



# DRIPPING WITH JEWELS

One of the few categories that attract buyers across the entire spectrum of collecting specialties, jewelry brings in a significant chunk of change for the auction houses. In 2010, just through October, combined gem-sale totals at Sotheby's and Christie's had topped \$500 million, with the November and December numbers yet to be added to the tally. While the market for sparklers has always been strong, the past three to four years have seen it skyrocket. "Around \$50,000 or \$60,000 per carat for a white diamond used to be normal. With the Annenberg diamond we saw \$240,000 per carat, a price that shocked even the most seasoned diamond dealer," says Rahul Kadakia, Christie's Americas head of jewelry, referring to the 32.01-carat D-color flawless stone that sold in New York in 2009 for \$7.7 million. "With colored diamonds there was a time when \$400,000 or \$500,000 per carat was the norm, but now it's normal to pass the million-dollar mark. This was not the case three years ago." According to Gary Schuler, director of the Sotheby's Jewels Department, "All the emerging areas of wealth—Russia, China, India—have contributed to the dramatic increase. There is an increased demand and a finite amount of material." To better understand how the market has evolved, we computed the combined jewelry totals earned by Christie's and Sotheby's at four major gem centers—New York, Geneva, Hong Kong and London—over the past decade, and examined how the wealth has been divvied up geographically.

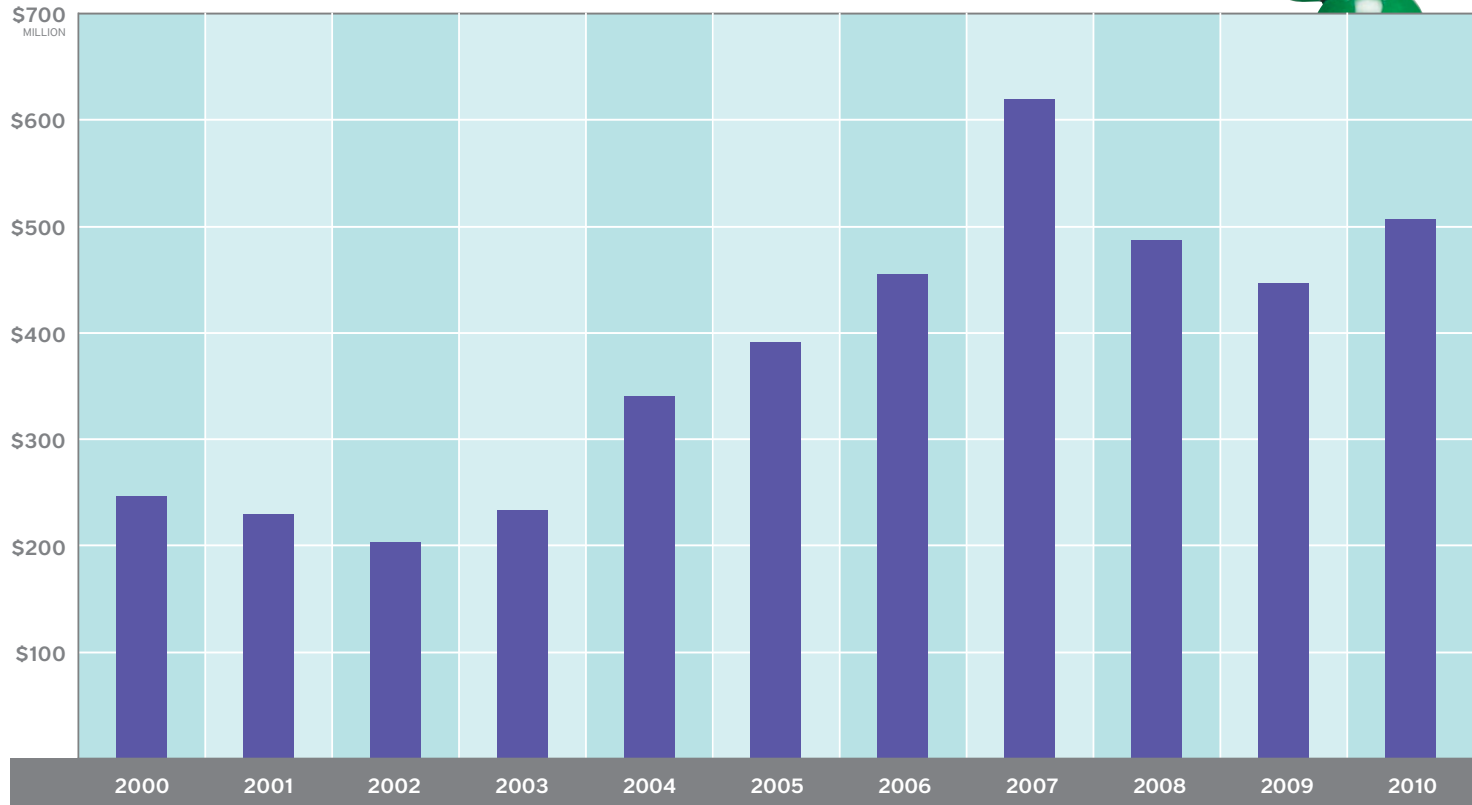
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## JEWEL-AUCTION TOTALS AT CHRISTIE'S AND SOTHEBY'S, JANUARY 2000 THROUGH OCTOBER 2010

