

# THE COLOURED DIAMOND CHRONICLE

## Fancies Slake Affluents' Thirst for the New and Different

by Karen Nestlebaum, Rapaport Diamond Report Vol. 23 No.16

What's a millionaire to do? Last year he bought his wife a five-carat, near perfect diamond. This year, he's stuck. A bigger stone is just too big. A ruby, an emerald? Too hard to figure the value. But a three-carat vivid yellow natural colored diamond, that's something really special.

And so it goes for the fancy colored diamond market. Wholesalers are seeing sales increases of anywhere from 10 to 30 percent, being driven by anything that has the gemological descriptions of intense or vivid attached to it. Demand is making these scarce goods scarcer, which has in turn put upward pressure on prices.

Fancy colors appeal to collectors/investors because of their uniqueness and mystique. People want something different that their friends don't have.

That's especially true for people who already own white diamonds. And since there's no price list per se, with colored diamonds they feel they're getting something that's not a commodity.

The stones are going into engagement rings, pendants, bracelets and wedding bands. Combinations of strong yellows with fine whites are especially popular. It creates a contrast that makes you notice.

Pinks, blues, fancy intense yellows and vivid yellows are the strongest sellers.

Where demand is strong, availability is dwindling. In fancy yellows and fancy light yellows, supply is no problem. But once the buyer moves into the fancy intense and vivid yellows, he's moving into a sellers' market. Prices are expected to go up by about 30 percent. Pinks and blues are scarcer still.

"Argyle adds a certain amount of pinks to the market. Sourcing fancy colors is very complicated. It's extremely difficult to judge from the rough how the stone will come out when it's polished. Buying fancy colored rough requires a lot of experience."

The majority of fancy colored diamonds sold are cut into cushion or radiant shapes, forms which best bring out the depth of color. Cutting color is a specialty that demands a high level of craftsmanship and a different set of skills than those required to cut white diamonds.

### Cultivating Confidence

There is an increasing level of appreciation for the full range of fancy colored diamonds. In the past, people were not willing to take a chance. They wanted something that other people could readily identify as a diamond. Now people with money are not

afraid to have their own taste.

Demand is booming for all categories. Yellows, pinks and blues are doing well, but so are purples, greens, oranges and grey, the collector stones.

Material is hard to come by. It's always hard to find what you're looking for, no matter how 'mundane' you think it is. It's hard to find a stone in which the cut is worthy of the color.

Many fancy color diamonds aren't as beautiful as they could be because they're not cut properly. Even though many more cutters have learned to cut fancy colors, they're not always willing to make the sacrifices involved.

The main buying markets for fancy colored stone dealers are South Africa, Antwerp, Tel Aviv, New York and Geneva. Auctions, while they serve as an

important source of information and of rare stones, don't tend to offer much in the way of regular fancy colored inventory. They choose stones that create drama, the rare fancy green that's going to attain new levels and create an effect on the rest of the market."

### Global Demand

The major consumer markets for fancy colors at the moment are the U.S., the Middle East, and Europe. The U.S. is just awakening to fancy colored diamonds.

The increasing awareness of fancy colored diamonds is a major factor in the increasing sales. Cultivating customer's tastes and their confidence in following their own aesthetic when choosing a color is part of this new awareness. "You can have a beautiful orange/brown that shines like mahogany. Why should that be less desirable than a light pink in which you can barely see the color?"

An informal research project was undertaken at fancy colored diamond exhibition some years ago. Without knowing the value of the various colors, each person who came to the exhibit was drawn to something different. The U.S. market is only aware of yellow, pink and blue. Black is very popular in Europe right now. There is no ugly color.

The yellows, pinks and blues represent only five percent of the range of colors available in natural diamonds. The industry will undoubtedly expand its reach and create more demand for the other 95 percent of the colors.

Fancy colored diamonds are more of an art than a business. You cannot make any two stones exactly alike because of the rarity of the rough. Each is a unique item.





# Retailers Fancy Color Diamond's Niche

by Deborah A. Yonick, U.S. Retail Correspondent,  
Rapaport Diamond Report Vol. 23 No.16

Fancy color diamonds have provided an important niche for independent retailers and small to mid sized jewelry chains looking to offer their customers something spectacular and unique in diamonds.

In the past three years, fancy color diamonds, particularly yellows and pinks, have grown in popularity at the retail level. An increasing number of designers and manufacturers are including them in their lines, consumer advertising has expanded and the fashion world and Hollywood have embraced these colorful rarities.

Many jewelers who carry fancy color diamonds say they comprise 2 percent of their total diamond sales, and quickly rising. "It's definitely a niche market that has actually started to become quite important," explains B. Harton Wolf, fine jewelry buyer. "Competition is minimal", adds Paul Michaels, vice-president of Michaels Jewelers "Few other jewelers carry much of a selection, if any at all."

"What fancy color diamonds have going for them is their rarity, uniqueness and vivid tones. There are so many variables in intensity," says John Green, of Lux, Bond & Green

Jewelers carrying fancy color diamonds agree that the best way to compare colors is side by side. To begin to understand the differences in price you have to compare colors, tones and saturations in person, or have an experienced guide for your selection.

## Taking Stock in Color

If seeing is believing then having enough colored diamonds on hand to see will determine how successful you are in this niche market, say jewelers. "You can't sell what you don't have in inventory." Most jewelers who carry fancy color diamonds say they really enjoy presenting their customers with some-



thing unique, different and beautiful. "They stand out in our merchandise selections. They attract attention and get people talking."

Who are the people buying, these colorful diamonds? "Anyone who can afford them," says Goldwin. While some jewelers say 40 to 60 year old professionals comprise the strongest market, others believe the 30 something group is gaining momentum, particularly in the past few years. In any case, the profile is certainly a more affluent customer with a certain degree of sophistication and creativity who is looking for something out of the norm.

What are they buying? By far, fancy yellow diamonds are most popular with pinks a distant second, probably because of their limited availability and higher prices. In fact, fancy yellow diamonds are more often used as center stones than fancy pinks. Yellows, pinks and whites are often featured as

trios in jewelry as well. Following in notoriety are blues and cognacs, as well as coffee browns and blacks that provide an interesting fashion look.

Rings, particularly in fancy yellows in classic styles, are the best selling products, especially in three stone clusters. Popular price points generally range from \$10,000 to \$50,000. "It's rare that we sell a piece under \$30,000 in price," says Green. "They tend to be important sales."

"We sell quite a few 1-2 carat size coffee-brown diamond engagement rings, especially tension set, in platinum or red gold. We're not the norm here," he explains. "We carry very avant-garde jewelry by German designers and our clientele is very sophisticated."

