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Why diamonds may be an investor's best friend

Leonard Joel jewellery specialist Hamish Sharma hopes to make auction history with a 25.02-carat diamond up for auction on Monday.



The 25.02-carat diamond was emerald-cut from a 47.961-carat rough mined in Canada's far northern tundra.

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The world's most celebrated diamonds come with a name and a story, the more glamorous the better. Think of the 69.42-carat, pear-shaped dazzler that Welsh actor Richard Burton gave his film star wife Elizabeth Taylor in 1969. Now known as the Taylor-Burton diamond, it was the first diamond to reach \$US1 million at auction. Burton was the underbidder and, furious at missing out, he rang the winning bidder, Cartier, and offered \$1.1 million. The diamond changed hands in less than 48 hours and was worn on Taylor's finger until she had the huge rock reset in a far more wearable necklace.



Elizabeth Taylor wearing her 69.42-carat dazzler at the 42nd Annual Academy Awards in Hollywood in 1970. Ron Galella/Getty Images

The biggest and potentially first million-dollar diamond to come up for auction in Australia has a rather more prosaic story.

It was bought not for love but as an investment, but that's has not stopped Leonard Joel jewellery specialist Hamish Sharma from talking it up. Sharma has grand ambitions and he hopes to shatter Australian records on Tuesday when he puts the 25.02-carat diamond up for sale in Sydney with an estimate of \$990,000 to \$1.2 million.



The investor owned the 25.02-carat diamond had it set in a platinum custom-made ring.

That's the kind of price some auction houses would consider near impossible to achieve in Australia, and reckless to try. Better to send high-end gems overseas they'd say – as Bonhams, the last remaining international auction house in Australia, did last year with a pair of rare Kashmir sapphires sourced from a lucky Melbourne family. One of the sapphires sold in New York for \$1.73 million (including buyer's costs).

But Sharma is adamant that there's a market for such high-end jewels here and he's determined to build it.

"I know people want things like this and I know they can afford it," Sharma says.

The pandemic has shaken up economies worldwide but some local industries are benefiting – and in Australia the auction trade is one of them.

Unable to travel, wealthy Australians are spending money at home. If Sharma succeeds, it will be his own record that he is breaking. Last year, he sold a 17.34-carat, emerald-cut diamond ring for \$575,000 (including buyer's costs), the highest price paid for a piece of jewellery at auction in Australia.

The ring was reportedly bought by James Packer's niece, Francesca, daughter of Gretel, but Sharma is bound to keep his clients' confidences.

The diamond coming up for sale next week was bought a mere four months ago by an expat Australian businessman.



Hamish Sharma at Leonard Joel auction house in Woollahra. Louie Douvis

The investor's 25.02-carat diamond was emerald-cut from a 47.961-carat rough extracted from the Gahcho Kué diamond mine in Canada's far northern tundra. The man had the stone set into a platinum custom-made ring, and now he's ready to cash in. With interest rates at an all-time low, jewellery is a rising asset class.

"As economies around the world have improved, the diamond market has also benefited," Sharma says. "What the vendor bought then is worth quite a bit more now."

He adds: "The proportion of this stone is so wonderful, it does not look gigantic on the hand."

When it comes to value, it's not just a diamond's size that counts. It's a mix of the so-called four Cs – clarity, colour, cut and carat weight.

Colourless diamonds are the rarest of all, and a stone of flawless clarity is so rare that one can spend a lifetime in the jewellery industry without seeing one.

A lucky jewellery specialist in New York, however, has come across one – a flawless, 41.5-carat diamond ring up for auctioned by Sotheby's this weekend (April 15 NY time) with a \$US4.5 million (\$5.9 million) to \$US5.5 million price tag. A magnificent diamond, Sharma agrees, but a little too big to wear as a ring.

Sotheby's New York is also selling a diamond comparable to Leonard Joel's – a 22.11-carat stone in a ring designed by Bulgari that belonged to the late American philanthropist Patricia Wallace. The Bulgari diamond, which rates slightly better in colour and slightly lower in clarity than the Leonard Joel ring, has an estimate of \$US400,000 to \$US600,000.

Sharma has a higher price on his diamond because he's confident that it's superior. "Yes it is. What can I do about it?" he laughs.

The market, of course, will be the judge.

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Important Jewels When 6pm April 20 Where Leonard Joel, 36-40 Queen Street, Woollahra, Sydney Tel (02) 9362 9045

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Gabriella Coslovich is an arts journalist with more than 20 years' experience, including 15 at The Age, where she was a senior arts writer. Her book, Whiteley on Trial, on Australia's most audacious of alleged art fraud, won a Walkley in 2018.