

Tourism Forecasts for Victoria

The overall growth outlook for tourism in Victoria in the next 5 years is positive, with strong growth expected from the international sector. Moderate growth is forecast in the domestic sector as tourism trends normalise after a surge in domestic travel in 2022 post-pandemic.

Victorian forecast estimates for spend and visitors are derived by applying national growth rates. Domestic nights forecast for Victoria are produced by Tourism Research Australia.



Total spend in Victoria is forecast to reach \$53 billion in 2028

Visitor spend in Victoria is projected to be 63% above the pre-pandemic level by 2028 generating an additional \$20.5 billion in spend in the state (up from \$32.5 billion in 2019). The international sector is forecast to generate 44% of overall spend growth from 2023 to 2028, with the domestic overnight sector expected to account for 38% of spend growth in the forecast period.



Total visitors to/within Victoria are projected to reach 111.8 million in 2028

Visitors are expected to return to pre-pandemic levels by 2025, slower than the pace of recovery in spend. Domestic visitors are projected to continue to account for the largest share of visitors in Victoria with an estimated 75.1 million domestic daytrip visitors and 32.3 million domestic overnight visitors expected in 2028. International overnight visitors to Victoria are forecast to reach 4.4 million in 2028.



The forecast for the domestic sector is softer than in the previous forecast

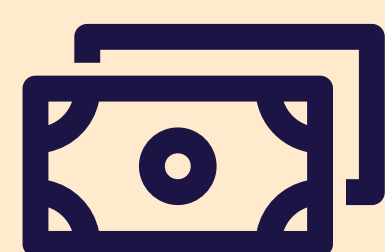
Growth in domestic travel is forecast to be moderate, following on from a period of strong recovery in 2022 post-pandemic due to high pent up demand to travel. Weaker economic conditions are expected to put pressure on household budgets for discretionary spending. At the same time, an increase in outbound travel is also expected for those not facing budget constraints as aviation capacity increases. Total visitor nights in Victoria are expected to be above pre-pandemic levels in 2024 after high growth in nights in 2023 due to strong pent up demand.



International visitor growth is stronger than previously expected

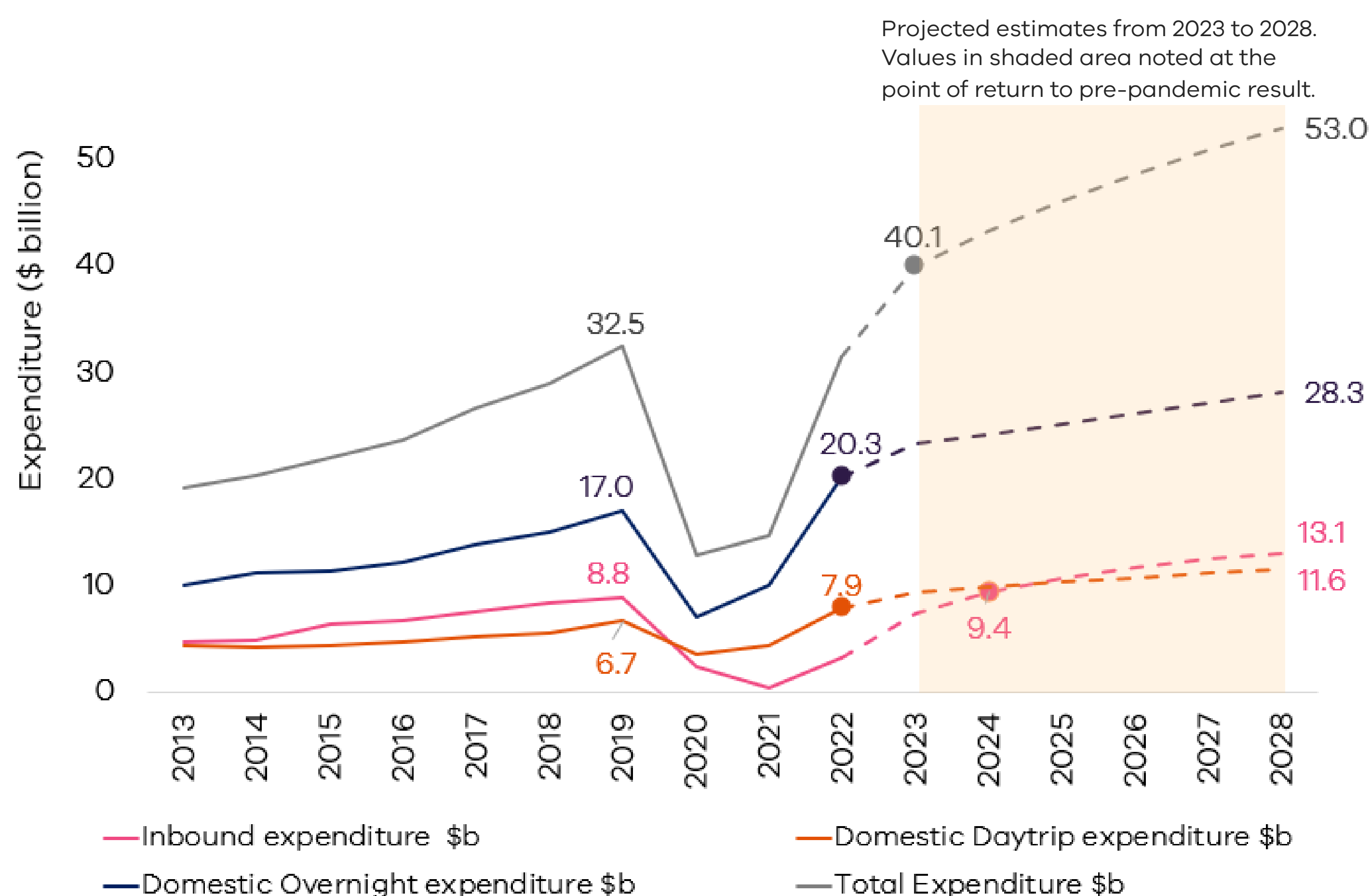
The growth outlook for international visitors has strengthened with high growth expected in key markets such as China, India as well as South East Asia. International overnight visitors to Victoria are projected to be above pre-pandemic levels in 2024, before Australia overall, due to Victoria's unique market mix of visitors which have a strong growth profile including large shares of Chinese and Indian visitors.

Future tourism spend in Victoria



- Domestic overnight spend in Victoria returned to pre-pandemic levels in 2022 due to strong pent up demand to travel. Domestic overnight spend growth is expected to be moderate over the next 5 years to reach \$28.3 billion in 2028, an estimated \$4.9 billion more than the projected 2023 result of \$23.4 billion.
- Domestic daytrip spend in Victoria also returned to pre-pandemic levels in 2022 and is projected to grow to \$11.6 billion in 2028, which is \$2.3 billion more than the 2023 estimated result of \$9.3 billion.
- International overnight spend is forecast to return above pre-pandemic levels in 2024 and grow to \$13.1 billion in 2028, delivering an additional \$5.7 billion in spend to the state over the next 5 years (up from \$7.4 billion estimate for 2023).

