The Future of Diamonds in South Africa

2026 to 2035 · Natural and lab-grown

Two diamond markets are separating, and for natural the direction is encouraging. Lab-grown is sliding toward the cost of making it. Natural is moving the opposite way: genuinely scarce, increasingly valued for documented origin, and backed by demand that is rising, with US spend per natural piece up 25% to $4,063 in 2025. The data behind that split, built on an original 292-stone price study and sourced global trend data.

+25%
US spend per natural piece, 2023 to 2025

$4,063
average natural piece, 2025

<95M
carats: natural rough supply, and shrinking

−85%
lab-grown, since its 2020 peak

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KEY FINDINGS

- **Natural demand is rising, not fading.** US spend per natural diamond piece rose 25% to $4,063 in 2025 (from $3,242 in 2023), and the average stone bought grew from 1.65 to 1.86 carats.
- **Natural supply is structurally shrinking.** Global natural rough is forecast under about 95 million carats as major mines deplete and exploration stays suppressed; production is not expected to recover. Scarcity is natural's core value, and it is strengthening.
- **Lab-grown is heading the other way, toward its production cost.** Down roughly 85% from its 2020 peak and a further 14% in Q1 2026 alone, with no floor yet. De Beers closed its own lab-grown brand in 2025.
- **For South African buyers, this is a multi-year-low entry point.** The US-dollar benchmark fell about 40% from 2022 to 2026 (RapNet 1-carat: $7,400 to $4,400); a weak rand masked it locally until 2025 to 2026, so good natural stones are near a multi-year low in rand right now.
- **The market is bifurcating in natural's favour.** Lab-grown becomes affordable fashion; natural becomes a finite-supply store of value with a real resale and trade-in market.
- **A "cheap" diamond is almost always a lower-grade diamond.** Across 292 SA stones, low headline prices tracked lower colour and clarity, not better value.

Method, in brief. The South African figures come from an original study of 292 priced natural diamonds harvested on 26 June 2026 from seven sources: a cutting house (Prodiam), three SA retailers, and three global-wholesale feeds. Prices are normalised to consumer-equivalent ZAR per carat and, for any dealer comparison, grade-adjusted to a common G/SI1 specification so the comparison is like-for-like. Global trend figures are sourced and cited in Sources and method. Where we look forward, we map scenarios on stated drivers rather than predict a single price.

1. Where South Africa stands in 2026

Start with what a natural diamond costs from our own bench, because the number surprises people. The figure below is the median price-per-carat from our own stock, by carat band, in rand and including VAT.

