Executive World

A 51-Storey Luxury Hotel Will Rise Above Brisbane's Historic Victory Hotel – Australian billionaire Shaun Bonett's Precision Group



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Brisbane's Victory Tower Approval Tests the Economics of Olympic Hotels

Brisbane has approved one of its most ambitious hotel projects ahead of the 2032 Olympic and Paralympic Games. Brisbane City Council has granted development approval for Victory Tower, a 51-storey luxury hotel with 284 rooms. It will rise behind and above the heritage-listed Victory Hotel in the city's central business district. Precision Group, the Sydney-based property company that has owned the site since 2005, says development costs will exceed A$300 million.

The approval comes at a revealing moment. Queensland needs about 14,700 additional hotel rooms by 2032, according to analysis by CBRE for the Property Council of Australia. Projects in the pipeline would deliver only around 24 percent of that. Construction costs are the main obstacle. Understanding why this project can proceed when many others cannot offers a clear lesson for hotel investors, developers and policymakers.

The Project

Victory Tower will occupy a site of just 924 square meters and provide about 16,000 square meters of floor space. The design uses a reverse podium that lifts the tower six storeys above the street, allowing it to remain visually and spatially distinct from the heritage pub beneath it. Amenities will include restaurants, a public rooftop bar and a pool on the 40th floor with views over the city and river. Bureau Proberts is the architect, S.Shyne the interior designer and Ruth Woods the heritage architect.

The Victory Hotel itself was built in 1855 as the Prince of Wales Hotel and renamed in 1921. It is the oldest of its kind in the Brisbane CBD. Restoration is under way. It will be divided into four venues: a sports bar and beer garden, a rooftop garden bar, a steakhouse and a basement speakeasy-style bar with a gaming room.

No hotel operator has been named. Precision Group says it has received strong interest from international premium operators and that bringing one in early would allow it to shape room layouts, dining, rooftop spaces and branding. The construction program will be confirmed once an operator is announced. The company says the hotel will open before the 2032 Games. That target depends on finalizing an operator, securing a contractor and avoiding construction delays.

The Shortfall and the Cost Problem

Brisbane's need for hotel rooms is not in doubt. The CBRE analysis found that only one new hotel opened across Brisbane, the Gold Coast and the Sunshine Coast in the past year. The pipeline would deliver about 3,500 of the 14,700 rooms needed by 2032, leaving a gap of roughly 11,000. Against the state's longer-term target of 40,000 additional rooms by 2045, the pipeline would meet only about 9 percent.

The problem is not demand but cost. CBRE estimates that the cost of building mid- to high-end hotels has risen close to 40 percent since 2019, with a further 18 percent increase expected across 2026 and 2027. Higher finance and operating costs compound the pressure. For many developers, the projected value of a completed hotel no longer covers the cost of building it.

The numbers on Victory Tower show the scale of the challenge. At more than A$300 million for 284 rooms, development cost exceeds A$1 million per room before land. Few hotels can justify that cost on room revenue alone. Luxury positioning, rooftop and dining revenue, and long-term asset appreciation must all contribute.

Why Precision Can Build When Others Cannot

Precision Group's ownership model explains much of the project's viability. The company says it has operated for 32 years and has never sold an asset. It plans to keep Victory Tower as a long-term investment, describing freehold ownership as its core business model. It has not ruled out a joint venture.

That model provides three advantages that a conventional developer lacks.

- **Land basis**: Precision bought the Victory Hotel in 2005 for A$22 million. A developer acquiring a comparable central site today would face far higher land costs, which would have to be recovered through the hotel's returns.
- **Patient capital**: A developer that must sell a completed hotel needs the sale price to exceed total costs within a few years. A long-term owner can accept a lower initial yield in exchange for decades of income and appreciation.
- **Operator optionality**: Without a fixed exit, the owner can negotiate with premium operators on terms that favor long-term asset value rather than near-term sale.

This is an editorial framework rather than a measured model. It explains why the hotels that do get built in high-cost markets are disproportionately those owned by long-term holders with an established land position.

Heritage as an Asset

The project also shows how heritage can be monetized rather than treated purely as a constraint. A 924-square-meter site is extremely small for a 51-storey tower. Building above and behind a restored heritage pub allows the owner to unlock density while preserving and commercializing a historic venue. The heritage hotel

becomes a destination in its own right, supporting the tower's food and beverage strategy and differentiating it from conventional luxury hotels.

The site's history illustrates the difficulty of such projects. An earlier five-storey plan from 2007 stalled after a basement fire in 2008. The current approval follows what the company describes as a long process of seven years.

Why This Matters for Business Leaders

For hotel investors, Victory Tower illustrates a structural shift. In markets where construction costs have risen sharply, new hotel supply is increasingly delivered by owners with long-held land, patient capital and diversified revenue, rather than by merchant developers seeking a quick sale.

For international hotel operators, a supply-constrained market with event-driven demand strengthens their negotiating position, particularly for luxury brands that owners want early. For policymakers, the shortfall suggests that planning approvals alone will not close the gap. Measures that address construction cost, financing or density, such as Brisbane's strategy to allow pubs to add accommodation, may matter more.

There is also a timing risk. The Games will generate exceptional demand for a few weeks in 2032. Hotels must justify their economics over decades of ordinary trading, which depends on Brisbane's longer-term growth as a business and tourism destination.

Executive Takeaways

What changed: Brisbane approved a 51-storey, 284-room luxury hotel tower above the heritage Victory Hotel, with development costs of more than A$300 million and completion targeted before 2032.

Why it matters: Queensland's hotel pipeline covers only about a quarter of the rooms needed for the Games. Rising construction costs mean long-term owners with established land positions are better placed to build.

What leaders should do next: Hotel investors should assess projects on long-term ownership economics rather than event-driven demand. They should treat land basis, operator partnerships and non-room revenue as central to viability.

What to Watch

Over the next 12 to 24 months, three milestones will determine whether Victory Tower meets its target: the appointment of an operator, the construction contract and the start of works. More broadly, the gap between Queensland's hotel needs and its pipeline will indicate whether the 2032 Games accelerate investment or simply expose the cost pressures facing the sector. Victory Tower suggests the hotels that open in time will be built by those who never needed to sell.

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