Expenditure in Victoria projections to 2028 (nominal \$b)



These results are based on [Tourism forecasts for Australia: 2023 to 2028](#), Tourism Research Australia, Austrade, Canberra, released in November 2023. Victorian spend and visitor projections in this factsheet are generated by the Tourism and Events research unit. The Victorian estimates for spend and visitors are based on market share from the National Visitor Survey (NVS) and International Visitor Survey (IVS), year ending June 2023 and assumes constant market share for the forecast period of 2023 to 2028. All expenditure estimates are in nominal terms. 2023 estimates comprise results from the first half of 2023 and an estimate for Jul-Dec 2023. Only domestic nights forecasts for Victoria are produced by Tourism Research Australia.

This factsheet is produced by the Tourism and Events research unit in the Victorian Government Department of Jobs, Skills Industry and Regions (DJSIR). This information is considered correct at the time of publishing, however DJSIR accepts no responsibility for use of this information.



Jobs, Skills, Industry and Regions

Tourism Forecasts for Victoria (Spend)

Total visitor spend in Victoria is forecast to reach \$53 billion in 2028, with growth of 32% over the next 5 years. Tourism spend in Victoria is expected to increase to a new high of \$43.4 billion in 2024, \$10.9 billion more than the pre-pandemic level of \$32.5 billion. Domestic spend levels have already recovered to pre-pandemic levels, with international spend expected to recover in 2024.

