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## NEWS RELEASE

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### Why are Auction House Diamond Sales Breaking Records?

Industry insight by Russell Shor, GIA senior industry analyst  
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The upcoming 2011 jewelry auction season promises more record-breaking large diamonds and top fancy colored diamonds. Even as the world economy is still recovering from the economic crisis of 2008-9, it seems the wealthy cannot get enough of these stones. They helped Christie's and Sotheby's – which together account for nearly 90 percent of the top jewelry auction market – achieve record sales last year.

Christie's reported its jewelry sales at \$429 million in 2010, easily topping the previous record of \$395 million set in 2007. Sotheby's 2010 jewelry sales totaled \$405 million, also a record. And the reach of this success was worldwide: Christie's reported that North America (\$130.5 million), Hong Kong (\$163 million) and Europe (\$135.5 million) were all records, as well.

The 2011 season began in earnest and details of several major stones coming up for sale are circulating. For example, a GIA-graded 10.09 carat Fancy Vivid purple pink diamond is estimated to bring \$15 million -- nearly \$1.5 million per carat. And, an unmounted 56.15 carat heart-shaped D color, Internally Flawless diamond, also graded by GIA, is expected to fetch between \$9 million and \$12 million.

When the financial crisis struck the world economy in the fall of 2008, the major auction houses, like every other business, pulled back to assess. As the crisis deepened in December 2008, however, the Wittelsbach Blue, then a 35.56 carat Fancy Deep grayish blue diamond, sold for \$23.4 million at Christie's – the highest price ever paid for a diamond at auction.

After that sale, Christie's and Sotheby's have achieved near-record and record prices for top fancy colored and colorless diamonds at numerous sales around the world.

Examples of record-breaking diamonds include:

- A 24.78 carat Fancy Intense pink diamond that doubled the all-time record set by the Wittelsbach (November 2010)
- A 5 carat Fancy Vivid pink diamond that set a per carat record price of \$2.1 million (October 2009)
- A square-cut 32.01 carat D Internally flawless that established a record per-carat price of \$240,000 for a colorless diamond (October 2009)

- And, a 24.78 carat Fancy Intense pink diamond that drew the highest price ever paid for any gemstone at auction: \$46 million (November 2010)

As with the Wittelsbach blue diamond, all of these major stones were entrusted to GIA for grading.

#### Why? It's the Global Market, Rarity of Top Gems and Wealthy Individuals.

Auction house executives and industry observers agree on a number of reasons why such diamonds can achieve record prices during a period of economic hardship: the international reach of the auction houses; the rarity of top gems and the greater number of private buyers going to auction.

On the first point, whether conducted in the main centers of Geneva, New York or Hong Kong, auctions now attract a worldwide clientele.

Indeed, Hong Kong, a niche venue a decade ago that specialized in jade and Chinese art, was Christie's leading jewelry sales location in 2009 and 2010. In addition to the above mentioned 5 carat Vivid pink, a 5.16 carat Fancy Vivid blue, internally flawless diamond sold for \$6.14 million. Many of the top lot buyers were Chinese business people venturing internationally for the first time.

The Geneva and New York sales also turned in record numbers. Sotheby's Nov. 16, 2010 Geneva auction, which featured that \$46 million pink diamond, was the first jewelry auction ever to top \$100 million total. The renowned London jeweler Laurence Graff bought that legendary pink, but other lots went to buyers from 30 countries.

The Bulgari Blue, which included a triangular-cut 10.95 carat Fancy Vivid blue diamond, went to an Asian buyer for \$15.7 million after a spirited battle between several bidders at Christie's Oct. 20, 2010 New York sale.

And Sotheby's New York sale in December 2010 sold 100 percent and brought in \$53.2 million. All of its top 10 lots, which were diamonds, sold for more than \$1 million each.

A second reason for the auction houses' success is the perceived rarity of these top diamonds, especially fancy colored blues and pinks. Of the millions of diamonds mined each year, only .001 percent can qualify as fancy colors and only a handful can achieve the top grades of Intense and Vivid. An even smaller percent are larger than one carat, let alone five carats. So the auction houses deal in true rarities, whether newly mined diamonds or historical stones like the Wittelsbach, which was owned by Bavarian royalty and traced back almost 400 years to Moghul India.

A third reason is the rise of the individual buyer. In the past, dealers were the majority of top-lot buyers at jewelry auctions. Today, individuals account for more than half of such sales. Auction house executives say these buyers range from collector-connoisseurs who seek the very best stones, to investors who believe their extreme rarity, coupled with rising demand, will continue to push up the value.

“In this new climate, large colored and colorless diamonds, rare gemstones, and signed jewels are attracting an ever-expanding community of collectors and investors from around the world,” François Curiel, international head of Christie’s jewelry department, noted recently.

There is a chance the Wittelsbach diamond may have another go at the record books. Graff, who also purchased that \$46 million pink diamond (mentioned above), had the Wittelsbach recut down to 31.06 carats to improve its color, clarity and symmetry. He sent it back to GIA for grading nearly a year after he purchased it. The diamond, renamed the Wittelsbach-Graff, is now graded Fancy Deep blue and the clarity was improved to internally flawless. It is unlikely that Graff will sell the famed diamond at auction, preferring instead to meet his clients in the privacy of his New Bond Street salon.



Wittelsbach-Graff. Image by GIA/Robert Weldon.

### **About GIA**

An independent nonprofit organization, GIA (Gemological Institute of America), established in 1931, is recognized as the world’s foremost authority in gemology. GIA invented the famous 4 Cs of Color, Cut, Clarity and Carat Weight in the early 1950s and in 1953, created the International Diamond Grading System™ which, today, is recognized by virtually every professional jeweler in the world.

Through research, education, gemological laboratory services, and instrument development, the Institute is dedicated to ensuring the public trust in gems and jewelry by upholding the highest standards of integrity, academics, science, and professionalism. Visit [www.gia.edu](http://www.gia.edu).

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