

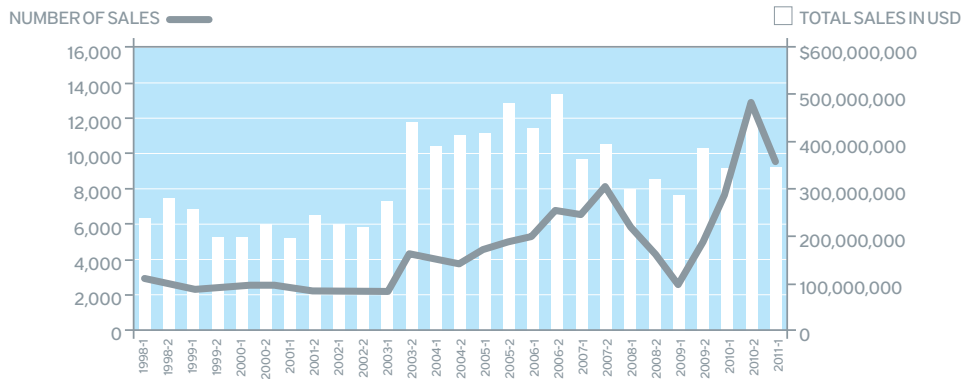


Betting on Bling

Over the past 12 years buyers have been eagerly laying out millions for glittering gems, pushing auction prices to new heights, particularly those for diamonds, both colored and white. Top-quality examples can now fetch between \$1 million and \$2 million a carat. Overall, the jewelry auction sector has grown fivefold since 2000, especially in Hong Kong, which now accounts for 22 percent of the major houses' worldwide sales, almost on a par with Geneva and New York, although they didn't tap the high-end market there until about five years ago. Both diminishing supply and escalating demand have contributed to the increase in values. Untreated colored diamonds, for example, have become exceedingly rare as mines yield fewer and fewer exceptional examples. Meanwhile, there's been an uptick in buyers from the Middle East, Asia, and the Indian subcontinent. Here we examine the jewelry auction market from 1998 through the first half of 2011 using 230,000 sales records from Artcurial, Bonhams, Christie's, Doyle New York, Freeman's, Gros et Delettrez, Phillips, Skinner, Sotheby's, and Tajan. We included only actual jewelry items, and only those that sold for more than \$1,000. BY ROMAN KRAEUSSL

NUMBER OF SALES AND USD TOTALS, 1998–MAY 2011

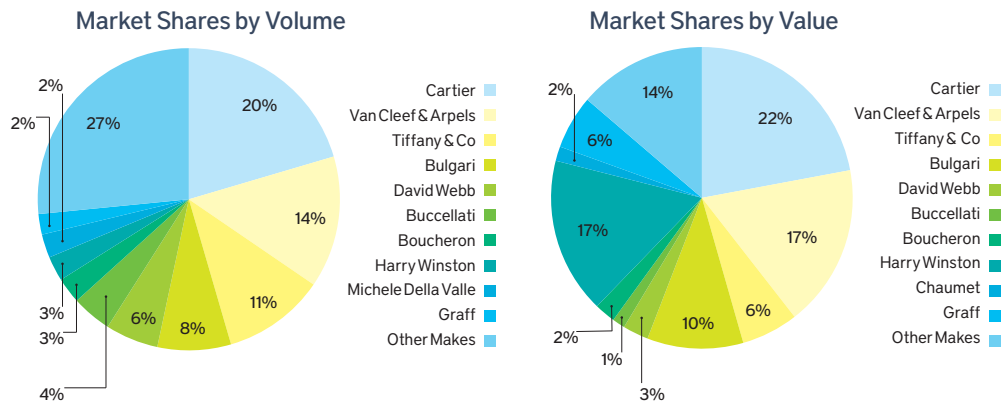
Examining biannual sales totals reveals a more nuanced picture of the market. Buyers rushed to move their money into tangible assets in late 2009 following a recession-related dip, total dollar sales ballooned, particularly in relation to volume. Considering the record prices fetched at the houses in the second half of 2011, totals can be expected to continue rising.



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BREAKDOWN OF SALES BY BRAND, 1998–2011

Approximately 11 percent of the lots in our sample are signed. Such makers as Cartier and Van Cleef & Arpels contributed more in terms of dollar totals than volume, while the opposite is true for Tiffany & Co. Harry Winston, known for large, lavish gems, shines brightest, capturing 17 percent of dollar sales with just 3 percent of the volume.