Spend in Victoria in 2028

\$53.0B

Forecast tourism spend - estimated

↑ 32%

Estimated % increase from 2023 to 2028



↑ 24%



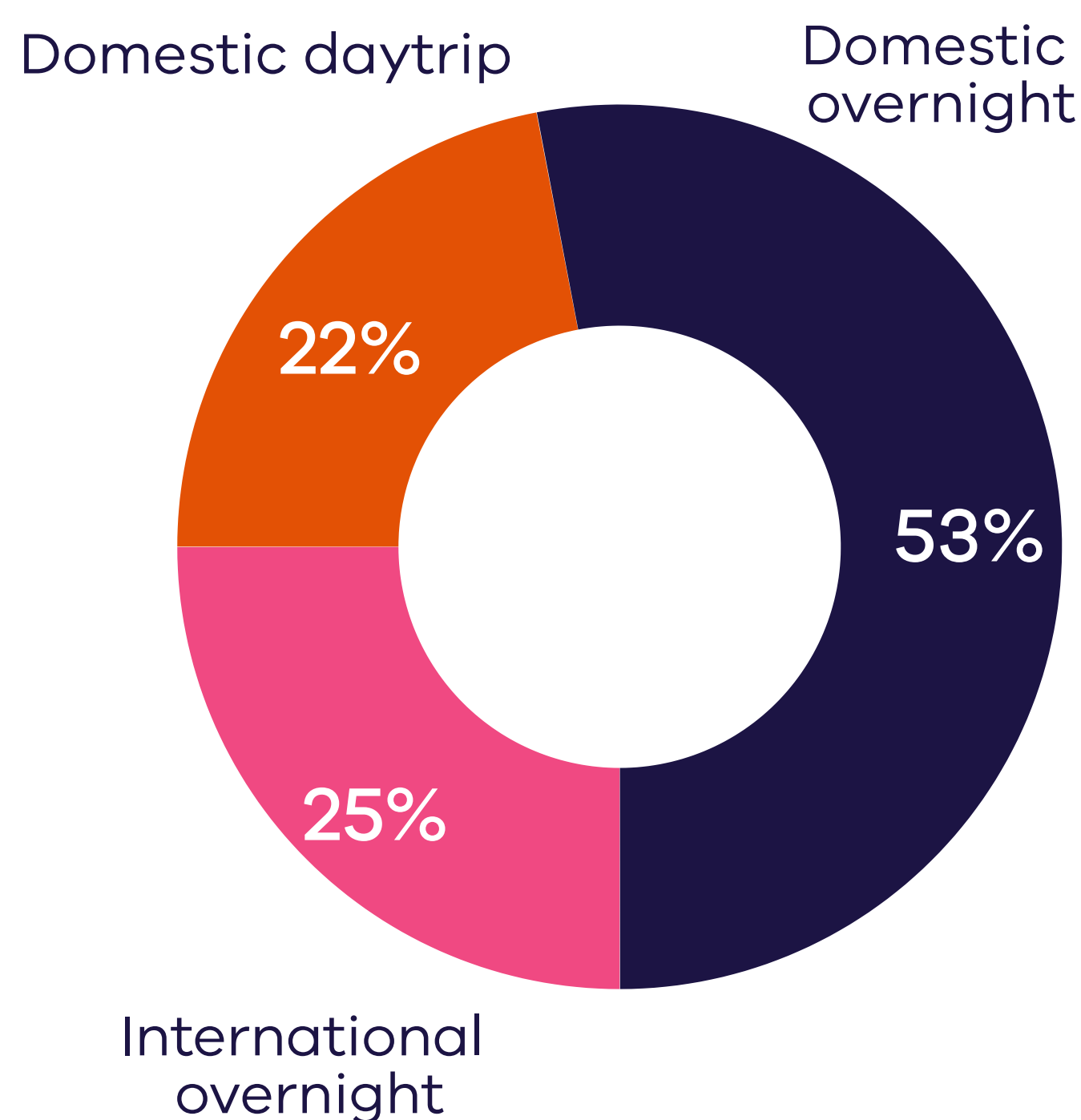
↑ 21%



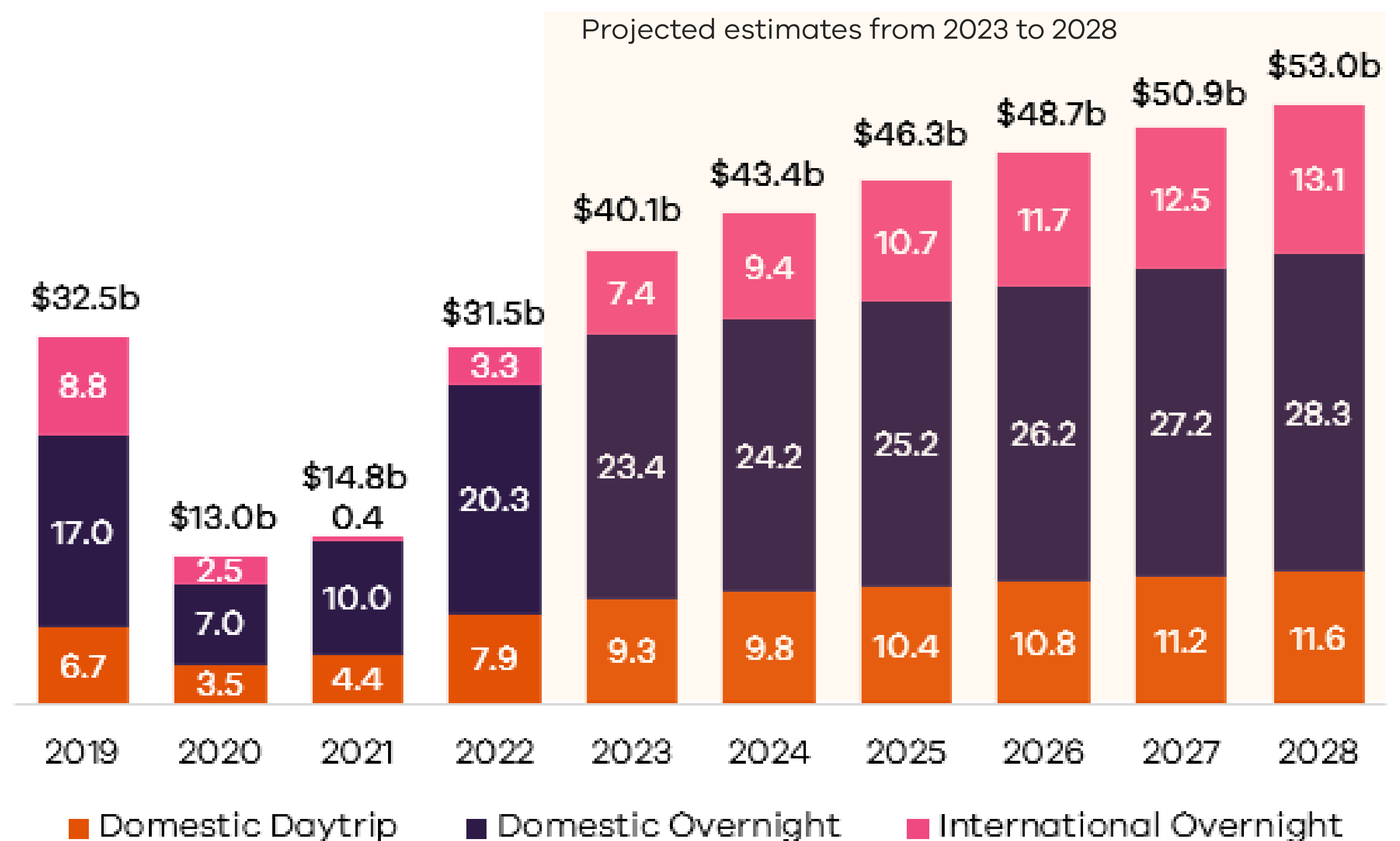
↑ 77%

Estimated % increase from 2023 to 2028

Forecast composition of tourism spend in Victoria in 2028



Expenditure in Victoria projections to 2028 (nominal \$b)



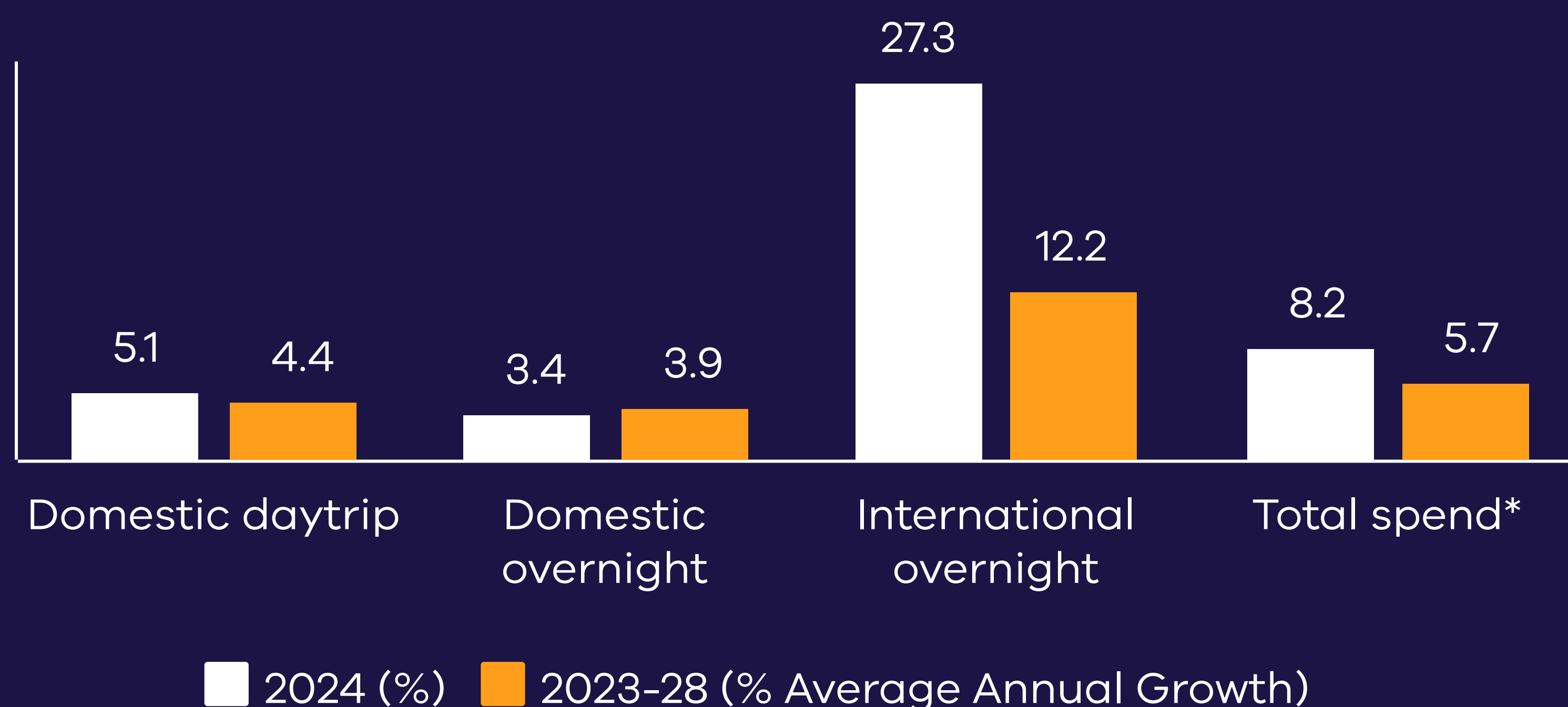
*Total spend growth rates for Victoria differ to national growth rates due to underlying shares of visitor types and how they aggregate.

Spend outlook



- Domestic overnight spend is expected to be the largest generator of visitor spend in Victoria in the next 5 years at 53%. However, growth in this sector is projected to be moderate after a period of strong recovery due to pent up demand as Australians embraced travel post restrictions.
- International overnight spend is expected to generate 25% of total spend in 2028, up from an estimated 18% in 2023, reflecting the growing importance of the international sector for Victoria as it rebuilds.

