



Hilton Worldwide Holdings, Inc. | Strengthening Market Position Through Strategic Innovation

Overview

Hilton Worldwide Holdings, Inc. (NYSE: HLT) is projected to reach a market capitalization of approximately \$73.1B by the end of 2035, implying an upside potential of **36.7%** relative to its market capitalization of \$53.5B as of April 24, 2025. This growth is driven by global expansion, strong brand equity, increased demand for lifestyle and wellness-focused hotels, and rising loyalty program engagement. Key regions like Asia-Pacific and Latin America are expected to be major contributors, bolstered by economic growth and infrastructure investments. Hilton's ability to cater to Millennial and Gen Z travelers, leverage strategic partnerships, and innovate through technology and AI will support operational efficiency and customer satisfaction. The Hilton Honors program, anticipated to surpass 500 million members by 2035, will continue to be a major revenue engine and customer retention tool.

Hilton Solace— Strengthening Hilton's Market Position Through Wellness Innovation

Hilton Solace is a fully immersive **wellness-first** hotel concept developed to meet the growing demand for health, mindfulness, and sustainable travel. Instead of offering wellness as an optional amenity, Solace **reimagines the entire guest journey** with well-being as the core product. Every stay is shaped around physical recovery, emotional balance, and mental clarity. Room features include circadian rhythm lighting, air purification, guided meditation, and sleep-optimized bedding. Guests can personalize their stay with **curated wellness tracks** that focus on stress recovery, sleep improvement, detox, or mental health support. Properties will also offer infrared saunas, cryotherapy, flotation tanks, and classes in yoga, Pilates, and breathwork. Staffed wellness coaches and licensed mental health professionals will support on-site services.

Solace strengthens Hilton's market position by filling a gap in the high-growth wellness travel sector. While competitors like Hyatt and IHG have boutique wellness brands, no major U.S. hotel chain offers a **scalable wellness-first experience**. Hilton Solace is designed to grow across both resort destinations and urban markets, appealing to affluent travelers who prioritize health and personal development. Through Hilton Honors, guests can unlock exclusive wellness perks or redeem points for treatments, increasing loyalty engagement. **Digital integration** allows guests to pre-set room environments through "Wellness Mode" in the Hilton Honors app and receive post-stay wellness insights. Solace turns a stay into an experience that continues beyond the visit, creating stronger brand relationships and longer customer lifetime value.

Solace also supports Hilton's long-term **ESG goals** and aligns with shifting **post-pandemic consumer priorities**. Guests are looking for travel experiences that restore mental health and fit



sustainable lifestyles. Hilton Solace will prioritize local sourcing, low-waste operations, and eco-conscious dining programs developed with chefs and nutritionists. Dining will support the wellness journey with anti-inflammatory meals, plant-based options, detox selections, and functional beverages that align with each guest’s wellness goals. With the wellness tourism market expected to surpass \$1.5 trillion by 2030, Hilton is positioned to lead in a space that is evolving quickly. Solace blends wellness, sustainability, and personalization into a strategic expansion that brings long-term brand and revenue growth. This initiative is not just timely but is a **natural next step** in Hilton’s evolution as a global hospitality leader.

Economic Case

Hilton Solace is anchored by two flagship properties, one in the United States and one in the Asia-Pacific region, with a combined upfront investment of approximately \$513.5 million. This covers land acquisition and construction (\$500M), wellness infrastructure (\$13M), and AI-powered personalization features (\$0.5M), developed in partnership with NTT DATA, Hilton’s existing technology provider.

Each property is projected to generate between \$46 million and \$130 million in annual revenue through premium ADRs ranging from \$1,000 to \$3,000 and long-stay wellness-focused packages. Combined, the two locations are expected to yield an **average annual revenue of \$161 million** against annual costs of \$106 million. We estimated profit margins to be on the higher end of current luxury wellness hotels with 20–30% in the U.S. and 30–40% in APAC due to lower labor and operational costs. Using this performance range, 12% annual revenue growth, and assuming operational activity from 2029 through 2035 after a 4 year construction period, we estimate Hilton Solace would **contribute approximately \$833 million to Hilton’s**

Current Market Cap (as of 4/24/25)	\$53.5B
2025 Projected Market Cap	\$73.1B
Hilton Solace Market Cap Contribution	\$833M
Return Potential	36.7%
Hilton Solace U.S. Midpoint Profit Margin	26.6%
Hilton Solace APAC Midpoint Profit Margin	37.0%

market capitalization by the end of 2035. This is projected by adding in the one time costs under capital expenditure in 2025, and yearly revenues and expenses into our DCF model.

While we use a mid-range **ROI estimate of 3% for this period**, it is important to emphasize that this figure reflects only the first seven years of operations. ROI in this case is an imperfect measure, as it does not account for the long-term cash flows expected beyond 2035. For context, extending the projection by just one additional year, through 2036, **increases ROI to**



25%. Though initial development is focused on two high-performing assets, the Solace brand is designed for scalable growth through franchising or asset-light models. As such, it represents not only a financial investment but a brand-building initiative with potential to significantly enhance Hilton’s strategic positioning and long-term shareholder value beyond 2035.

Risks

Hilton Solace brings exciting new features, but like any new idea, it comes with risks. One big risk is not knowing how guests will react. Wellness is popular, but not everyone is into it, some guests may still prefer the traditional Hilton style. That’s why we’re starting with just two hotels in top wellness markets to test how people respond.

Another issue is cost. Solace rooms are more expensive to build and maintain because of their special wellness features. Starting small helps us manage spending and see if the concept works before expanding. Solace also needs special staff like yoga instructors and therapists, which adds complexity. To help with this, we’ll work with local universities and wellness programs to find qualified staff. Lastly, Solace relies a lot on technology, like Hilton Honors’ “Wellness Mode.” If the tech fails, it could hurt the guest experience. So, we’ll offer 24/7 tech support, and guests can always go to the front desk or get printed schedules if needed.

Why Hilton Solace Will Succeed

Hilton Solace is a strategic brand extension designed to position Hilton at the forefront of the rapidly growing wellness tourism market. Our proposition offers an integrated and immersive experience focused on enhancing physical, mental, and emotional well-being, directly addressing the escalating consumer demand for holistic health travel, especially among Gen Z, Millennial, and Gen X groups. Solace distinguishes itself from other traditional hotel wellness features because Solace integrates wellness into every aspect of the guest experience. This comprehensive approach enables Hilton to achieve premium pricing structures while strengthening its market presence within the experience-driven hospitality sector.

The strategic initiative offers scalability across diverse environments, allowing Hilton’s market reach to include corporate wellness retreats and digital nomads seeking longer, purpose-driven stays. Solace also differentiates itself by prioritizing mental wellness through services like guided therapy and mindfulness programming. When combined with the Hilton Honors app, Solace can leverage technology to enable personalization through the new “Wellness Mode,” which fosters deeper guest engagement and long-term loyalty. Ultimately, Hilton Solace is projected to enhance overall brand equity and generate significant high-margin revenue streams, thereby solidifying Hilton’s leadership position within the evolving global travel landscape.