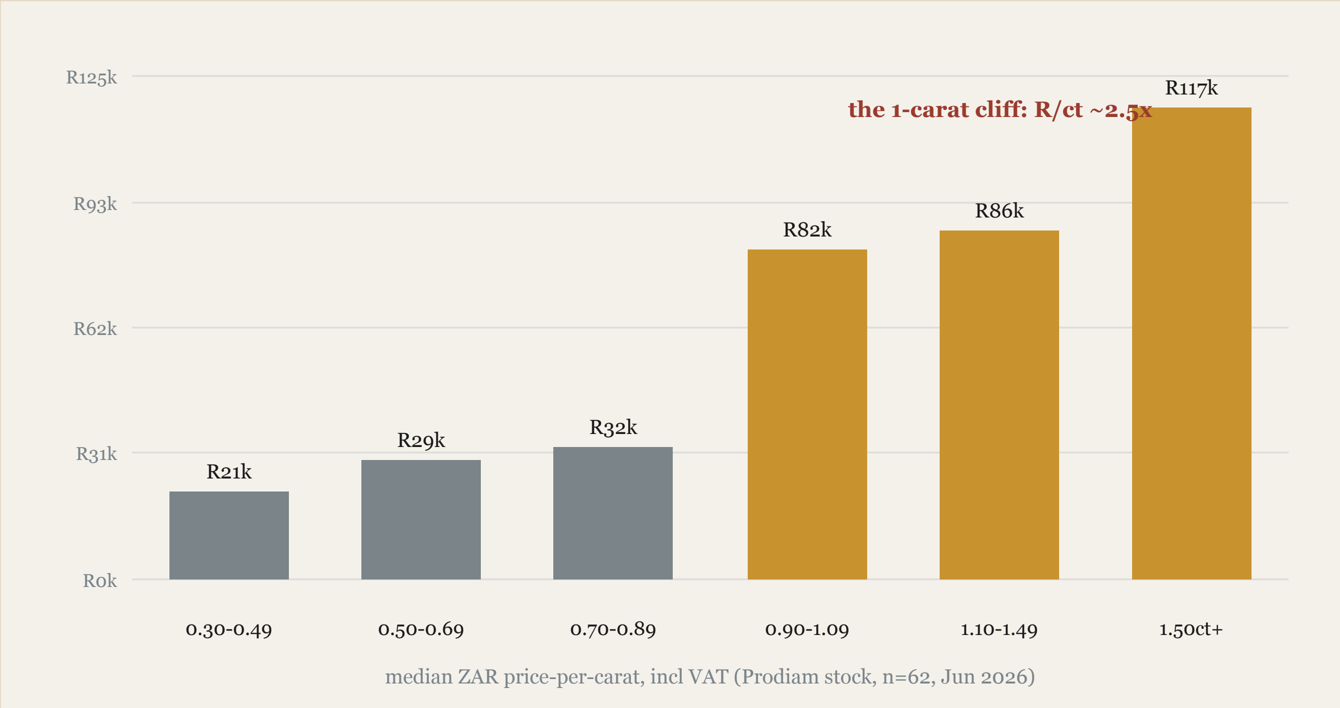

Figure 1. Median ZAR price-per-carat by carat band, Prodiam stock, n=62, June 2026; the upper carat bands are small-sample (n=5 to 12) and indicative. Price-per-carat is roughly flat below 0.9ct, then jumps about 2.5 times at the 1-carat mark.

Two things stand out. First, the **one-carat cliff**: price-per-carat sits near R30,000 below 0.9ct, then jumps to roughly R82,000 at 1.00ct and over R117,000 above 1.5ct. The "magic carat" premium is real and measurable, which is why a 0.90ct stone can be far better value than a 1.00ct one that looks identical on the finger.

Second, the headline-price trap. When we widened the study to 292 stones across seven SA and wholesale sources, the cheapest sticker prices were not better deals; they were **lower-grade stones**. The discount sellers' medians were full of L-to-M colour, with weaker clarity. Grade-adjusted to a common specification, a D colour costs about 46% more per carat than an H, and a top-clarity stone about 50% more than an SI1. The lesson for a buyer is blunt: compare same grade, not sticker price, or the comparison is meaningless.

2. Lab-grown is racing to the cost of making it

A lab-grown diamond is a real diamond, chemically identical to a mined one. Its problem is not authenticity; it is economics. Because it can be manufactured to order without limit, its price is anchored to production cost, and production cost keeps falling.