Forecast growth rates for tourism spend (%)



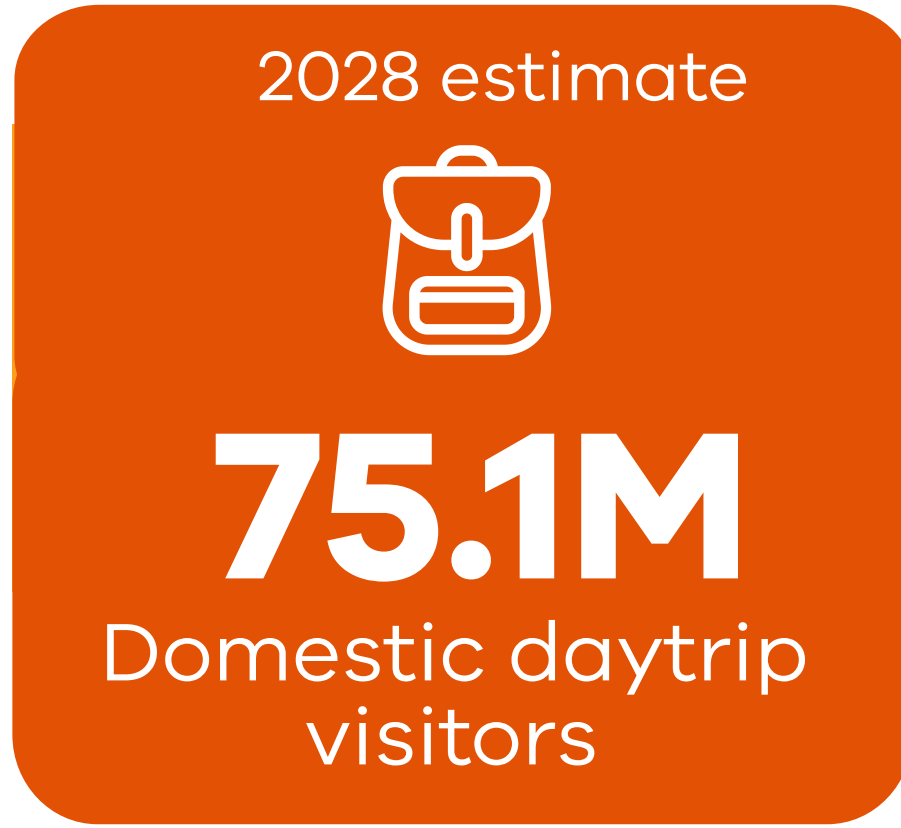
Tourism Forecasts for Victoria (Visitors)

Visitors to Victoria are expected to reach 111.8 million in 2028, up 18% from 2023 estimates. Visitors are projected to be back above pre-pandemic levels by 2025, with domestic visitor demand projected to be softer than previously expected due to household budget pressures and increased outbound travel. However, international visitor growth has been revised higher than previous forecasts and is expected back to pre-pandemic levels by 2024.

