a record price of \$1.8m per carat, which beat the previous top price of \$1.68m per carat for a blue diamond. Estimated to fetch up to \$1.5m, the Bulgari "Trombino" ring realised more than four times its estimate.

All eyes were on Christie's again in May at the sale in Geneva of a 101.73 carat pear-shaped diamond, the larg-

est offered for auction. It commanded a suitably exceptional price of \$26.7m, or \$264,400 per carat, and was bought by Harry Winston – a statement of the financial power of Swatch Group, the company's new owner, a newcomer to the world of important diamonds.

It is not only the auction houses that are witnessing a heightened interest in diamonds. Jean-Marc Lieberherr, chief commercial officer at Rio Tinto Diamonds, is optimistic about this year's Argyle Pink diamonds tender where it sells the most valuable coloured diamonds from its Argyle mine in Australia. This year's stellar line-up includes three Fancy Red diamonds, the rarest of all fancy coloured diamonds.

Also up for bids is a pink diamond weighing more than 3 carat, a 0.71 carat blue heart-shaped diamond, and a matching heart-shaped Fancy Pink diamond.

"While we will need to wait until October for the final bids, our initial tender previews in Sydney and New York have demonstrated the excitement that these coveted one-of-a-kind diamonds generate," says Mr Lieberherr. "We can certainly say that collectors, investors and connoisseurs are strongly present in the market,



**Crystal class:** the Archduke Joseph cushion-shaped brilliant sold in Geneva last November for \$21.5m. It had a pre-sale estimate of just over \$15m *Gatty*

to spend exceptional amounts for exceptional diamonds."

So is this rush of records normal, or are we witnessing something out of the ordinary? "It is exceptional to see so many great diamonds coming out," confirms Rahul Kadakia, head of the jewellery department at Christie's auction house. "The market is fantastic at the moment, with record prices being achieved in all areas of the art world. I would never have believed this 10 years ago," he says. "In 2003, we would sell a 50 carat D flawless for \$50,000 a carat. This week we sold a 26 carat D flawless for \$170,000 a carat – that's three times the price. And coloured diamonds are making 10 times the prices on 10 years ago."

Mr Kadakia believes the big diamond grab is because "people are realising the rarity of large crystals and there are just not enough around – but there is a lot more money and a lot more buyers, so there are a lot more investment opportunities".

Mr Kadakia believes Asian collectors are the most active, particularly Chinese people who are building up their art and diamond collections from scratch.

But there are collectors in the US and Europe, too. "There were five clients bidding for the 101 carat

diamond: an Asian private investor on one phone, Harry Winston on the phone with me, two trade members and one European collector," says Mr Kadakia.

But not any diamond will command this level of attention. "What is making record prices is the very best and rarest, such as the Príncipe. It went for the price of a Van Gogh. We can find another 20 carat diamond, but you won't find another with that history."

A prime example of provenance jacking up prices was the sale of the late film star Elizabeth Taylor's jewels at Christie's in December 2011. The 80 lots were estimated to raise \$10m. In four hours, the jewels had raked in \$100m. Bidders were prepared to pay over the odds for the stories and fame attached to the jewels' owner.

Timing is everything when deciding to bring a stone to market. And the sellers of the 101 carat diamond waited. It was discovered in the Jwaneng diamond mine in Botswana a few years ago and is comparable in size and quality to the famous Callinan III in the Queen's personal collection. Mr Kadakia advised the owners to wait for the market to reach boiling point before presenting the stone.

Laurence Graff, founder of the London-based jewellery and diamond

house, is said to have handled more diamonds of notable rarity and beauty than any other jeweller, including the Wittelsbach-Graff, the Idol's Eye, the Imperial Blue, the Blue Ice, the Magnificence, the Graff Pink, the Delaire Sunrise and the Graff Constellation.

So far this year, Graff has acquired two unique diamonds at auction: a 5.30 carat fancy deep-blue diamond, which achieved a world record price, and a 26.64 carat D colour Type IIA oval diamond.

Mr Graff says: "We are seeing an extremely strong demand for rare diamonds, coupled with a scarcity of exceptional examples coming on to the market. On occasion, polished stones appear at auction and we take a particular interest in important examples which have previously been owned by Graff. In some circumstances, I have acquired the same diamond on two or three occasions."

Is this diamond frenzy a bubble that will burst or is the rise of the rare rock an unstoppable force? "Prices will stay at these levels and more," Mr Kadakia says. "There simply isn't another 100 carat pear-shaped diamond and, if there is, it should be worth \$35m. There may be a plateau, or a little dip in the market but, so far, diamonds have always paid back."

"People realise the rarity of large crystals and there are not enough of them"