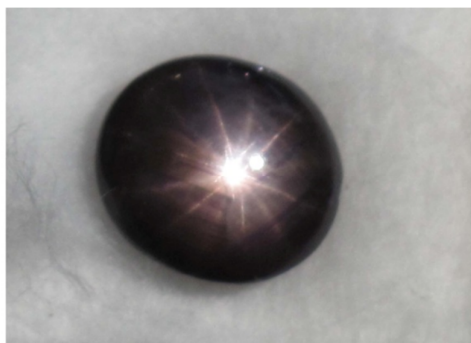


Collector Gems / Rare Gems / Unusual Gems

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12 Ray Sapphire



Star Ruby 7.35cts

There is an important subject that is hardly ever discussed in the gemological world, which is a shame because it is a critical area: the future role of collector gemstones. This subject must be approached through some basic definitions.

The first one is: what is a gemstone?

The second is: what is a collector stone?

Historically, the definition of a gemstone has been a nightmare for people in the gem trade. You will hear definitions that include terms such as “durability” and “beauty” and many others which all suffer from the same failing, which is, they are subjective. You cannot build workable definitions on a subjective concept. The only definition of a gemstone that I have ever been able to come up with, that seems to work all the time is ‘**a gemstone is any mineral that can be cut & polished for ornamental purposes**’. You can have good & bad gems, hard & soft ones, beautiful & ugly ones. But at least this is a definition that everyone can agree on, because it totally avoids subjective concepts.

The next step is to define a collector gemstone. This is primarily a marketing term. I define a collector gemstone as a gemstone (species or variety, such as a color variety) that is acquired principally by a small, sophisticated group of collectors who have a much greater awareness of the rarity of the material than the remainder of the market place. The simplest way to look at collector gems is to view them as the vast majority of existing gemstones that you would never find in jewellery stores. These gems are the majority of the 235-240 known gemstone species. Only about 15 or so are considered “commercial” and appear in jewelry. These also may be called “Non-traditional gemstones”. But the vast majority of stores limit their exposure of colored gemstones to birthstones and their alternates.

If you look at ancient times, as illustrated by the stories of the Bible, you find more than 1600 references to various gemstones in the Old Testament alone. The stones you find mentioned are Carnelian, Sardonyx, Chrysoprase & others opaque Quartz varieties that are not considered valuable today. Many other gems were misidentified. Other species were not known in Biblical times. The conclusion is that during the last 2500 years since most chapters of the Bible were written; only a number of gemstones have become popular. It is likely that ancient people did not know what Spinel, Chrysoberyl or even Aquamarine was. Gems that were “rare” at one time (like Amethyst) are abundant today, and stones that were considered “collector gems” (due to rarity) may now be considered “commercial”. All of this has taken place over a period of hundreds or even thousands of years, so it is difficult to see the overall historical picture and apply it to the modern marketplace.

The key is that use of gemstones as a commercial item is something that is created by the market and by the people who sell gemstones. The jeweler is the principal seller of gemstones, as far as the public is concerned. When the average person wants to buy a gem his first thought is to go to a jewelry store. He becomes familiar with whatever gems are on display in the store. If a certain type of stone is not on display, it is likely that the average buyer will not know enough to ask for it and it will not be considered as a “popular” or “commercial” stone. Since most jewelers are not gemologists, this would explain why so many of the existing gem species are totally unfamiliar to all, but to serious gem collectors these gems will be sought after.

Every dealer must decide which type of gem stones he sells. A major jewelry store might be interested in promoting a specific type of gem. This promotion would usually involve a lot of advertising, which is quite expensive. The cost of promotion strongly influences the decision whether or not to advertise and sell a product. Such decisions are always more difficult in the case of a product which has never been promoted before, which is the case with many rare gemstones. Some gems are so rare that only a few specimens are known. This category includes Painite (from Burma, only one existing specimen, in the British Museum of Natural History) and Taaffeite (from Sri Lanka, only about a dozen identified). If a jewelry store or chain spends a lot of money on advertising the beauty and rarity of such gems (a diamond is not considered rare for as many as several hundred stones might be available to fill these orders), all the advertising money would therefore be wasted because the material is too rare.



Taaffeite



Bi-colour Sapphires

It is easy to see that rarity is one of the things that make exposure and promotion of the stone financially unworkable, preventing a widespread popularity. Lack of broad demand will prevent the price of such a gemstone from ever rising beyond a level determined by the (limited)

collector marketplace. There are many types of rarities. We may think of rarity in terms of quality, size, colour, clarity, locality, etc. For example, a Ruby is considered very rare in a 10-carat Size. However a 10-carat Amethyst is easily available, because gems of these material over 100 carats can be purchased routinely. A Ruby of pure red colour is a great rarity, but publish-red stones are abundant in Thailand. There might only be one truly red Tourmaline (Rubelite) found in Brazil. For every 1000 green stones that are produced annually, a flawless Emerald is so rare that many gemologists question whether such a stone even truly exists.

There is also rarity in terms of the quality of phenomenon in such gems as Cats Eye, Alexandrite, Star Sapphire and Ruby. The exact shades of colour displayed by an Alexandrite can make an enormous difference in its price. A Star Sapphire loses value if the legs of the star are crooked or incomplete. To make matters even more complicated, the valuation of a gemstone usually involves consideration of all of these factors simultaneously.

Rarity in locality is associated with that I call “snob appeal” in the investment gemstone community. People seem willing to pay a tremendous premium to obtain rubies from Burma, sapphires from Burma & Kashmir, etc. While it is true that the finest Rubies come from Burma, it is also true that very few Burmese Rubies are of this superior quality. In fact, most Burmese Rubies are so pink that many of them would pass for Pink Sapphires! The very finest Sri Lankan Blue Sapphires certainly are as blue as most Burmese stones. Yet stones from these localities bring premium prices, whether or not they display the high quality usually associated with these localities. This type of buying has a lot of “collectorism” in it. This is one of the “fringe” areas of gemstone buying in which all opinions are valid and there is neither subjectivity nor objectivity involved.

There is a last kind of rarity which I term “geological rarity”, or species rarity. Examples are painite (a few examples known) and Taaffeite. Another example is Benitoite, which (in gem form) comes from a single locality in San Benito County, California. All the cut Benitoite in the world would probably not fill an 8-ounce water glass. This type of rarity plays a major role in deciding whether a gem will ever rise in value. If a stone is too rare to promote, it will never be advertised and “pushed” by the marketplace.

Species rarity is a fundamental aspect of a gemstone; this factor seldom changes rapidly because major discoveries of gem materials happen infrequently. Rarity in a physical property (colour, clarity, size, etc.) can only be assessed if one examines all the stones of a given type of material available in the marketplace. The ideal profile of a gemstone, when considering future price appreciation, is one in which there is great abundance of the species, but where most of the cut stones available are of “commercial” quality. The best material (in terms of size, colour, etc.), within the total material availability spectrum, is rare. This situation is ideal for investment because it enables the marketplace to promote the stone (lots of material is available) and to fill orders. This leads to an increase in exposure, then popularity, followed by demand which pushes the price up. Once this scenario occurs, a premium price is placed on the top quality stone which are harder to find. The supply and demand equation for the best material is therefore heavily skewed in favour of demand, and prices for these top gems are pushed up much higher than for the commercial-grade material.