Visitors in Victoria in 2028

111.8M

Forecast tourism visitors - estimated



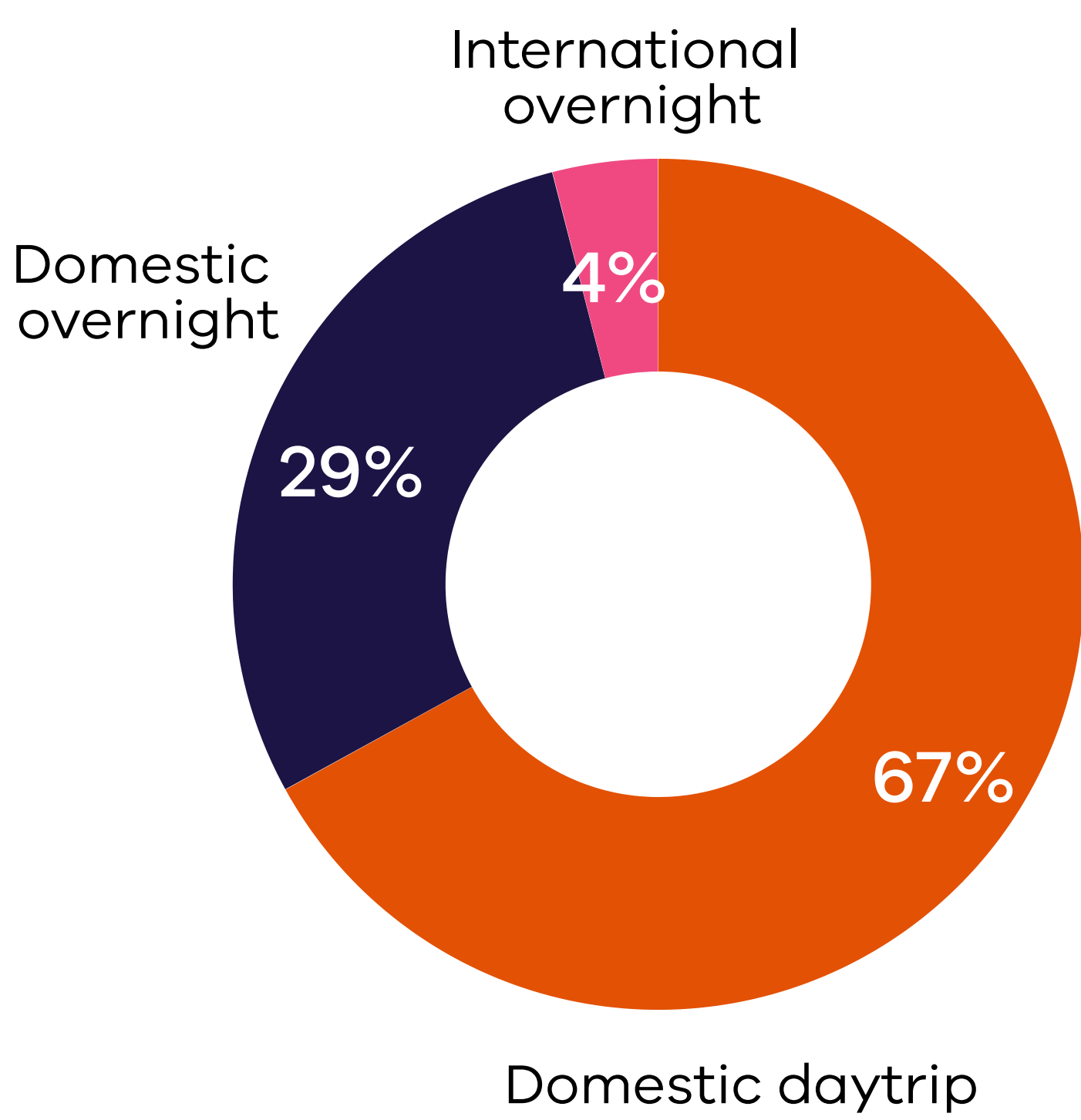
Estimated % increase from 2023 to 2028



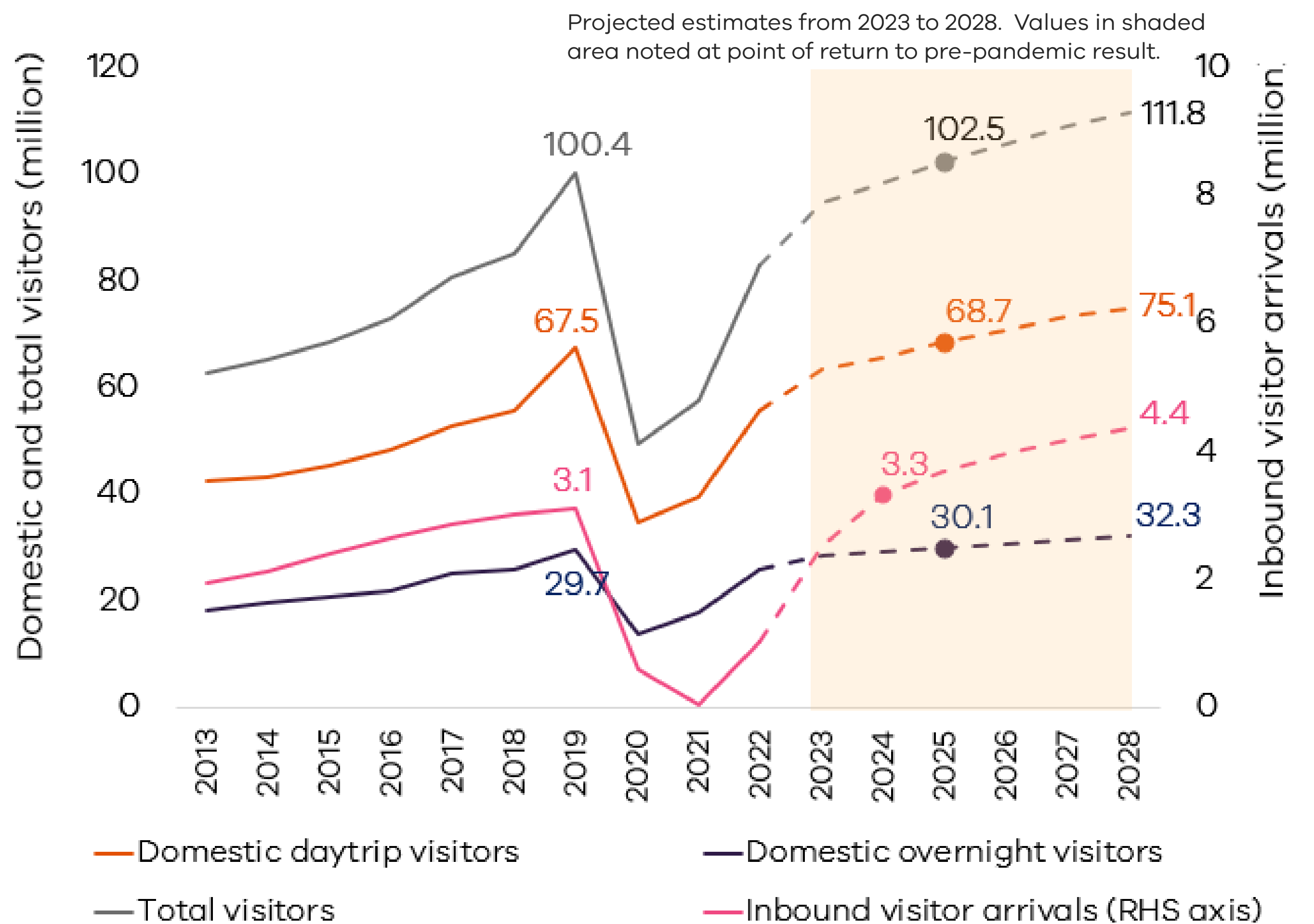
Estimated % increase from 2023 to 2028



Forecast composition of tourism visitors in Victoria in 2028



Visitors to Victoria (000s) - projections to 2028

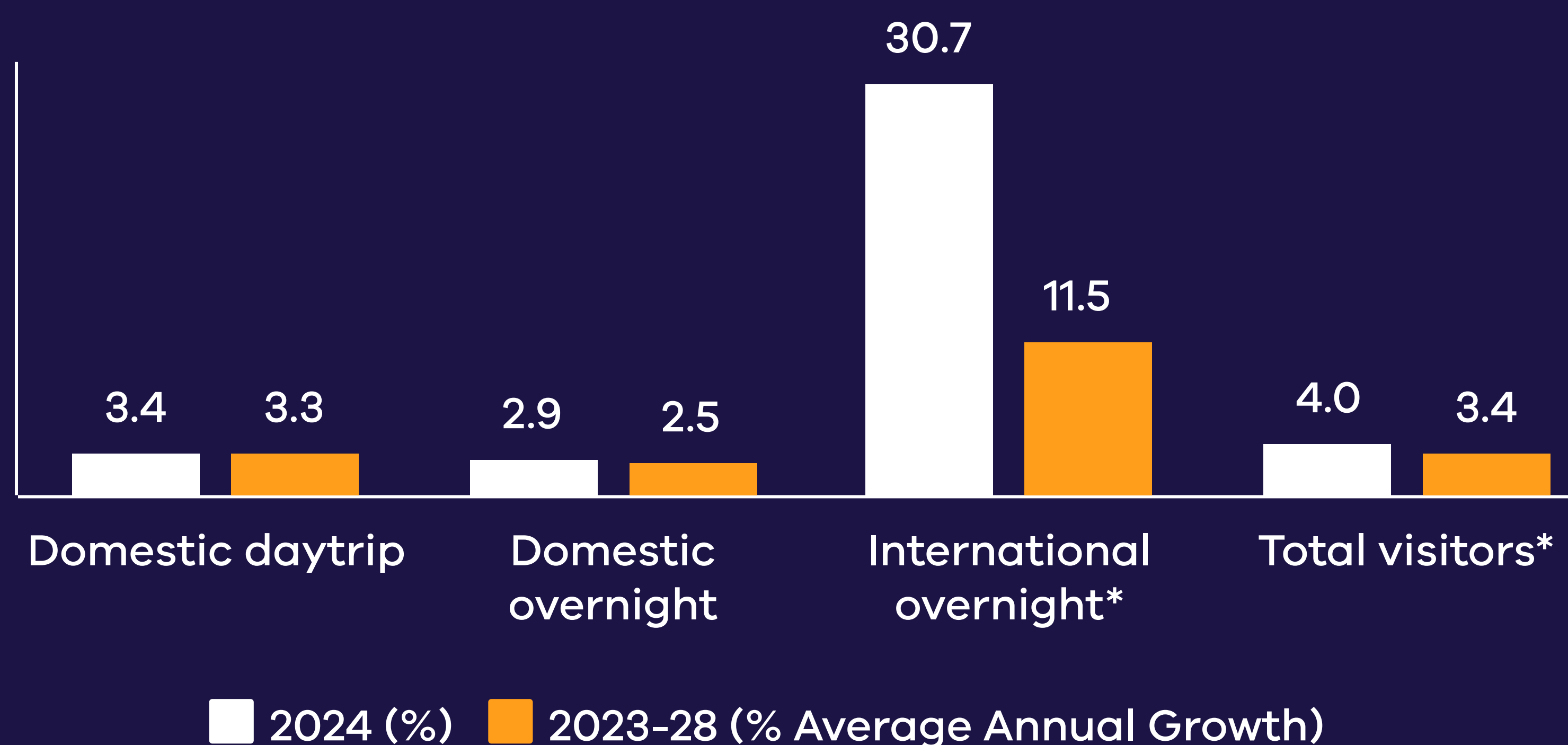
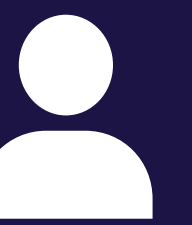


Visitor outlook



- International overnight visitors to Victoria are expected to return to pre-pandemic levels by 2024.
- International overnight visitors to Victoria are expected to grow at a strong rate of 11.5% per year over the next 5 years, reflecting its ongoing recovery from a low base.
- Domestic overnight travel demand is expected to be softer than previously projected and is estimated to be back above pre-pandemic levels for Victoria in 2025, with moderate growth of 2.5% per annum from 2023 to 2028.