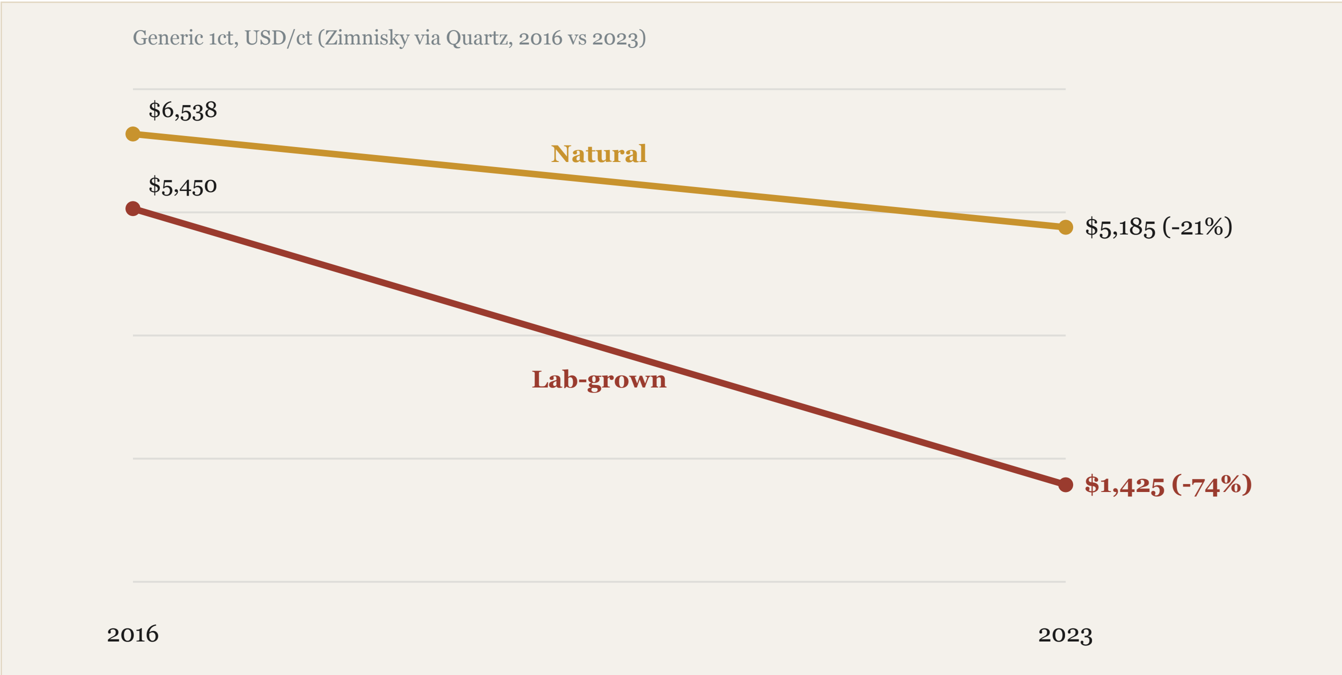

Figure 2. Generic 1-carat price, USD per carat, 2016 vs 2023. Source: Paul Zimnisky via Quartz.

From 2016 to 2023 the generic 1-carat lab-grown price fell 74%, from $5,450 to $1,425, while natural fell 21%. The decline did not stop. Lab-grown wholesale prices are now down roughly 85% from their 2020 peak and fell a further **14% in the first quarter of 2026 alone**, with, in the words of one wholesale-list publisher, "no clear floor yet". The clearest institutional signal came from De Beers itself: it launched its lab-grown brand Lightbox in 2018 at a flat $800 a carat, deliberately positioning lab-grown as fashion, and **closed it entirely in 2025**. Volume is still rising, but value per stone is collapsing. That is the signature of a commodity finding its cost, not a store of value.

3. Natural supply is structurally contracting

While lab-grown supply is effectively infinite, natural supply is doing the opposite. The Argyle mine, once a major volume source, closed in 2020. Major remaining mines are ageing into more expensive underground phases or finite extensions. Independent analysts forecast global natural rough supply falling under about **95 million carats**, with the trade-body range at 115 to 125 million carats through the end of the decade, well below the historic norm. Boston Consulting Group put it plainly: future production increases are unlikely to offset the decline from mines reaching the end of their productive life, and suppressed exploration budgets mean no new supply is coming to rescue the gap. McKinsey calls the moment an inflection point.

Finite and shrinking supply does not guarantee rising prices, but it removes the mechanism that crushed lab-grown. You cannot manufacture more natural diamonds to meet demand. Over a long horizon, that scarcity is the entire investment case, and it is getting stronger, not weaker.

4. A natural market restructuring around scarcity

The natural industry is being rebuilt around exactly the qualities that give natural diamonds their value. **Anglo American is divesting De Beers**, the company that has effectively run the natural diamond market for a century, after writing the business down three times in two years and a loss of over $500 million on it in 2025, and is redeploying capital into copper. The telling detail is who is stepping in: Botswana and Angola, the diamond-producing nations themselves, are among the parties circling to buy it.

For the stone on your finger this changes nothing. For the market it changes a great deal. A De Beers owned by diamond-producing states, rather than a diversified miner that wants out, is likely to be smaller, more supply-disciplined, and far more focused on provenance and natural's distinct story, because that is the only asset it has left to defend. That points the same way as the supply data: toward a tighter, more deliberately positioned natural market.

5. The rand is the variable nobody mentions

A natural diamond is priced globally in US dollars, then converted to rand. So the rand moves your price even when the stone is unchanged. The chart below is the cleanest illustration we have.

