

## Collectors Focus on Jewels as Investments

*Blue-chip paintings may be getting the most attention in this volatile art market, but jewels are quietly starting to shine as buyers seek alternative investments and portability.*

By **KELLY CROW**



**Jewels are commanding record prices, and men are the biggest buyers. Kelly Crow explains why on Lunch Break.**

Last month, Christie's sold a pink diamond the size of a thumbnail to an international collector for \$39.3 million. Sotheby's sold an even smaller pink diamond three years ago for \$46 million—more than anyone has ever paid for a canvas by Camille Pissarro or Paul Gauguin. Next Wednesday in Geneva, Christie's will offer up a pear-shape diamond dubbed the "Absolute Perfection" that's about as big as a golf ball. Asking price: \$20 million to \$30 million.

Blue-chip paintings may be getting the most attention in this volatile art market, but jewels are quietly starting to shine. With gold prices down and currency values roiling, some investors and collectors are scouring for creative alternatives where they can store cash—and move it around quickly in a pinch. Why else would investors sock \$1 billion in a decentralized, online-only currency like Bitcoin that didn't even exist six years ago? Alan Silbert, who last week launched a website accepting Bitcoins for its \$2 million condominiums and \$25,000 watches, said, "People are exploring ways to exercise more control over their money—they just want to diversify their assets."



'Star of the Season' sold for \$16.5 million at Sotheby's Geneva on May 17, 1995.

For this reason, diamonds—arguably the hardest asset around—are no longer just a girl's best friend. Men are the ones primarily responsible for moving the \$71 billion U.S. market for jewelry now, and not because they want to buy a few baubles for their wives on special occasions. Men, as well as some women, are increasingly shifting a portion of their assets into diamonds and colored gems as pure investments, attracted by jewelry's portability and global appeal, experts say. Christie's jewelry specialist Rahul Kadakia said several men have walked into his office lately, seeking advice on how to "invest \$100 million in jewelry over the next five years—and they've done it."

Martin Rapaport, a former diamond cleaver who built the industry's biggest diamond-trading network RapNet, said a billionaire friend recently bought 100 single-carat diamonds and had them strung together in a Roaring Twenties-style strand. That way, if the man's fortunes shifted, he could step on an airplane with his nest egg, worth roughly \$1.1 million, looped safely around his wife's neck. "If the world gets a computer virus and suddenly you need to move \$10 million in 48 hours, gold will set off metal detectors and too much cash gets cumbersome," Mr. Rapaport said, "but you slip on a \$5 million ring and a \$5 million necklace and you've got no problems."

Judith Price, president of the National Jewelry Institute, said a "refugee mentality" has seeped into the entire jewelry field over the past decade, ratcheting values for everything from natural pearls to ornate brooches by Van Cleef & Arpels. "If there is a problem, people want to feel like they can escape," Ms. Price said. "You can't do that with a Rodin tucked under your arm, but think about how a tiny a jewel is—you can slip it in your pocket and walk away."

Diamond prices often climb when stocks are falling and vice versa. But the long view on diamond values is reassuring, jewel and art experts say: Last month, the average asking price for a one-carat diamond among gem dealers was roughly \$10,500, up 31% from a one carat's going rate six years ago, according to the RapNet Diamond Index, which tracks diamond prices among 12,000 gem dealers around the world. During that same period, Standard & Poor's 500 index increased 14%.

Jewelry has long served as a pretty way to store and display wealth, from King Tutankhamen, who was entombed with his collection, to Henry VIII, who instructed his jewelers to embed his initials in just about every bauble he wore. Today a few royals are still considered heavyweight buyers of jewelry, specifically the sultan of Brunei and the emir of Qatar.



The difference is that investors dominate the jewelry market now, and their tastes and collecting habits are determining price levels for all sorts of gems. In China, industrial tycoons mainly covet D-flawless diamonds—defect-free gems. This preference for perfection revealed itself when Chinese investors even sidestepped larger but slightly clouded stones in favor of smaller, flawless varieties, said Sotheby's specialist Lisa Hubbard. Elsewhere in the world, though, bigger still appears to sell better: Last month, Sotheby's sold a 75-carat pear-shape white diamond for \$14.2 million; the seller paid \$4.3 million for it in 2001, earning a 230% return.

Sotheby's will sell Gina Lollobrigida's diamond necklace next week.

Collectors in China have also catapulted asking prices for colored diamonds—particularly in rare shades of pink and blue. Christie's says the last time its \$39 million "Princie" pink diamond came up for auction in 1960, it sold for \$1.3 million.

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India and the Middle East, on the other hand, seem more smitten with natural pearls, a run-up that kicked off in 2007 when two strands of pearls that once belonged to the Maharajah of Baroda sold for \$7.1 million, far above the \$6 million estimate. Last May in Geneva, a man also paid Christie's \$4.5 million for an emerald-encrusted turban ornament, called a sarpej, that was estimated to sell for \$800,000.

Sotheby's will sell Gina Lollobrigida's diamond-and-emerald earrings next week.