Forecast growth rates for tourism visitors (%)

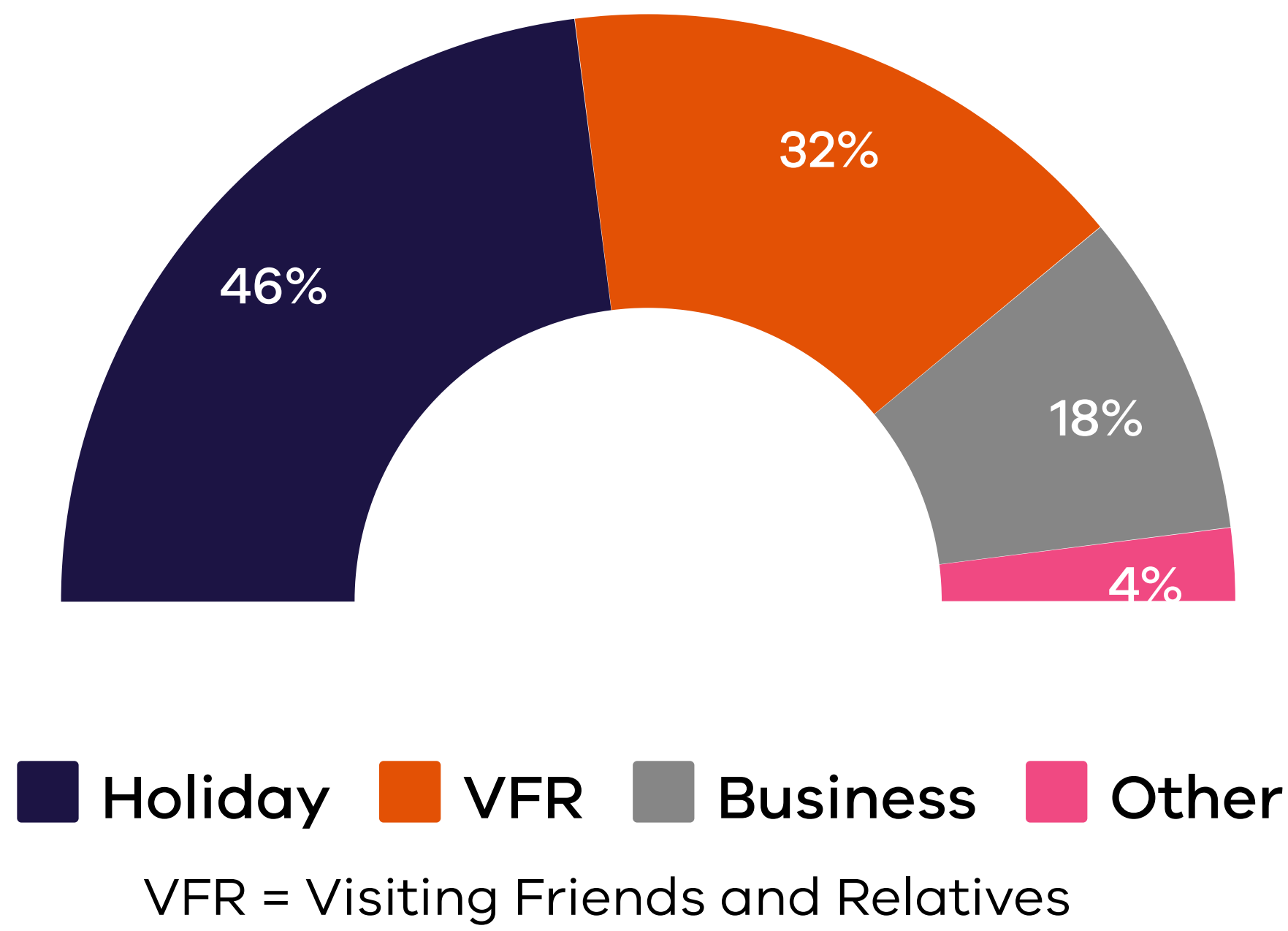


Tourism Forecasts for Victoria (Domestic nights)

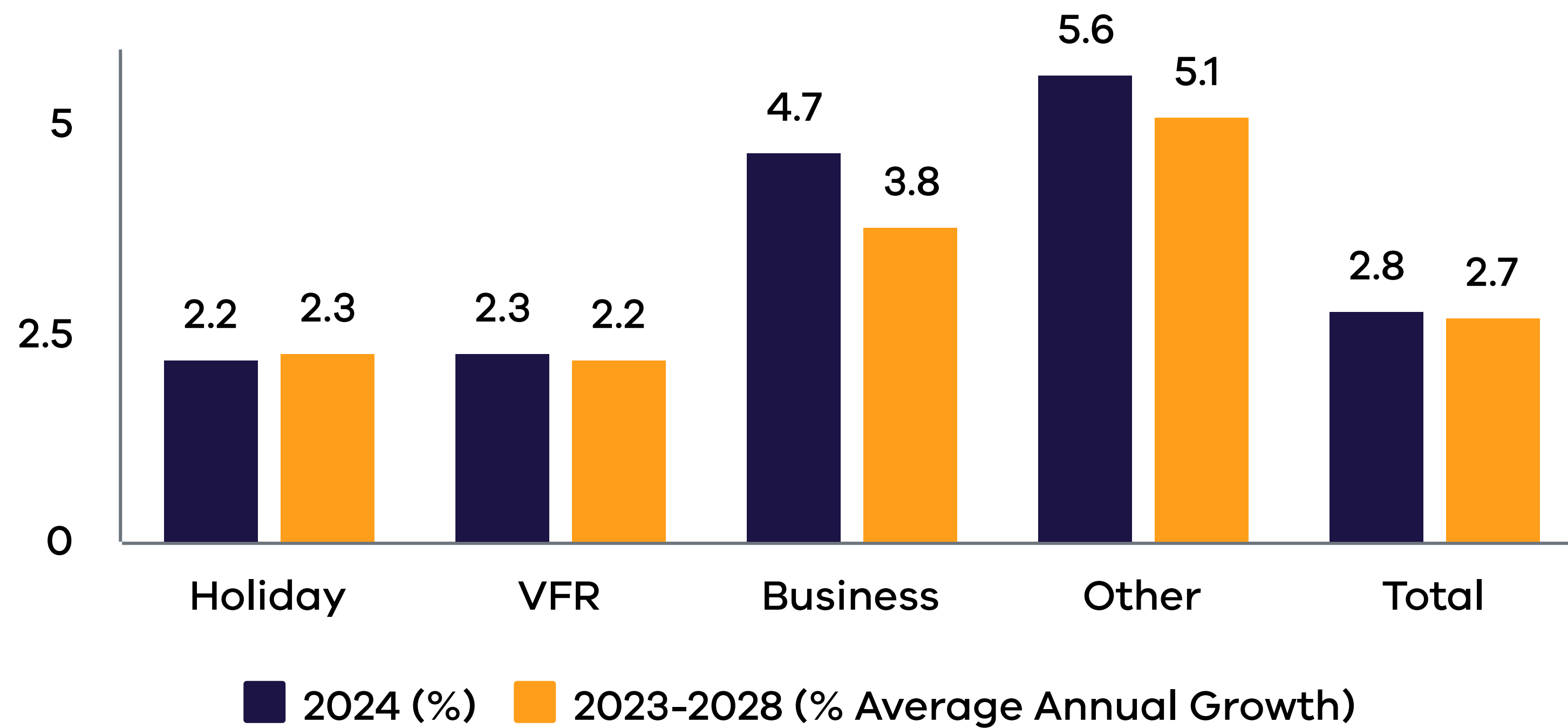
Domestic nights forecasts for Victoria are produced by Tourism Research Australia.

