

ANew Fancy

AT SOTHEBY'S THIS MONTH, A JEWELRY AUCTION SPOTLIGHTS THE GEMS TO OWN NOW—COLORED DIAMONDS.

BY SUZANNE MCGEE

Gary Schuler, Sotheby's senior vice president and head of the auction house's jewelry department, is on a never-ending quest to procure fresh examples of some of the rarest gems on the planet: colored diamonds. The first major sale of 2012, the Important Jewels auction in New York, to be held on February 12, wouldn't be complete without a selection of these colored stones, which Sotheby's clients—a mash-up of hedge-fund managers, entrepreneurs, celebrities, Russian oligarchs, and China's nouveau riche—compete to acquire. "There never seem to be enough to go around, which makes my job that much harder," Schuler says. "Whether it's their visual appeal, the prospect of seeing a big jump in value, or just the desire to own something that almost nobody else in the world possesses, these have become the gems that everyone covets."

Since Jennifer Lopez first flaunted a six-carat pink diamond engagement ring in front of cameras in 2004, the popularity and prices of these rare stones have soared. For those seeking a gem that is not only valuable, but also different and distinctive, nothing is better than a fancy vivid yellow, a fancy intense pink, or other colored diamond. Uniqueness is an integral part of their appeal.

While no one knows the origin or accuracy of the oft-heard statement that for every colored diamond, about 10,000 colorless diamonds exist, large colored diamonds remain incredibly scarce. The mines near

Golconda in India that produced some of the most famous gems of this kind—the Hope diamond (a fancy dark grayish blue gem now on display at the Smithsonian), the Dresden Green diamond, the 182-carat pale pink Darya-ye Noor diamond (part of the Iranian crown jewels)—ceased production before the mid-19th century. Today mines such as the Argyle in Australia produce fewer and smaller pink diamonds than in earlier centuries, says Rahul Kadakia, head of the jewelry department for Christie's America. "You never saw many of these top-quality large stones—the 10-carat vivid pinks or vivid blues—and now there are even fewer; they have become nearly impossible to find," he says.

Despite the rarity of colored diamonds, it's only in the last half decade that both demand and prices began to skyrocket. In 1972 Bulgari designed a ring that combined two triangular-shaped diamonds, one a 9.87-carat colorless and the other a 10.95-carat blue, and sold it to a client celebrating the birth of his first son. The price was about \$1 million, and the smaller colorless stone made up the majority of the item's cost. When the Bulgari Blue, as it's now known, went on the auction block at Christie's in October 2010, however, it fetched \$15.76 million, and the colorless diamond represented only about 10 percent of the value. The blue diamond—an exceptionally large and vivid example of these stones, which are created naturally when boron seeps into the stones' crystal matrix as they are formed deep inside the earth—sold for an astonishing \$1.4 million per carat.

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Not surprisingly, prices of famous gemstones of that size and caliber have continued to soar. The most expensive colored diamond (by carat) sold at auction was a five-carat fancy vivid pink gem offered by Christie’s in Hong Kong for \$2.15 million per carat. But if the prices are breathtaking, so are some of the stones. They have all the glitter and gleam of a colorless diamond, but also boast potentially infinite color variations. It’s possible to buy, for instance, a diamond described as “fancy light yellow-green,” “fancy deep brownish yellowish orange,” or “fancy light gray-blue.” On the low end for smaller stones, buyers can pay anything from a few thousand dollars for a relatively easily located yellow diamond of a half carat or so, to \$250,000 for a fancy deep blue stone of roughly the same size.

It was the vivid colors that first captivated Alan Bronstein, director of Aurora Gems, on the day in 1980 when a dealer showed him a five-carat yellow diamond. Bronstein, then a young broker in New York’s diamond district, had become bored and irritated by flogging what were, in his

opinion, look-alike colorless stones. “The market was becoming commoditized,” he recalls. But the vivid yellow hue of his first colored stone stopped Bronstein dead in his tracks and reshaped his career. “Back then, they were the black sheep of the diamond business: Nobody was trading them because almost no one knew anything about them.” Bronstein, fascinated, resolved to learn everything he could about the world of colored diamonds, and before long he became one of the niche market’s biggest advocates, advising and selling to a host of major collectors.

When a veteran like Bronstein picks up a new colored diamond for the first time, he considers the same elements that he would while looking at a colorless stone, but focuses on the quality of color foremost. To be an impressive gem, carat weight matters, as does clarity—two of the famous “four Cs” of evaluating diamonds. When it comes to the other two—cut and color—purchasers of colored diamonds need to check their preconceptions at the door. For those buying a colorless diamond, purity is at a premium—a tiny hint of yellow or brown is a flaw that can cause the stone’s value to plummet. In contrast, an element of green in a yellow diamond, or of blue in a green diamond, may simply give the stone a different personality, which may be attractive to a given collector, assuming that it’s large and brilliant enough.

The cut is also different, says Jordan Fine, secretary of the Natural Color Diamond Association. The cutters who specialize in working with colored stones try to maximize the gem’s color saturation, making it as intense as possible, even if that means the stone is less brilliant. “It’s tricky: If you take a reddish stone and recut it so the angles are different, it can look more brown, or the color can change completely,” says Fine. “Green diamonds are that color because of contact with natural radiation, but very often that color goes only partway through the stone, and the inside is white, creating a challenge for the cutters.”

Perhaps the best-known dealer to have built a reputation and business around colored diamonds is the jeweler Laurence Graff. He has purchased some of the most famous diamonds to come up at auction, including the Wittelsbach diamond, a 35-carat fancy deep grayish blue piece whose first recorded owners were the Habsburgs. Graff snapped up the diamond at a Christie’s auction in London in December 2008 for the equivalent of \$24.3 million—well above the \$15 million estimate—and turned it over to specialist cutters for a face-lift. The stone that emerged, now known as the Wittelsbach-Graff diamond, lost a few carats in weight (final weight was 31.06 carats), but Graff had enhanced its clarity and brilliance, and possibly its value.

A MOST BRILLIANT BUY

When purchasing a colored diamond, Gary Schuler, Sotheby’s senior vice president and head of the auction house’s jewelry department, recommends looking at several stones from the same color range at the same time. “When you have three together, you’ll be able to identify [from the intensity of the color] which is the best and the most valuable.”

- Don’t discount less popular colors. Orange stones are rare, and so are green, even though they are less buzzed about than the pinks.
- Since many of the buyers at auctions are jewelers, who will resell what they buy at large markups, these can be a place to find relative bargains.
- Be sure that your diamond has a certificate telling you exactly what it is, and that you have an independent expert who is able to ensure that it’s the right certificate for the stone.
- Don’t try to compare a vivid pink stone to a vivid blue. Each color and each subtle gradation of color has its own valuation range.