

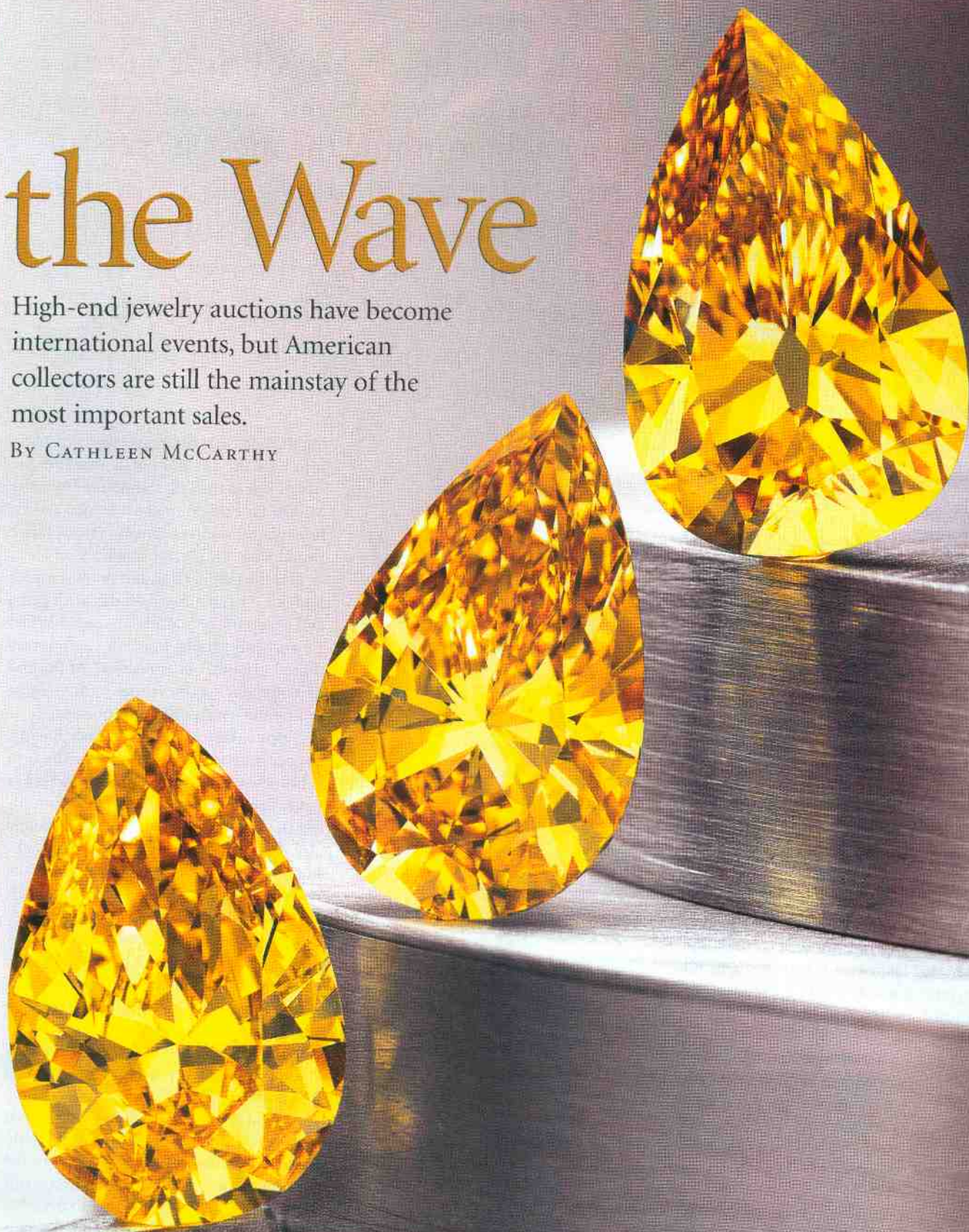
Christie's Rides



the Wave

High-end jewelry auctions have become international events, but American collectors are still the mainstay of the most important sales.

BY CATHLEEN MCCARTHY





Rahul Kadakia, head of jewelry for Christie's Americas

Sitting behind his desk at Christie's Rockefeller Center, Rahul Kadakia looks too young to be running the most successful department of the world's most successful jewelry auctions. Charming and boyishly handsome, he is in his early 30s but looks 25. In the three years he has served as head of jewelry for Christie's Americas, however, he has proven himself repeatedly.

