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Mexican Conglomerate Acquires 70 Hotel Properties from Japanese Entity

by LADB Staff

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In mid-February, the Mexican business conglomerate DSC S.A. announced plans to purchase 70 Westin hotels and resort facilities in the Americas and Europe from Japan's Aoki Corporation for US\$708 million. DSC which has interests in real estate, construction, retailing, and tourism already operates the four-star hotel chain Qualton in Mexico and the Avisa travel and tour companies. A real estate broker familiar with the transaction told the New York Times that DSC beat out at least six other bidders for the properties.

Under the proposed agreement, the 70 properties transferred to DSC ownership will continue to operate under the Westin name. Aoki will retain ownership of the Westin trademark and the chain's properties in the Pacific Rim. The properties to be acquired by DSC include such famous sites as the Westin Resort in Hilton Head Island, South Carolina; the Arizona Biltmore in Phoenix; the Westin Bonaventure in Los Angeles, and Las Brisas in Acapulco.

"This transaction underscores the interest Mexican companies have in becoming global competitors," DSC chairman Bernardo Dominguez told United Press International. "More than an acquisition, it represents a strategic commitment between our companies to develop the Westin business worldwide."

The transaction is expected to be finalized during the second quarter of this year. US-based financial services company Salomon Brothers Inc. is advising DSC and is helping the company find the necessary financing for the transaction. During February, a US-based motel company also announced expansion plans into Mexico. Texas-based La Quinta Inns said the company would invest about US\$1 billion over the next ten years to construct 50 motels in Mexico. The first nine units, which will have 150 to 300 rooms, are either under construction or have already been completed. In fact, La Quinta Saltillo was inaugurated on Feb. 12 in Saltillo, Coahuila state. Financial analysts told La Jornada the motels are expected to fill a need in Mexico for moderately priced, high-quality motels.

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