

LAB-GROWN DIAMOND MARKET UPDATE: SALES, SIZE, AND MORE

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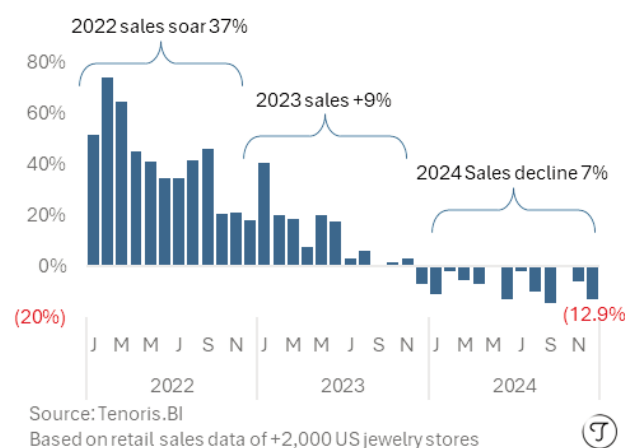
Lab-grown diamond (LGD) pricing might continue its decline, but demand is as strong as ever.

According to two diamond market analysts, the category's market share continues to grow, though their estimates of that share are a little different—analyst Paul Zimnisky estimates that lab-grown jewelry sales across the world is believed to have hit the 20% mark last year, while Edahn Golan, managing partner of insights company Tenoris, said that lab-grown held a 14% market share in 2024.

Either way, the U.S. still makes up the majority of that, representing an estimated 80% of the market. And, LGD now represents about half of engagement ring sales in that market. According to a survey done by The Knot, the average spend in the U.S. on an engagement ring was \$5,200 in 2024, down from \$5,500 in 2023, attributed to the rise in popularity of LGDs and the decrease in the average cost of an engagement ring. The survey also showed that 52% of engagement rings sold in the U.S. last year had an LGD.

Tenoris reported that lab-grown diamond jewelry unit sales grew 43% overall in 2024, resulting in a 31% increase in sales, though the company noted that the increases are decelerating when compared with 2023, when unit sales rose 50% and revenue grew by 38%.

The primary reason for the purchase of lab-grown vs. natural remains more price point-driven than related to environment or responsible sourcing. This is driven by consumer perception that, with the 4Cs being equal—since LGDs are graded according to the same terminology as naturals by the labs—lab-grown dia-



This chart shows the downward trend of loose lab-grown diamond sales in the U.S. year over year. (Data and graphic credit: Tenoris)

monds, at a fraction of the cost, are a bargain buy, when in fact high-quality lab-grown diamonds are more common and make up the larger part of the diamonds produced than when compared with the natural market, where rarity is a primary value factor.

The availability of larger lab-growns also serves as an important sales driver, according to Tenoris, which reported that sales of 2-carat and 3-carat LGDs comprised 42% of sales by unit in 2024.

It's no surprise market share has increased so much as many large brands are increasingly making lab-grown diamonds a part of their regular line-ups. Danish jewelry company Pandora, for example, sold \$45 million worth of LGD jewelry last year, representing a 20% increase year-over-year, according to its financial results.

Zimnisky said in his latest diamond market report that global production of lab-grown diamonds for jewelry

use is predicted to be almost 30 million carats of rough this year, up from an estimated 26 million carats last year and 17 million in 2023. For context, this compares with under 1 million carats less than a decade ago.

In 2024, revenue from loose lab-grown diamonds fell 7.2% despite an 18.6% increase in units sold, driven by the steep and continuous decline in prices, seen throughout GemGuide's charts last year. Golan said this decline is leading retailers to request more goods on memo; he said 48% of LGD goods last year were on memo, compared with 43% in 2023.

Additionally, Golan said that gross margins for LGD are only increasing, noting that they averaged 68% in 2024 and had reached 70.9% by December 2024, with no signs of decreasing, helping retailers maintain their gross profits.

Longer term, the market's success will likely hinge on its ability to further differentiate, with lab-grown jewelry companies having to pivot from offering products similar to those of the natural diamond jewelry world to selling lab-grown in ways natural can't compete with, like custom shapes or colors or complete-diamond jewelry, Zimnisky said. ♦

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