

Stone Cold Beautiful

Colored diamonds are among the priciest—and most desirable—collectables in the world

BY TANYA DUKES

Colorful, collectable, and highly coveted, differently hued diamonds have been the source of several sensational sales recently in the world of jewelry auctions. In April, Bonhams sold a 5.3-carat blue diamond Bulgari ring for \$1.8 million per carat, topping the former record of \$1.68 million per carat for a blue diamond. The buyer? British jeweler Laurence Graff, who in 2010 set a record for the highest price ever paid for a jewel at auction when he acquired a pink diamond for \$46 million. Just one week before Bonhams' blue diamond sale, Christie's set a new record for any jewel its house has ever auctioned when it sold the luscious pink Princie Diamond for \$39.3 million. Those high-profile transactions are only the latest in a string of records—and climbing prices—in the colored diamond market. Outside the auction houses, there are the equally pricey gems that quietly change hands through private sales. Top-quality natural-colored diamonds, even with their extra-large price tags, have many buyers vying to acquire them.

What's the reason behind the recent spending spree? There's a practical component for some, and for others, there is the perception of dwindling supply.

William Noble, principal of Dallas, Texas-based William Noble Rare Jewels, one of the United States' leading dealers of estate jewelry, considers the demand part of asset management. A specialist in important diamonds, with clients that include jewelry collectors, hedge fund managers and fellow dealers, Noble says, "Billionaires use diamonds as an easy way to diversify their portfolios. Diamonds are portable, durable, transportable and require no maintenance. Paintings need to be maintained. Wine collections need climate-controlled environments. A diamond can go into a

safety deposit box. It won't rust or spoil, and it will be around a lot longer than its owner."

Though colored diamonds have acquired a justifiable reputation as being "the most concentrated wealth in the world," with prices that can exceed \$2 million per carat, most owners don't keep them hidden away for a rainy day, according to Naval Bhandari of Sotheby's Diamonds, a collaboration between the auction house and Steinmetz Diamond Group. "People are wearing their colored diamonds and enjoying them more and more," he says. Because of their modest size compared to colorless diamonds of a similar value, "they're inconspicuous," he notes. "No one will know you have so much stored wealth on your finger."

Russell Zelenetz, co-owner of the Stephen Russell jewelry salon in Manhattan, notes colored diamonds "are hard assets that are always rare and portable."

The color of the diamond one chooses may depend on where one resides. Lisa Klein, executive vice president of Leviev's New York jewelry salon, points out that Asia is a significant source of buyers interested in



*Nemo ipiderum autas sita voluptias non explia et veliquae.
Nem abore etures ut arum et, conseditatus corro ipidus, et*

rare colored diamonds. Those purchasers are "less concerned with the size of the stone, and more interested in color, grade and clarity," she says. One recent Leviev sale consisted of 10 red diamonds—the most rare and valuable color of all—to a

single client. Klein notes, "The collection took us years and years to bring together, and we will probably never be able to replace a collection of that magnitude." Yellow diamonds—which are significantly less expensive per carat than the rarest colors and available in larger sizes—are "extremely

strong" in the U.S., says Sotheby's Bhandari.

Then there are once-in-a-lifetime finds, like a 1925 vintage ring bearing a 10-carat steel grey Asscher-cut diamond in jewelry salon Stephen Russell's inventory. Only one buyer will be able to acquire the stone Zelenetz cites as the rarest he's uncovered in his decades-long career—"We'll never see another like it again," he says.

That rarity shows no signs of abating. For

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Colored diamonds are only getting rarer. Even Australia's Argyle mine, a leading producer of pink diamonds, is projected to close in less than a decade.



What gives colored diamonds their unusual hues? Green diamonds come from a stone's exposure to naturally occurring radiation, and a subtle distortion in a stone's crystalline structure yields pink ones.

centuries, mines in India produced colored diamonds—the Hope Diamond originated in India's Golconda kingdom in the 17th century—but many of those historical resources are effectively extinct. Even Australia's Argyle mine, a leading producer of pink diamonds, is projected to close in less than a decade. The bulk of colored diamonds that surface today are extracted from mines in Africa.

Some of the finest colored diamonds aren't new finds at all. Many come from collections held by wealthy families or are old stones that are being recut, according to Noble, who says current market conditions reflect "an unprecedented shortage of important colored diamonds." It's impossible to predict whether there will be major new finds, but a perception of ever-dwindling supply appears to be part of the current mania for colored diamonds.

The prices colored diamonds command is an impressive feat for bits of carbon possessing rare gemological quirks. The processes that produce colored diamonds vary. Small traces of the element boron produce blue diamonds, while the presence of nitrogen results in yellow ones.

Green diamonds come from a stone's exposure to naturally occurring radiation, and a subtle distortion in a stone's crystalline structure yields pink ones.

Just like colorless diamonds, the four Cs (cut, color, clarity and carat weight) are important, but color is typically regarded as the single most critical quality. An international color system introduced by the Gemological Institute of America (GIA) describes diamond color according to "hue," "tone" and "saturation." A GIA fancy color grader evaluates a diamond and assigns it one of 27 hues, then describes tone and saturation with terms including "fancy light," "fancy intense" and—the highest rating on the scale—"fancy vivid." But even if a diamond reaches the pinnacle of the color scale, that doesn't mean it's indisputably the best stone. "There is a subjective quality to assessing colored diamonds. It takes a trained eye to evaluate a stone in different



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kinds of light, so it is important to know and have confidence in your expert," Bhandari says.

Beyond the record-breaking prices and breathtaking rarity of colored diamonds, the gems possess an intangible allure that mesmerizes most who come into contact with them. Alan Bronstein, principal at Aurora Gems, a fancy-colored-diamond consultancy to private and retail clients, is one of the world's foremost experts in the field. He refers to the gems as "natural works of art." His fascination led him to create the Aurora Pyramid of Hope and the Aurora Butterfly of Peace, two exceptional collections of natural-colored diamonds that regularly tour museums and cultural institutions. After more than 30 years working with the gems, he is philosophical about the headlines colored diamonds have made of late. While he foresees that "certain exceptionally rare colored diamonds will continue to appreciate in value," three characteristics are most important in his mind: "Beauty, beauty and beauty."

Adds Bronstein: "If you don't love it, forget about it." ■

all that glitters

A new generation of young jewelers embracing the precious charms of colored diamonds

TODD REED

Based in Boulder, Colorado, Todd Reed and a coterie of artisans craft each of his designs. With a heavy emphasis on raw and colored diamonds, Reed's jewelry is both earthy and refined. His collection has a cultish following, particularly the 12 signature brooches he personally produces each year. toddreed.com



SUZANNE SYZ

No one can accuse Suzanne Syz of taking herself—or her jewelry—too seriously. Her lighthearted pieces have been known to depict grinning faces or mimic the look of Life Savers candies. Her bright concoctions in colored diamonds are particularly sought after and can be viewed in her private atelier in Geneva (dubbed the "Purple Boudoir") or during international appointments with private clients. suzannesyz.com

CINDY CHAO

Known for painstakingly produced jewelry with lush, organic lines and the finest stones, Taiwan-based designer Cindy Chao is destined for legendary jeweler status. In only nine years since the launch of her namesake line, she's already had a piece inducted into the Smithsonian's Hall of Gems and sells her pieces all over the globe, including a new boutique and gallery in Beijing that features masterpieces priced at up to \$10 million. cindychoo.com