

COMMERCE

Rumors of Chinese purchase drive Starwood stock prices up

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St. Regis New York exterior

By STAFF REPORTS

Starwood Hotels & Resorts Worldwide Inc. may soon be bought by a Chinese firm.

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In April, Starwood announced that it would be open to potential buyers due to concerns that it is not growing at the same pace as its competitors. Currently, there are three Chinese bidders interested in purchasing the hotel chain; if the sale is completed it would be the largest Chinese takeover of a United States company.

On the bidding block

According to [The Wall Street Journal](#), the firms petitioning Beijing for the purchase include Shanghai Jin Jiang International Hotels Group Co., HNA Group, the parent of Hainan Airlines and sovereign-wealth fund China Investment Corp. These petitions have been submitted to the Chinese government in the last two months.

The Chinese government would like only one domestic firm to be in the bidding for Starwood as to not drive up the price by bidding against one another. It will be up to the government to decide which firm will be able to continue, but if too much time is taken another potential buyer may intervene.

News of the potential sale to a Chinese firm drove up Starwood stock prices 9.1 percent on Oct. 27, the largest single-day gain the chain has had since 2009. Although an asking price has not been shared publicly, as of Oct. 27 the hospitality chain was valued at \$12 billion.

Starwood, based in Stamford, CT, operates hotels such as Westin, W Hotels and The St. Regis. The hospitality chain operates more than 12,000 properties around the world.



St. Regis rendering

Chinese investors have shown keen interest in U.S. hospitality brands. For example, in 2014, Hilton Worldwide sold the Waldorf Astoria's New York flagship hotel to a Chinese insurance company for \$1.95 billion.

The property will remain a hotel, and Hilton will continue to operate it, but the Anbang Insurance Group will own the 47-story building. This move allowed Hilton to remain connected with the iconic hotel, but also gain an income for purchasing other hotels worldwide ([see story](#)).

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