

Record auction sales boost jewellery investment performance

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Findings from the Knight Frank Luxury Investment Index (KFLII) have been unveiled, highlighting the growing significance of coloured gemstones and pearls.

Launched at an event held at the Mayfair headquarters of international auction house Bonhams, the latest edition of KFLII focuses on the performance of jewellery, which rose by 5% overall over the last 12 months.

On the whole, jewellery has risen in value by 159% over the past 10 years, with coloured diamonds up 149%. Elsewhere, a strong demand for pearls has seen their value surge by 369%.

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Andrew Shirley, who compiles the KFLII, says: "A slew of stellar auction results throughout the year has kept luxury investments firmly in the media spotlight. It is no surprise that KFLII outperformed the FTSE 100, gold and the prime central London housing market, as these kinds of luxury investments are becoming increasingly popular with ultra-high net-worth individuals."

"Jewellery in particular could be considered the ultimate asset class. Since the dawn of time humans have been drawn magpie-like to shiny stones, first from the beds of streams and then mined from ever deeper underground. Dispersed around the world by the earliest traders, gems and jewellery have always been an international commodity and store of wealth."

Strong demand for coloured stones helped Bonhams set a new per-carat record for a spinel, when it sold the 50ct Hope Spinel brooch for £962,500 in September.

Member of the board of advisors to the Fancy Color Research Foundation, says in the report that the short-term growth of colour diamond prices has been more muted due to a lull in Chinese buyer activity. However, a Hong Kong-based billionaire still set the all-time record for a gem or piece of jewellery when he bid £32m for the Blue Moon at Sotheby's Geneva in November and paid £19m for a vivid pink diamond sold by Christie's.

Although the report does not include white diamonds, larger stones have shown 5% annual growth over the past six years. In the report Ehud Laniado, principal of diamond pricing consultancy Mercury Diamond explains: "Diamonds, especially larger and rarer ones, could represent a viable means for wealth preservation owing to their increasing rarity and to their low correlation in prices with other assets."

Bonhams global chief executive Matthew Girling comments: "The publication of the Knight Frank Luxury Index is an eagerly awaited event for the way in which it shines a clear and dispassionate light on this much discussed sector of the economy. Our own experience at Bonhams certainly bears out the report's conclusions with jewellery and motor cars high among our top performing departments during the past year."