Domestic travel demand is expected to soften, although domestic visitor nights in Victoria are forecast back above pre-pandemic levels in 2024 to reach 85.5 million. Domestic nights in Victoria are projected to reach 94.9 million in 2028 (up 14% from 2023). Domestic business nights in Victoria are expected to have stronger growth in the short-term than holiday or VFR purpose segments, as it continues to recover. Holiday nights are forecast to continue to be the main generator of domestic nights in Victoria, representing almost half of all visitor nights (46%) in 2028.

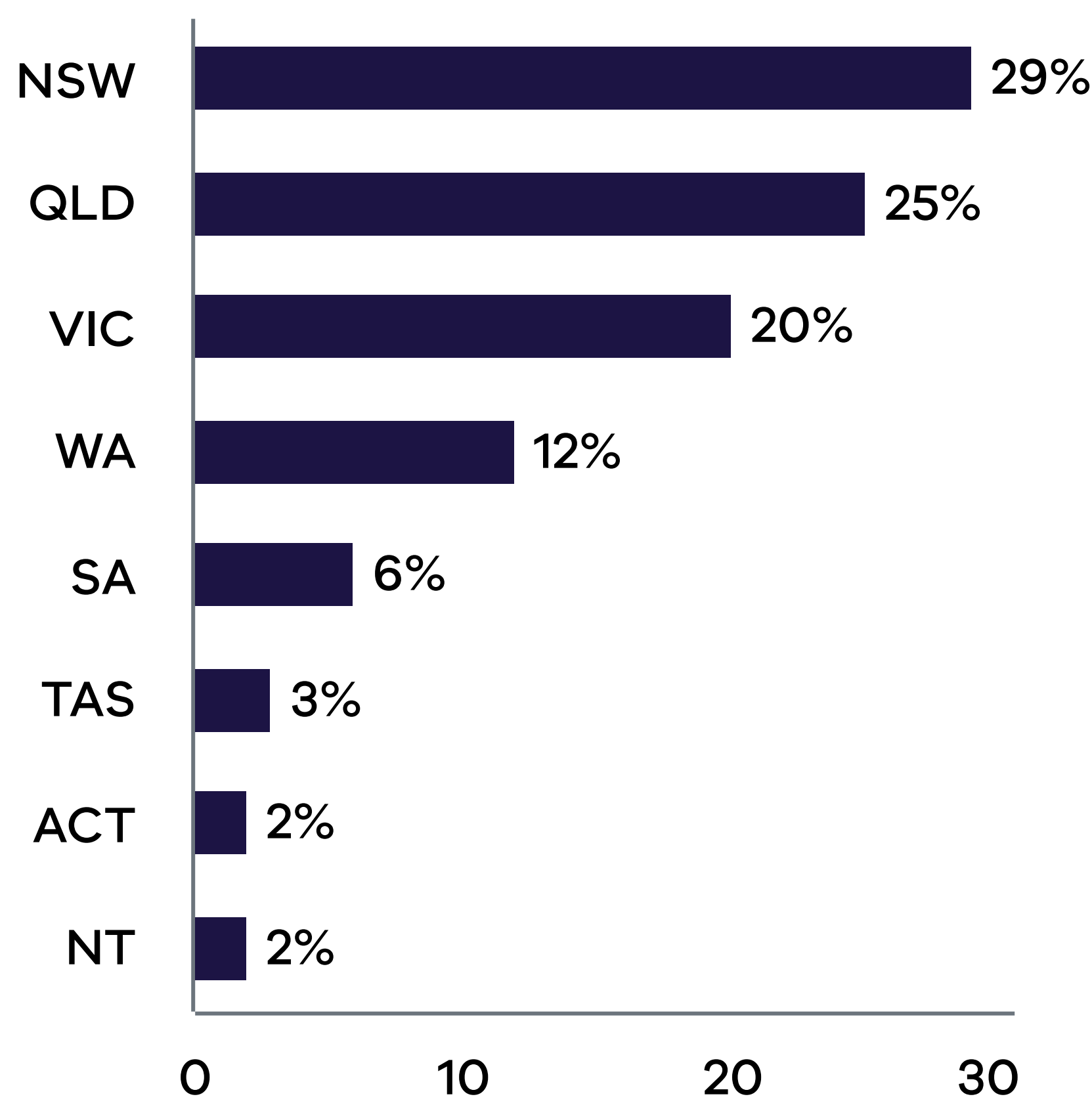
Forecast share of domestic nights in Victoria by purpose in 2028



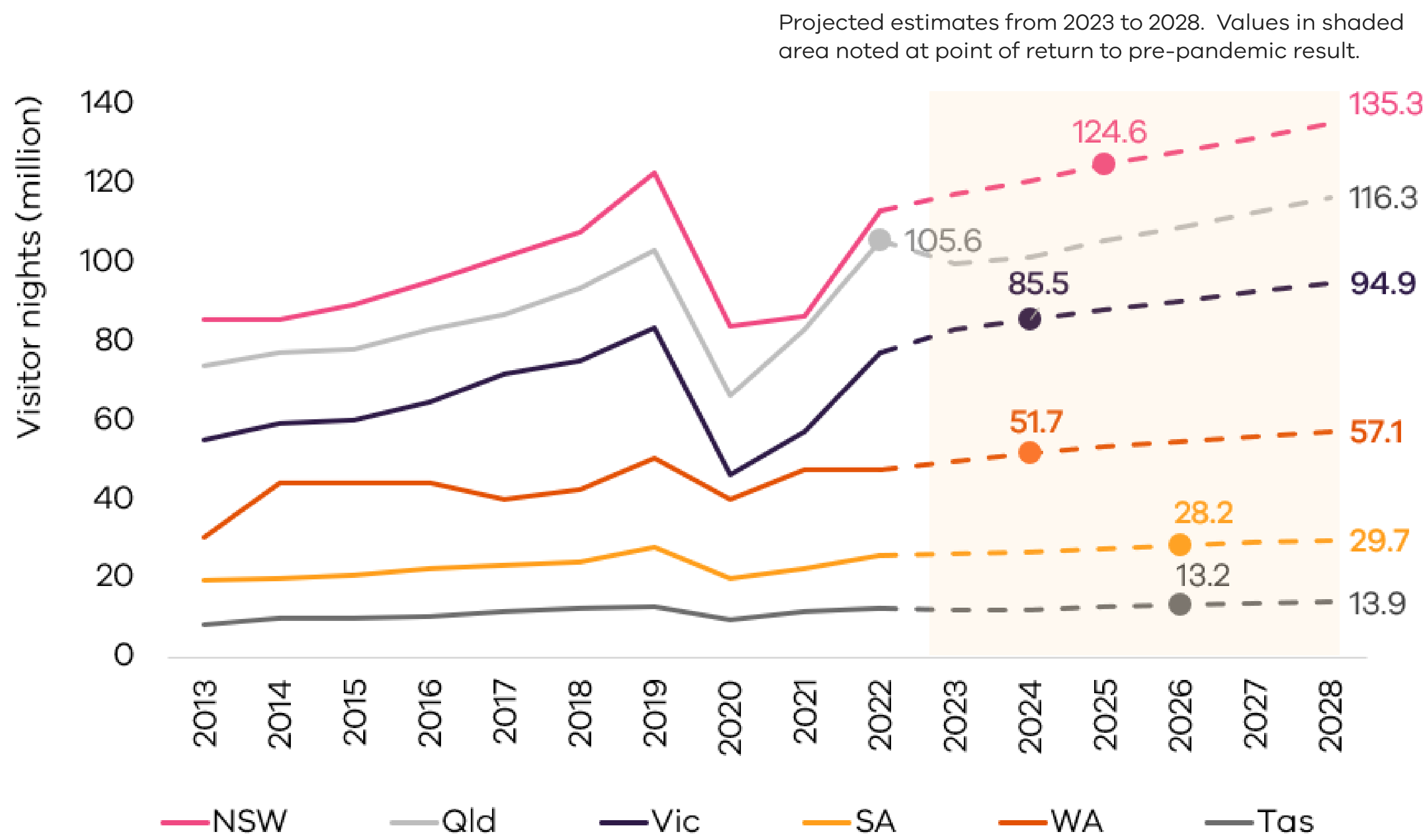
Forecast growth rates for domestic nights in Victoria by purpose (%)



