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Blue Diamond Prices Are on the Rise

By Ariel R. Shapiro

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The fancy color diamond market is on the upswing, according to a report, with blue diamonds seeing the largest gains.

Blue diamonds saw a 5.9% increase in value in the fourth quarter of 2017 in a year-over-year comparison, according to data published on Feb. 1 by the Fancy Color Research Foundation (FCRF). Pink and yellow diamond prices decreased slightly in the same period, at 0.8% and 1.8%, respectively. The market overall was up 0.1%.



A fancy vivid blue diamond ring (est. \$14-18 million) goes on view at Sotheby's on Oct. 13, 2017 in London. *ILLUSTRATION: GETTY IMAGES FOR SOTHEBY'S*

In November 2017, Christie's sold a 8.67-carat fancy intense blue diamond ring in Geneva, Switzerland for \$13.2 million.

The reason for this disparity has less to do with demand, than it does with the rarity of the stone, says FCRF Chairman Eden Rachminov. Demand for yellow and pink diamonds is actually higher, but the amount of blue diamonds being mined is decreasing. “Almost nothing is coming out of the ground,” he says.

Pink diamonds have seen the highest gains in the last 13 years with an overall appreciation of 361.9%, according to FCRF’s index, which is compiled through survey data provided by manufacturers and brokers. However, blue diamonds began to appreciate at a higher rate starting in 2014, and have seen an overall appreciation of approximately 200% since 2005. In that same time period, traditional white diamonds appreciated 27.2%.

“Fancy” colored diamonds are designated as such based on the color saturation of the stone and account for 1 out of every 10,000 diamonds found, says Russell Shor, senior industry analyst for the Gemological Institute of America.

Blue and pink diamonds are significantly rarer than yellow. According to the FCRF’s rarity evaluation tool, about 21 to 25 new round, two-carat, fancy-grade, yellow diamonds with very slight inclusions enter the market every year. A pink diamond of the same quality will enter the market once every three to four years. For a blue diamond, it is once every eight to 10 years.

In terms of investment, however, a blue stone is not necessarily better than a pink or yellow, Rachminov says. Color quality should be the largest determinant in a stone’s value. “An amazing yellow stone can also be a great investment,” he says.

According to Rachminov, new fancy colored stones will become increasingly rare as diamond deposits are depleted within the next half-century.

However, Shor says that the market is not entirely dependent on new finds. Stones that are recirculated through the market account for what he calls “an above-ground resource.” Shor estimates that approximately one-quarter of diamonds sold in jewelry stores were previously owned.

But whether a fancy colored stone is new or used does not affect its value, says Rachminov. Either way, “it’s a very good place to preserve your wealth, and leave something for the next generation,” he says.

However, getting your hands on a high-quality fancy colored stone may be easier said than done. While all the big jewelry houses invest in them, according to Rachminov, they are rarely advertised online. “You have to be invited to their back room,” he says.