Two 2011 sales at Sotheby's Geneva illustrate the demand for provenance and purity. Left, a noble emerald and diamond tiara, which earned \$12.7 million in May; right, the 110.03-carat fancy vivid yellow Sun-Drop Diamond, sold for \$12.4 million in November.

TOP 10 SALES OVERALL, 1998–2011

Of the top 10 prices since 1998, all have been set since 2008, and all but one went to large diamonds. "When collectors compete for the chance to own the best and rarest jewels," says Lisa Hubbard, Sotheby's chair of North and South America for jewelry, "prices can soar to a level historically reserved for masterpieces of fine art."

NO.	USD	MAKE AND TYPE	DATE	HOUSE	LOCATION
1	\$46,158,674	An exceptionally important and exquisite fancy intense pink diamond, 24.78 carats	11/16/2010	Sotheby's	Geneva
2	\$24,311,190	The Wittelsbach Diamond, an historic deep grayish blue diamond, 35.56 carats	12/10/2008	Christie's	London
3	\$23,165,968	The Perfect Pink, a superb colored diamond and diamond ring, 14.23 carats	11/29/2010	Christie's	Hong Kong
4	\$15,762,500	The Bulgari Blue, a two-stone colored diamond and diamond ring, 20.82 carats total	10/20/2010	Christies	New York
5	\$12,736,927	A magnificent and highly important emerald and diamond tiara, circa 1900	5/17/2011	Sotheby's	Geneva
6	\$12,361,558	The Sun-Drop Diamond, fancy vivid yellow diamond, 110.03 carats	11/16/2011	Sotheby's	Geneva
7	\$10,840,358	A very important and rare fancy intense pink diamond ring, 10.99 carats	5/17/2011	Sotheby's	Geneva
8	\$10,776,660	The Vivid Pink, an exquisite colored diamond and diamond ring, by Graff, 5 carats	12/1/2009	Christie's	Hong Kong
9	\$9,488,754	An important and rare fancy vivid blue diamond ring, 7.03 carats	5/12/2009	Sotheby's	Geneva
10	\$8,034,503	A very rare fancy intense blue diamond ring, 7.64 carats	5/11/2010	Sotheby's	Geneva

TOP TEN SALES OF SIGNED PIECES, 1998–2011

The demand for period jewelry has exploded, with aficionados paying a premium for signed pieces by elite makers, as well as for those with distinguished provenance, like Elizabeth Taylor's collection, which went on the block at Christie's this past December.

NO.	USD	MAKE AND TYPE	SIGNED	DATE	HOUSE	LOCATION
1	\$15,762,500	The Bulgari Blue, a two-stone colored diamond and diamond ring	Bulgari	10/20/2010	Christie's	New York
2	\$10,776,660	The Vivid Pink, an exquisite colored diamond ring, 5 carats	Graff	12/1/2009	Christie's	Hong Kong
3	\$7,694,872	A rare and important fancy vivid pink diamond and diamond ring, 6.43 carats	Van Cleef & Arpels	10/6/2010	Sotheby's	Hong Kong
4	\$7,698,500	The Annenberg Diamond, an exceptional diamond ring, 32.01 carats	David Webb	10/21/2009	Christie's	New York
5	\$7,083,739	A very important diamond necklace, 38 carats	Harry Winston	6/11/2008	Christie's	London
6	\$7,036,874	The Dutchess of Windsor onyx and diamond Panther bracelet, 1952	Cartier	11/30/2010	Sotheby's	London
7	\$6,915,624	An exquisite Kashmir sapphire and diamond bracelet, circa 1960	Cartier	6/1/2010	Christie's	Hong Kong
8	\$5,781,773	A very important D-color diamond ring, 34.07 carats	Jacob & Co.	10/7/2008	Sotheby's	Hong Kong
9	\$4,823,077	Important and impressive pair of diamond pendant earrings, 36.48 carats	Harry Winston	4/6/2011	Sotheby's	Hong Kong
10	\$4,216,000	A magnificent diamond ring, 50.01 carats	Graff	4/12/2005	Christie's	New York

TWO IMAGES: SOTHEBY'S