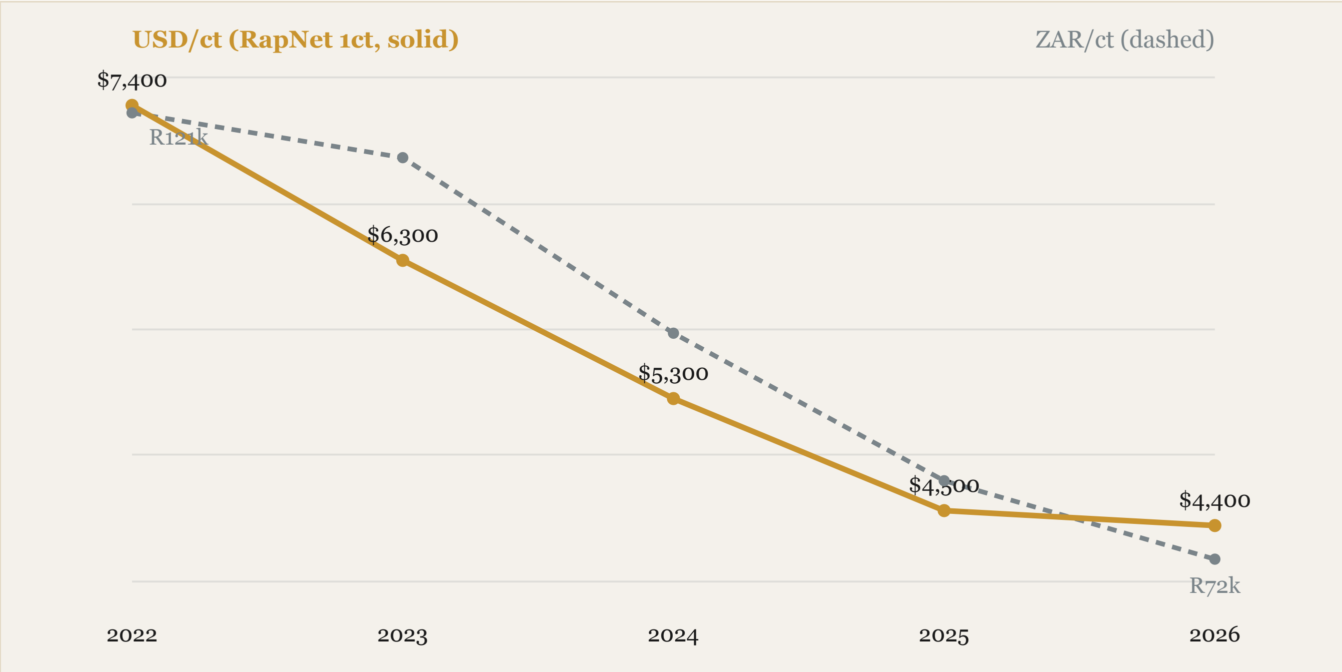

Figure 3. RapNet 1-carat polished benchmark, USD/ct (solid) and ZAR/ct (dashed), 2022 to 2026. Sources: Rapaport, SARB annual average USD/ZAR.

The dollar price fell 40% from 2022 to 2026. South African buyers did not feel that fall in 2023 and 2024, because a weak rand pushed the local price back up almost as fast as the dollar price dropped. Only in 2025 and 2026, as the rand firmed, did the global decline finally reach the local shelf. The practical takeaway: in rand terms a good natural diamond is currently near a multi-year low, and a meaningful chunk of any future move will be the currency, not the stone.

6. The great bifurcation

Put the four forces together and the diamond market is splitting into two products that happen to share a chemistry.

Lab-grown becomes affordable fashion

- Price anchored to falling production cost
- Unlimited supply, no scarcity premium
- Little to no resale or trade-in market
- Bought to be worn, not held
- Maximum visible carat for the spend

Natural becomes a store of value

- Finite, shrinking supply supports pricing over time
- A real secondary and trade-in market
- Documented origin, increasingly what buyers pay for
- Average jewellery price rose to $4,063/piece in 2025
- Bought to keep, set, and pass on

Neither is wrong. They are answers to different questions. If the brief is the biggest stone for a fixed budget on a fashion piece, lab-grown wins on carat-per-rand and always will. If the brief is a stone backed by finite supply, that can be traded against its certificate and carries a real origin, only natural does that, and the gap is widening.

7. South Africa's specific position

South Africa sits in an unusual spot: it is a producing nation with a working cutting industry and licensed beneficiation, not just a retail market. Rough is bought at De Beers DBCM viewings, cut locally, and certified, often in the same building as GIA South Africa. That matters for three reasons. First, **provenance**: as the global market pays more for documented, traceable origin, a South-African-cut natural stone with a single, nameable chain of custody is positioned for exactly that demand. Second, **channel**: the layers between a mall counter and the stone are precisely what online and cutter-direct buying removes, and AI-assisted research is accelerating that shift. Third, **the rand**, which makes timing and currency literacy part of every serious purchase here in a way it is not elsewhere.

