



Argyle pink diamonds: Focus is on royal connections at Kensington Palace auction

By Vivienne Becker

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Rarity is one of the most powerful factors in the gemstone market. It has always played its part, of course, dictating the balance of supply and demand, and therefore price, but in the case of Argyle pink diamonds, rarity takes on a new dimension.

The Argyle mine, in Western Australia, owned by [Rio Tinto](#), has only another 10 years production left in it. Dwindling supplies are swelling demand from collectors and investors, especially in the Middle East and China, where the combination of the stones' natural beauty and glittering investment potential is proving irresistible.

Philip Baldwin, of the Sciens Coloured Diamond Fund, says demand is phenomenal. "It's all about collectables. Buyers today are more educated, developing the taste and discernment needed to appreciate coloured diamonds.

"Argyle stones are not big or gaudy – the biggest are about two carats – but their specific colour, very different from pink diamonds from say Brazil or Africa, is both desirable and immediately recognisable."

The Argyle mine was discovered in the late 1970s, in rugged terrain 3,000 kilometres from Perth, and came on stream in 1984.

The mine yielded diamonds of an extraordinary purplish pink never seen before, in a palette ranging from delicate cherry blossom to bubblegum, from champagne to cognac, veering into the occasional blue, and the rarest of the rare, the red diamond.

The new Argyle diamonds captured the 1980s mood of glitz and glam, spearheading the coloured diamond craze, leading to today's near-obsessive quest for this ultimate natural rarity.

Rio Tinto decided to sell Argyle stones by tender, through sealed bids, and to offer only cut and polished diamonds, processed in its own facility in Perth.

Laurence Graff bought the entire first tender, and, with typical audacity, set them all into one flower brooch, which he sold immediately to the Sultan of Brunei.

Mr Graff has a definite penchant for pink: in November 2010, at Sotheby's Geneva, he paid \$46.2m for a ravishing gem of 24.78 carats, setting a new world record for a pink diamond, and naming it the Graff pink.

This year, to celebrate Queen Elizabeth's diamond jubilee, Rio Tinto is holding its annual tender in London, a rare occurrence, and even more unusually showcasing the tender stones in a one-off event for specially invited guests, to be held in the Orangery at Kensington Palace.

The 2012 tender comprises 56 exceptional pink diamonds, including two "hero" named pinks, the Argyle Siren and the Argyle Satine, and two red stones, as well as a separate offering of 19 blue diamonds, collected over the past two years, including the heart-shaped 0.33 carat Argyle Allure, and the violet Argyle Heloise.

These loose stones will be shown alongside an exhibition, called Out of the Vault, of spectacular jewels from around the world, set with Argyle diamonds, made by international names, many with their own royal connections. They include Graff, Moussaieff, Calleija, a London and Sydney-based specialist in red diamonds, and Nirav Modi of Mumbai.

The event will heighten the heirloom aspect of the Argyle pinks, and the royal links that connect them in turn to the long legacy of the pink diamond as an object of desire. The history extends from the early Indian Golconda diamonds, such as the Agra, given to the Mogul Emperor Babur, conqueror of the city, in exchange for lives, and the Darya-I-Nur, another Mogul treasure that became part of the Iranian crown jewels, through to the Williamson Pink, a melting, powder-pink stone from the Williamson mine in Tanzania, found in 1947 and presented as a wedding gift that year to the then Princess Elizabeth.

There is no sign of another mine in the world that consistently produces rare pinks in the same way as Argyle, and the near-exhaustion of the mine can only strengthen demand and prices.

Even now, pinks represent less than 0.01 per cent of the mine's production, and pink diamonds comprise just 0.03 per cent of global diamond production.

The Argyle mine has been the largest single source of the world's supply of pink diamonds, creating a desire and a market that is separate from that for white diamonds, less commoditised, with no price list, since value depends on subtle nuances of colour, balanced with other variables such as clarity and cut.

High-quality pink diamonds can reach 20 or even 50 times the price for a white diamond equivalent, and prices have increased exponentially, in the past 10 years, defying economic crises, peaking in 2009, when the average sale price reached just under \$2m per carat, and is now regaining momentum.

Mr Baldwin talks of a "red phenomenon", the elitist race for the staggeringly rare red diamonds, but emphasizes that, while the red or pink diamond is viewed, for example, by Chinese buyers as an investment, it is first and foremost an object of great beauty.

Josephine Johnson, manager of Argyle Pink Diamonds, part of Rio Tinto, says: "Many hard-nosed investors are surprised by the emotional connection they make with these remarkable gems, once they see them up close and fully appreciate their complex depth of colour and their ancient mystique."