

COLLECTING

## Why coloured diamonds can be a cut above the rest

Hard times drive demand for this portable form of wealth

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Marilyn Monroe sings of a love for diamonds in the film *Gentlemen Prefer Blondes* 20TH CENTURY FOX/REX FEATURES

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Diamonds may be a girl's best friend, as Marilyn Monroe sang in *Gentlemen Prefer Blondes*, but they are also a good source of returns for collectors and investors — especially the pink and blue varieties.

Coloured diamonds, referred to by dealers as “miracles of nature”, have returned 111 per cent over the past decade, according to the Knight Frank Luxury Investment Index.

Last year the 14.62-carat Oppenheimer Blue diamond sold at a Christie's Geneva auction for \$57.5 million (£46.2 million). This was the most expensive jewel to sell at auction, but could be surpassed when a pink diamond dubbed the Pink Star goes on sale at Sotheby's in Hong Kong on April 4. It is expecting to fetch more than \$60

million. The Pink Star is a 59.6-carat diamond mined by De Beers in Botswana, Africa, in 1999.

It has received the highest colour and clarity grades from the Gemological Institute of America for pink diamonds.

David Bennett, the worldwide chairman of Sotheby's jewellery division, says: "In a time of unprecedented demand for the finest in coloured diamonds, I am delighted to be bringing this magnificent stone back to the market.

"The extraordinary size of this diamond, paired with its richness of colour, surpasses any known pink diamond recorded."

Victoria McKay, the chief operating officer of trade regulator the London Diamond Bourse, says that while diamonds are a popular jewellery item, they are also regarded as a good way of carrying wealth and a secure commodity.



Pink perfection: The Pink Star diamond is expected to exceed \$60 million at auction

"If you can buy at a good price then it will appreciate in value. Diamonds have always provided portable wealth, going back to Second World War when diamond dealers escaped Nazi persecution and transported their wealth as diamonds sewn into their clothes."

McKay says coloured diamonds can be more valuable than white (colourless), polished diamonds as they are more rare, but this makes them susceptible to scams.

### **What is a coloured diamond?**

The colour of a diamond is often determined by elements in the ground. Blue diamonds typically have high levels of boron, while pink diamonds are thought to be created through changes in electron structure as the gem rises to the surface. There are other colours such as yellow, orange, green, purple, and red, which is the most rare and valuable.

To determine whether a diamond is natural it will need to be tested and certified in a gemmological laboratory, where it will receive an identification report. The most in-demand colours are blue and pink, according to the Fancy Color Research Foundation.

The foundation runs a Fancy Color Index, based on live pricing inputs from traders in Asia, the US and the Middle East, which recorded price increases for blue and pink diamonds of 5.5 per cent and 1.4 per cent respectively during 2016.

The London-based dealer Yves Frey says: “Colour diamonds are miracles of nature. They are naturally rare. There is only a 1 in 10,000 chance that any diamond will possess natural colour, whether that is pink, brown, yellow, blue, or any shade in between.

“Formed billions of years ago deep inside the Earth’s mantle, natural colour diamonds are beautiful, exciting and extremely desirable. They have been discovered in every colour of the rainbow, from browns to the rarest reds and purples.”

### **What makes a diamond valuable?**

Unlike gold there is no daily pricing for diamonds so the amount you are likely to pay will be down to supply, demand and rarity. No two diamonds are the same, but when it comes to valuing an item dealers look for the four Cs — the cut, colour, clarity and carat.

The cut is the only element determined by man, while the purer the natural colour and clarity, the more valuable the stone. The carat is the weight of the diamond, with one carat divided into 100 points, so a diamond weighing 0.5pt is equal to half a carat. Size is important, but the other three factors can easily change the value of a diamond that looks exactly the same as another to the untrained eye.

On top of the four Cs, the value of coloured diamonds is determined by the rarity and intensity of the colour.

Mr Bennett says: “Certificates that accompany a diamond are important as they can attest to its quality. And remember, the value of a diamond increases exponentially with its weight, so one 8-carat stone is worth far more than 16 0.5-carat stones.”

### **Where to buy a rock**

Hatton Garden in London is the most well-known area in the UK for buying diamonds, but auction houses such as Bonhams and Sotheby’s also offer stones. Use trusted brands and find a dealer who is a member of a trade body such as the London Diamond Bourse, Institute of Registered Valuers, or the Natural Color Diamond Association, to ensure a diamond hasn’t come from a conflict zone. Victoria McKay of the London Diamond Bourse advises against using online-only valuations: “It is unlikely a consumer would be able to spot a fake, leaving them open to getting scammed,” she says.