The jewelry market has remained relatively crisis-proof, correcting quickly after a small dip in 2008 and 2009 to see "one of the best years ever" in 2010, according to Kadakia. In addition to flawless white and colored diamonds and signed jewels, "natural pearls and Kashmir sapphires have escalated dramatically," says Schuler.



FROM LEFT: CHRISTIE'S; TWO IMAGES; SOTHEBY'S

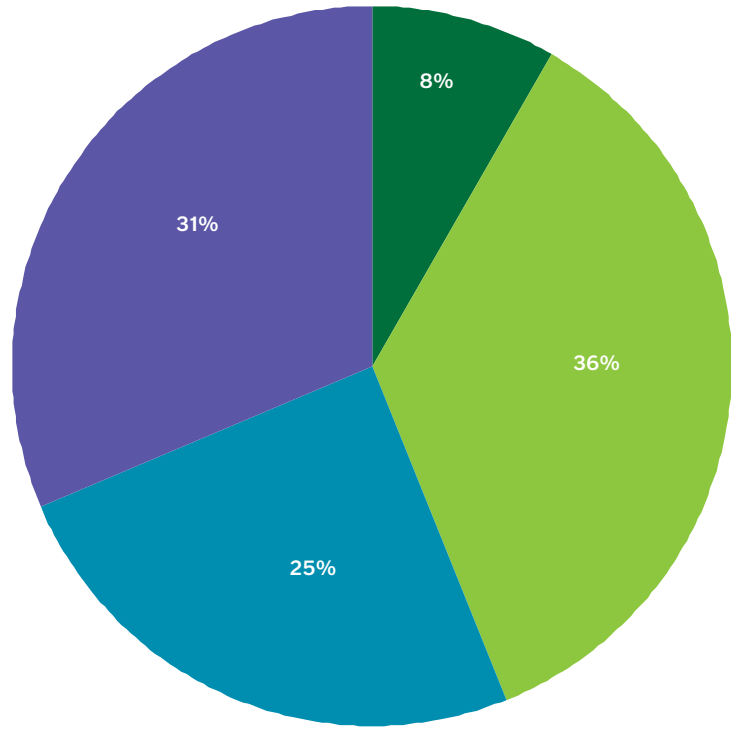


- LONDON
- NEW YORK
- HONG KONG
- GENEVA

In an October 2010 sale at Christie's New York that earned \$52.49 million, the circa 1972 Bulgari Blue ring, set with a vivid blue and a white diamond, both triangular cut and weighing 10.95 and 9.87 carats, respectively, brought \$15,762,500, setting a per-carat record of \$1.4 million for a blue diamond. In an April 2010 sale at Sotheby's Hong Kong that took in \$52.69 million, a jadeite and diamond necklace and a pair of diamond pendant earrings fetched \$5.57 million and \$2.47 million, respectively.

### GEOGRAPHIC DISTRIBUTION OF SALES AT SOTHEBY'S AND CHRISTIE'S IN 2005

The split is fairly even among Geneva, New York, and Hong Kong, with London taking only a small share. Geneva is important in part because of its proximity to Russia and the Middle East.



### GEOGRAPHIC DISTRIBUTION OF SALES AT SOTHEBY'S AND CHRISTIE'S IN 2010

With the Chinese economy booming, Hong Kong picked up market share while New York lost 3 percent and Geneva remained the same. For Christie's, the Dubai location (launched in 2007) also saw significant action.