Christie's jewelry department broke world records in 2006, selling more than \$400 million worth of jewelry worldwide. Of that, \$110 million came from U.S. sales, culminating in the spectacular \$20 million auction of actress Ellen Barkin's jewels.

So far, demand remains strong. The April Magnificent Jewels in New York began with a packed salesroom and frenzied bidding and brought \$39,094,080. Top seller was the Baroda Pearls, a necklace of 68 chunky natural pearls that once belonged to Indian royalty, which set a world auction record of \$7,096,000. A 22 ct. Kashmir sapphire set another, selling for \$3,064,000.

When I visit Kadakia's Rockefeller Center office four months later, the final polish is being put on the October sale. He asks an assistant to go into the vault and bring some jewels from that sale. Minutes later, a glittering tray is deposited like an order of tapas. Kadakia begins casually handing over rings, earrings, bracelets, precious gems. He clasps two Winston diamond bracelets on my wrist and a 1940 Cartier diamond-and-emerald bracelet on the other.

"There's a million, there's a million five," Kadakia says, waving a hand at my arms, weighed down by the world's finest jewels. "You're wearing more than \$3 million worth right now. This is what I deal with every day. Can you see why I end up losing my perspective?"

He moves on to the cr me of the upcoming sale, the loose diamonds. He points out that one is slightly foggy, lower-

An elegant diamond and pearl pendant necklace, by **Bhagat**, was sold during Christie's Magnificent Jewels sale on April 25, 2007.



ing the per-carat price, and that this plays into how the auction house markets the stones internationally. Someone from the Middle East might prefer size over clarity, he explains, whereas someone from Japan would want the perfect smaller stone.

This is a familiar dog and pony show for Kadakia. "I run around all day with gems and jewels in my pockets," he says. "When I meet with people, I always carry something I can pull out and show." At the end of a busy day, he sometimes returns home to find the jewels still in his pockets.

Despite the fun he is obviously having, the pressure is on to strike while the iron is hot. Demand for top-quality jewels has never been greater. The challenge is finding the goods to meet it, before someone else does. Increasingly, that means making sales quickly and quietly, between the two annual jewelry sales. And even though Kadakia is based in the United States, his buyers and his sellers often are not.

Sales in Europe and Hong Kong are growing, and last year Christie's held its first jewelry sales in Dubai, United Arab Emirates. Kadakia not only attends the international sales but also travels overseas frequently to pursue leads. "If I get a call about an important stone, I will get on a plane and go anywhere, at anytime—even in the middle of the night," he says. He pulls out a stack of boarding passes for flights to Dubai, Geneva, Hong Kong, and Milan, Italy—all from the last 10 days. It's becoming clear why Christie's hired such a youthful and worldly director.

With the ease of Internet and cell phone bidding, high-end jewelry auctions have become increasingly international. In April, only one buyer for the top 10 sellers was listed as "U.S. trade," four were "international trade," and the Baroda Pearls went to a private collector from Asia.

Americans continue to be the big spenders, however, and not only at the U.S. sales. "American collectors are the backbone of every auction we have worldwide," says François Curiel, chairman of Christie's Europe and international head of jewelry. "I would say 40 percent of all our sales in jewelry are made to Americans."

Kadakia took over in October 2004, a crucial moment for Christie's. Simon Teakle was stepping down, after 13 years at the helm and 20 years at Christie's. Kadakia was a newcomer to the United States. He started in his family's Bombay jewelry business at age 17, then came to Christie's London in 1996 where he organized their first sale devoted entirely to Indian jewelry. "It was strange-looking stuff so it was a bit risky," he recalls. The show sold out, far exceeding estimates, and soon after, Kadakia relocated to Geneva where he worked directly with Curiel.

A lot has changed in the world of high-end jewelry auctions in recent years. Chris-



François Curiel, chairman of Christie's Europe and international head of jewelry



A pair of ruby, pearl, and diamond earclips, by **JAR**, was part of Christie's Magnificent Jewels sale on April 25, 2007.



A cushion-cut fancy grayish blue diamond ring (9.39 cts.) sold for \$2,392,000 (\$255,000 per ct.) at the same auction.

Using Christie's as a Sales Tool

How can retailers take advantage of Magnificent Jewels sales?

"Use them as a thermostat of the market," says François Curiel, Christie's international head of jewelry. "I see jewelers coming to these auctions from all over the world. They're not buying, they're not selling, they just come to take the pulse of the market. Some spend two or three days marking down every piece of jewelry. I see them later at the auction, not bidding. Then they go back to their stores with a better knowledge of what the market is doing."

