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Shiny Objects

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We probably shouldn't be surprised that the diamond market is eroding dramatically. How dramatically? Natural diamonds—the kind you dig out of the ground—are selling at roughly half the price they were five years ago.

Why are we not surprised? For one thing, diamonds are not nearly as scarce as most people believe them to be. The De Beers cartel controls how many diamonds go on the market, keeping the prices (until recently, at least) higher than they would have been otherwise. The control slipped briefly as a glut of mined stones have hit the market, and this is revealing what economists might call their 'true value.'

But a bigger issue is lab-grown diamonds. These are not the old cubic zirconia simulated material made from zirconium dioxide, which fade in color and clarity simply with exposure to the air and environment. Today's lab-grown stones are chemically identical to the stones that miners dig out of the ground—except that if you happened to find a natural diamond lying in your front garden, there's a good chance it would have flaws of various sorts. Lab-grown diamonds can be made perfect. Even in today's market, a perfect lab-grown diamond with an excellent cut can cost one fifth the cost of a comparable (but, remember, slightly flawed) natural stone.

This, of course, has shifted consumer demand—to the extent that last year 61% of all engagement ring sales were lab-grown diamonds, an increase of 239% since 2020. The traditional diamond industry isn't taking this lying down. The De Beers organization has announced a halt on mining its Venetia mine in South Africa for the next two years, hoping that limited supply will push prices back up. Two other mines have filed for bankruptcy.

Interestingly, the negative price trend is not happening with colored gems. Rubies, emeralds and sapphires are experiencing a 15% price rise, year over year, while opals and tourmalines are becoming increasingly valuable as well. Currently, Burmese 'Pigeon Blood' rubies are the most expensive colored stones in the world.

Another trend has entered the picture: documented sourcing. All of the gemstones are considered more valuable if their provenance—where they come from—can be proven not to involve human rights abuses, violent rebel groups (see: blood diamonds) and/or environmental destruction.

Most market commentators would agree that gemstones are not an ideal investment; like gold, they don't produce dividends, and their future prospects are somewhat less certain than company stock, where the company is constantly engaging in activities that would increase its value and market share. Diamonds are a cautionary tale; anyone 'investing' in diamonds is looking pretty foolish after these last five years.

Sources:

https://www.cnbc.com/2026/09/26/whats-behind-the-fall-of-diamond-prices-to-record-lows.html

https://gemsandmore.com.au/colored-stone-price-trends-2026-guide/

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