Across Europe and the U.S., the jewelry field is seeing an influx of contemporary art collectors who are buying tried-and-true gems partly as a way to offset the risk of their newer, untested art holdings. Peter Brant, the

industrialist-publisher who collects Andy Warhol and Urs Fischer, buys whimsical pieces by Paris jewelry designer Joel Arthur Rosenthal, known as JAR, for his model wife, Stephanie Seymour—and he's also bought a few investment-worthy diamonds from London jeweler Laurence Graff.

Greek financier Dimitri Mavrommatis, who collects Sèvres porcelain, Impressionist paintings and contemporary art, said he started buying a "fantastic collection of stones" over the past decade including pink, blue and yellow diamonds and Kashmir sapphires. His "masterpiece" is an 8.6-carat ruby called the "Graff Ruby" because Mr. Graff paid Christie's \$3.6 million for it in 2006. Mr. Mavrommatis said he bought the ruby from Mr. Graff a year later for an undisclosed sum and could likely resell it now for almost \$10 million. Although the same instinct for quality guides Mr. Mavrommatis's collecting in both areas, his paintings hang in his Paris apartment and his gems remain out of sight, in a safe. "You can't buy a painting or a jewel first because it's an investment, especially when you pay through the roof," he added. "I buy them firstly because I love them."



A 100-carat pear-shaped diamond sold for \$16.5 million in 1995.

pink to fuchsia—under fluorescent light, a bulb was positioned over its case to flicker on and off. A video projected on a nearby wall traced its origin to the famous Golconda mine in India and its past owners like the Nizam of Hyderabad, who mentioned it in an inventory log in 1700. In 1960, the gem was resold and nicknamed the "Princie" after the 14-year-old Prince of Baroda.

When the "Princie" came up for bid a couple of days later, a model in a pink designer-ball gown held up the stone for one final glimpse in the saleroom. Minutes later, the gavel fell and a telephone bidder won it for \$39.3 million, making it the second-priciest gem to ever sell at auction.

Over at rival Sotheby's, the campaign is also paying off. Ms. Hubbard said the house auctioned off \$460.5 million worth of jewelry last year, up 58% from its sales in 2007—the peak of its last market cycle.

In some cases, men who got started investing in jewels a few years ago have started branching out to collect other historic periods. Boston collector Fred Sharf collects 1950s "high style" pieces designed by Van Cleef, but he's lately started buying "retro" pieces that were made with "ordinary stones" like citrine during the Depression and World War II.

Mr. Graff, who also collects contemporary art, said, "Diamonds are treasure, and the wealthy always want treasure."

Jewelers and auction houses are also reaping the benefits of their decadeslong campaign to position—and price—jewels as artworks rather than ornaments. When Christie's specialist François Curiel started selling jewelry at Christie's 40 years ago, he said its black-and-white catalogs rarely showed the pieces coming up for sale. Catalog descriptions never said more when less would suffice—say, "Ruby brooch, invisibly set, Van Cleef, 1930."

Now, auction houses are doing whatever they can to appear accessible to novices. Anyone who stopped by Christie's jewelry preview last month in New York could have bought a 297-page catalog with pages of descriptions devoted to its priciest pieces like the "Princie," which had been mined in India 300 years earlier and carried a \$30 million estimate.

Inside the crowded room, most of the jewels were arranged by color in velvet-lined cases, but the "Princie" got its own darkened room. Since one of the diamond's selling points was its ability to change hues—from cotton-candy

Miami radiologist and design collector Al Eiber said he didn't consider jewelry to be part of his net worth two decades ago when he and his wife, Kim, started buying \$5,000 wiry necklaces designed by sculptor Alexander Calder. But now, Mr. Eiber sees similar pieces of Calder's "miniature sculptures" trading at auctions for up to \$500,000 apiece, and he said, "I wish I'd bought more. If I look back at what I've collected, the jewelry has probably done better than anything else I've bought."

Because so much of the world's jewelry is still made for, and marketed to, women, the collecting of it can prove a little isolating for men. Yvonne Markowitz, a jewelry curator at the Museum of Fine Arts in Boston, said men rarely talk about the pieces they're collecting in the way they might show off a blue-chip painting. Investment jewels stay in the vault and rarely come out, even for parties. Mr. Sharf said he was pleased when the Cooper-Hewitt National Design Museum borrowed his ruby flower Van Cleef brooch called the "Command Special" to exhibit. His wife Jean doesn't even put it on. "She never wears it—it never sees the light of day," he said, laughing.

Michael Rotenberg, a Boston collector who manages apartment buildings, said he's grown braver lately and started wearing the \$200-\$500 lapel pins he collects from studio jewelers. But he only tends to wear pieces created from manly materials like electrical tape and twigs, and he only wears them to arty events like museum openings, not the office.

His wife, Karen, collects jewelry as well, and she said she is happy to share the pursuit. She does have a rule of her own, though: "I told him he can do this so long as his brooches aren't bigger than mine."

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