Retailers who can't make it to New York should consider subscribing to the auction catalogs, he says. "For \$80 or \$90 a year, you can track every sale, then get the price list after the auction or check the returns on the Internet."

Staying on top of market trends on a national and international level can provide an edge over the competition, he maintains, especially for the small-town jeweler. "If you live in Los Angeles or New York, you have everything at your fingertips. But if you have

a jewelry store in Dayton, Ohio, or Montana, it's difficult to see the trends. OK, you get the [Rapaport] *Diamond Report* and you know how much to discount. But if you're located in a small town, how do you know what is really going on in the market? It helps to know what a 4.00 ct. D/VS. diamond just sold for, or a Kashmir sapphire or a Cartier art-deco brooch. If you have something similar in your store and a customer complains about the price, you can say, 'A similar brooch just sold at auction for \$18,000.'"

A few years ago, a yellow gold and diamond brooch by Van Cleef & Arpels sold at a Magnificent Jewels sale. The following morning, Curiel saw a notice in a window near his hotel that read: "This piece just sold for \$25,000 at Christie's. We have it today for \$18,000. Where should you shop?"

"They found a clever way to use that information," says Curiel. "Of course, ours was a vintage 1940s brooch and theirs was made yesterday. But it was not that different."



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tie's is selling more contemporary jewelry and more new-to-the-market goods. But what a lot of people don't know is that much of Christie's profits don't come from auctions at all, but from direct sales to clients.

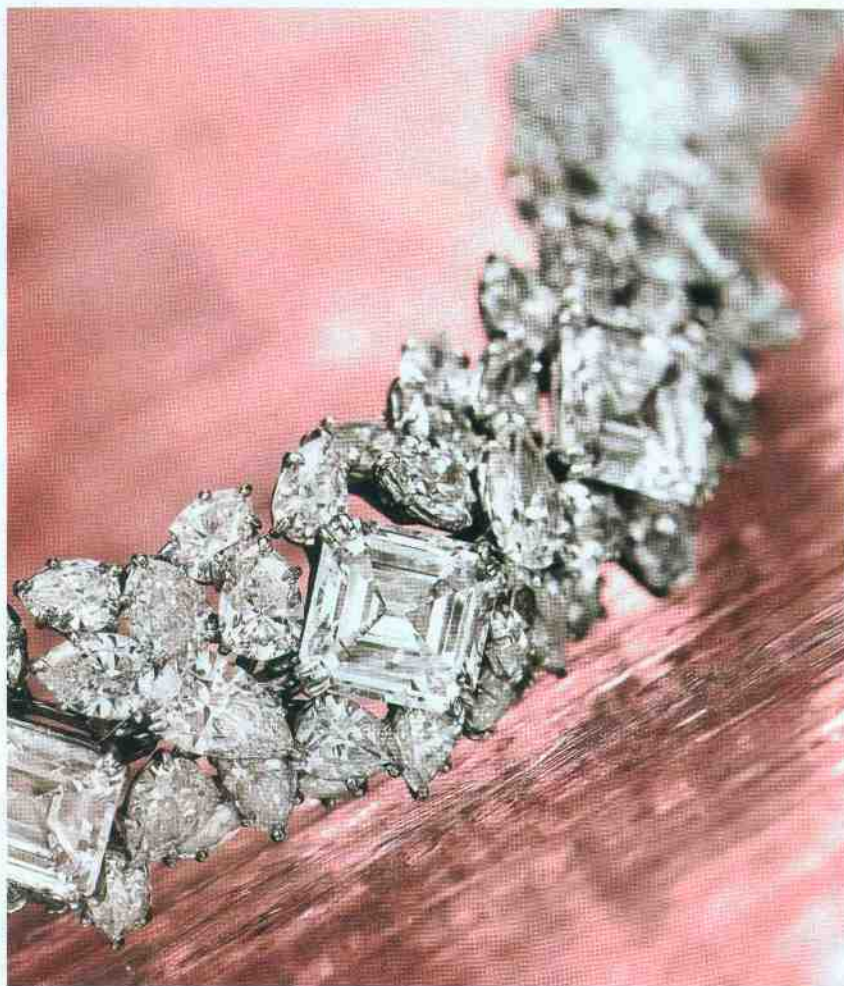
These between-auction transactions began, on a modest level, around five years ago as a way to keep up with the growing demand between biannual Magnificent Jewels sales. "It would be wrong to add two or three additional sales," Kadakia says. "That would dilute the quality and importance of the sales."