8. The forecast: three scenarios to 2035

We do not publish a single predicted price, because anyone who does is guessing. Instead we map three scenarios on the drivers above. All three assume the lab-grown trajectory is effectively settled: continued decline toward production cost. The variable is natural.

SCENARIO	WHAT DRIVES IT	NATURAL, REAL TERMS	LAB-GROWN
Base case	Supply contracts on schedule; De Beers restructures under producer-state ownership; demand stable	Firms gradually; quality stones hold and slowly appreciate from a low base	Continues down toward a cost floor; stabilises late as marginal producers exit
Supply shock	Mine depletion and underinvestment bite faster; provenance premium accelerates	Rises more sharply, especially for larger, well-cut, certified stones	Irrelevant to natural pricing; remains a cheap fashion commodity
Soft demand	Weak global consumer demand; lab-grown normalises "diamond" expectations down	Flat to soft in dollars; the rand becomes the dominant local driver	Falls to bare production cost; some retailers exit the category

Our weighting leans to the base case shading toward supply shock, because the signals are unusually one-directional and they line up in natural's favour: shrinking supply, rising spend per piece, and an industry consolidating around provenance all point to a firmer, more valuable natural market over the next decade. The honest caveat: diamond demand is consumer sentiment, and sentiment is the one input no model owns. We will update this report as the data moves.

9. What this means if you are buying in South Africa

- **Decide which market you are in first.** Keepsake and heirloom, buy natural. Fashion and maximum size on a budget, lab-grown is the rational choice, just price in that it will keep falling.
- **For natural, the timing is reasonable.** Dollar wholesale is near a multi-year low and supply is tightening. You are buying a finite asset, not a falling one.
- **Compare same grade, never sticker price.** The cheap stone is usually a lower-grade stone. Insist on a GIA report and verify the number yourself.
- **Spend on cut, then size, then the rest.** Cut drives how a stone actually looks; a well-cut 0.90ct beats a dull 1.00ct, and skips the one-carat cliff.

- **Mind the rand.** Part of any price move is currency. In a firm-rand window, dollar-priced stones are cheaper locally.
- **Buy as close to the cutter as you can.** Each intermediary you remove is margin that stays in the stone, and provenance you can actually trace.

Sources and method

Every figure in this report is traceable. The South African price data is our own; the global figures are externally sourced and listed here.

- **SA price study (Figure 1, plus the 292-stone and grade-adjusted findings).** Original Prodiam Trading dataset, 292 priced natural diamonds harvested 26 June 2026 from a cutting house, three SA retailers and three global-wholesale feeds; normalised to consumer-equivalent ZAR per carat and grade-adjusted to a common G/SI1 specification.
- **Lab-grown vs natural 2016 to 2023 (Figure 2).** Paul Zimnisky, generic 1-carat price data, reported by Quartz (2023).
- **Lab-grown 2024 to 2026 decline.** Edahn Golan Q1 2026 lab-grown wholesale price list (down 14%); industry reporting of roughly 85% off the 2020 peak.
- **De Beers Lightbox launch (2018) and closure (2025).** De Beers Group announcements.
- **RapNet 1-carat index and USD/ZAR (Figure 3).** Rapaport RapNet Diamond Index and South African Reserve Bank annual average exchange rates, 2022 to 2026.
- **Natural supply outlook.** Paul Zimnisky supply forecasts; Boston Consulting Group, "The Future of the Natural Diamond Industry"; McKinsey & Company, "The diamond industry is at an inflection point".
- **Anglo American and De Beers.** Anglo American 2025 results and write-downs; reporting by Rapaport, JCK, National Jeweler and The Africa Report, 2025 to 2026.
- **Natural jewellery average price ($4,063, 2025).** De Beers Group US consumer research, 2026.

This report is general market information, not financial or investment advice. A diamond is a store of value, not a guaranteed-return asset; never buy one expecting a profit. Forward statements are scenarios, not predictions.

ABOUT THE AUTHORS

The Prodiam Trading Research Desk publishes from inside a working South African cutting house. Lead author Darren Etkind has been a diamantaire since 1995 and is a De Beers DBCM Emerging Beneficiation Customer; Prodiam cuts and certifies natural diamonds in Bedfordview, in the same building as GIA South Africa. We work in natural diamonds only, which we disclose so you can weigh our perspective. The data, however, is the data.