While the exact amount of nonauction sales is not public record, according to Kadakia, it is significant and growing. "If clients come to us looking for something for a special occasion and they can't wait for the next auction, we're happy to sell it to them anytime all year round," he says. "We sell anything from 2.00 ct. diamonds to 200.00 cts."

Kadakia spends a good deal of time hunting down jewels both for auction and direct sale. He tells of a client in the Middle East who put out the word that he was looking for a special diamond for an engagement ring and needed it fast. Kadakia located a stone and closed the deal at 5:30 the next morning, beating out his competition.

Diamonds dominate Kadakia's conversation in August, perhaps because they're the star players in the upcoming sale. A fancy blue 5.07 ct. diamond takes the top price of \$2,885,800 in October, and all but one of the top 10 are either loose diamonds or diamond jewelry. "I think diamonds have always been undervalued for what they are," he says after the sale. "We're not in a bubble, we're not in a temporary state of elevated prices. It is true appreciation of the diamonds."

"There is a lot of money out there now and people who have money wish to acquire great gems," he says. "This is happening at a time when there is a short-



A **Harry Winston** diamond bracelet sold for \$1,665,000 at Christie's Magnificent Jewels Auction, Oct. 16, 2007.



At the same auction, a rectangular-cut D/VVS₂, Type Ila diamond ring (23.14 cts.), by **Harry Winston**, sold for \$2,617,000 (\$113,000 per carat).

age of important rough. Everybody wants important stones and is willing to pay the prices. The high-end market is strong and it's pushing up prices in all segments of the market."

Kadakia has a standard response when people remind him there was similar wealth and demand for luxury goods in the '80s, before the crash. "It was borrowed money that was driving prices in the '80s," he says. "Now you read about new billionaires every day—real money, real cash, people with solid finances who want to buy the best in all aspects of the art world. I don't think there's going to be a slump in the market. Maybe a little correction but that's normal for any market—the stock market, the oil market, or the diamond and jewelry market." ■



The **Baroda** Pearls comprise a two-strand natural pearl necklace, ear pendants, a brooch, and a ring en suite. The set sold for \$7,096,000, a world auction record for a natural pearl jewel, at Christie's Magnificent Jewels Auction, April 25, 2007.

What's Hot at Auction

Rahul Kadakia's Top Picks

Art deco "The deco years were the best for jewelry manufacturing," says Rahul Kadakia, head of jewelry for Christie's Americas. "You still find the level of craftsmanship of the belle epoque but the jewelry is more accessible. Art-nouveau jewelry was very creative, fluid, and imaginative but only a few guys were making it and it's not to everyone's taste. It involved a lot of non-precious materials and delicate plique-à-jour, not always precious gemstones. The great Lalique choker—not everyone will understand it. You might prefer to spend your money on a big diamond instead."

Cartier "Cartier made some of the best deco-period jewels, clocks, and objects," says Kadakia, running a bracelet from the October sale over his palm. "It's like silk in your hands, so perfectly made." A Cartier Tutti Frutti bracelet sold for \$1 million in Geneva in 2006; another sold at Sotheby's New York for nearly that. Similar bracelets brought a quarter of that a few years ago.

Harry Winston "The '70s were also a great time for jewelry," Kadakia says. "Winston shook up the world. His jewelry was very classic." He holds up a diamond cluster bracelet of 47.89 cts., shows its graceful drape, how the stones were cut to match, how they hide the metal. In October, it sold for \$1,665,000. A Winston 23.14 ct. diamond ring sold for \$2,617,000. Both were estimated at \$800,000–\$1,200,000.

François Curiel's Top Picks

Modern and contemporary jewelry "This is a global phenomenon and I think it has to be put into context with the general interest in 20th- and 21st-century fine and decorative art," says François Curiel, chairman of Christie's Europe and international head of jewelry. "In general, art-deco furniture brings as much or more than 18th-century furniture. A picture by Warhol recently sold for \$72 million; there are not many Old Master pictures selling for this kind of money. There is simply a lot of interest in contemporary and modern works of art, and jewelry is no exception."

One-of-a-kind contemporary design There are two types of buyers for this category, Curiel reports, in Asia and Europe as well as the United States. "We have the traditional jewelry buyer who is now interested in contemporary jewelry. Mostly they buy jewels from smaller outfits such as JAR in Paris or Bhagat in India. These jewelers don't exhibit their work, so you have to go to their cities and buy directly from their shops. There is a certain chic in owning their jewelry. It makes you, the collector, special because you know about them and you went to these exotic places to buy their jewelry. The other type of buyer is the furniture or contemporary art collector who is now turning to contemporary or modern jewelry."