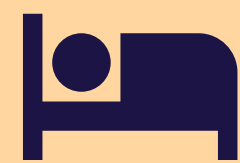
Forecast share of domestic nights in 2028 (%)



Forecast growth in domestic nights by jurisdiction

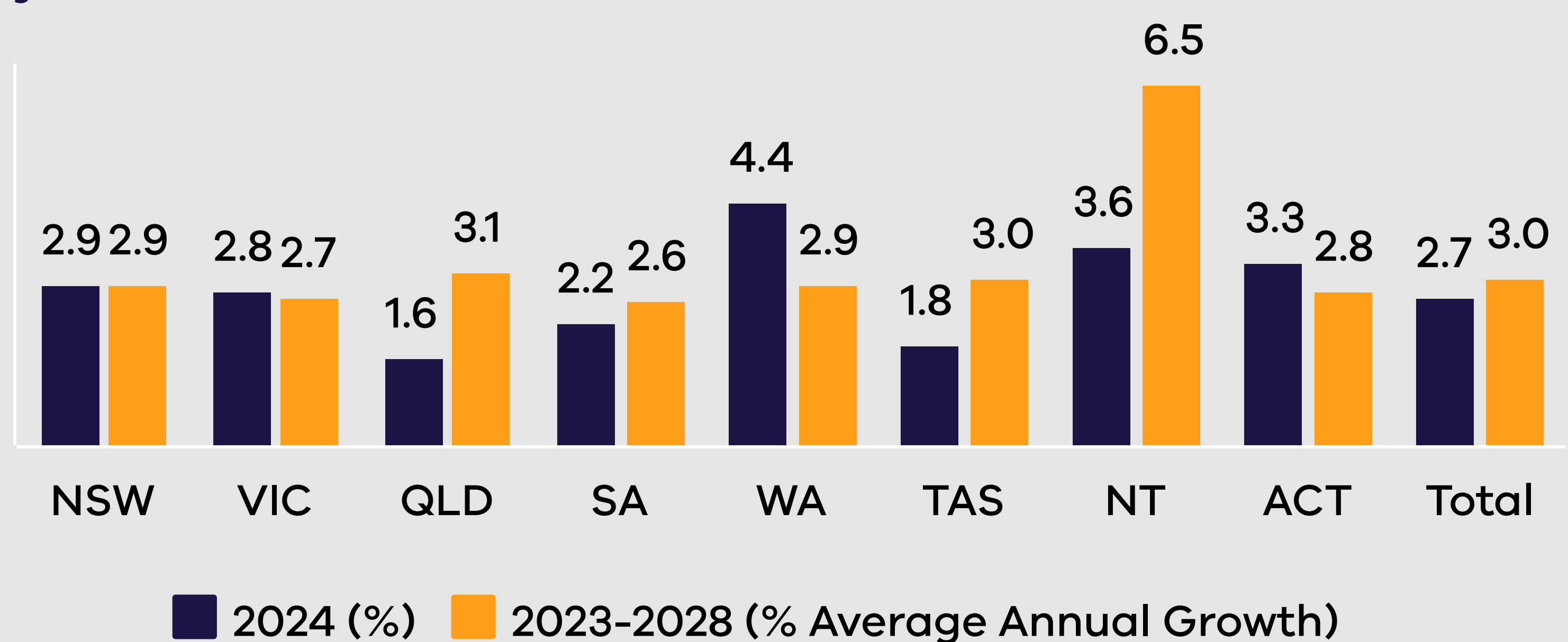


Domestic nights



- Domestic visitor nights in Victoria are projected to be back above pre-pandemic levels in 2024 with growth of 2.7% per annum in the next 5 years. Victoria noted one of the strongest growth rates in 2023, reflecting pent up demand to travel to the state.
- Some jurisdictions that experienced a surge in domestic travel in 2022 such as Queensland and Northern Territory, are expected to see a decline in 2023, with soft growth in 2024, reflecting the increase in outbound travel, as well as constraints to household spending.

Forecast growth rates for domestic nights by jurisdiction (%)



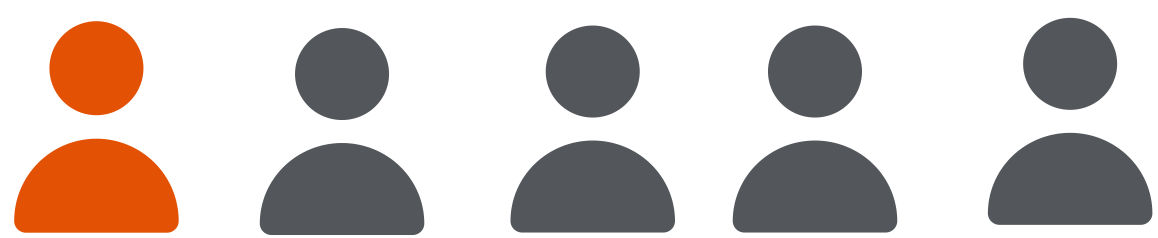
Tourism Forecasts for Victoria (International visitors)

The forecast for international visitors to Victoria is stronger than previously projected, with arrivals to Victoria expected to be above pre-pandemic levels by 2024 at 3.3 million. This is faster than the overall recovery in international visitors expected for Australia due to Victoria's unique mix of visitors, which comprises a larger portion of fast growing markets such as India and China. International visitors to Victoria are projected to increase to 4.4 million in 2028 with growth of 11.5% per annum in the next 5 years, above the national growth rate of 10.6%.

In 2028 Victoria is projected to receive

4.4 million

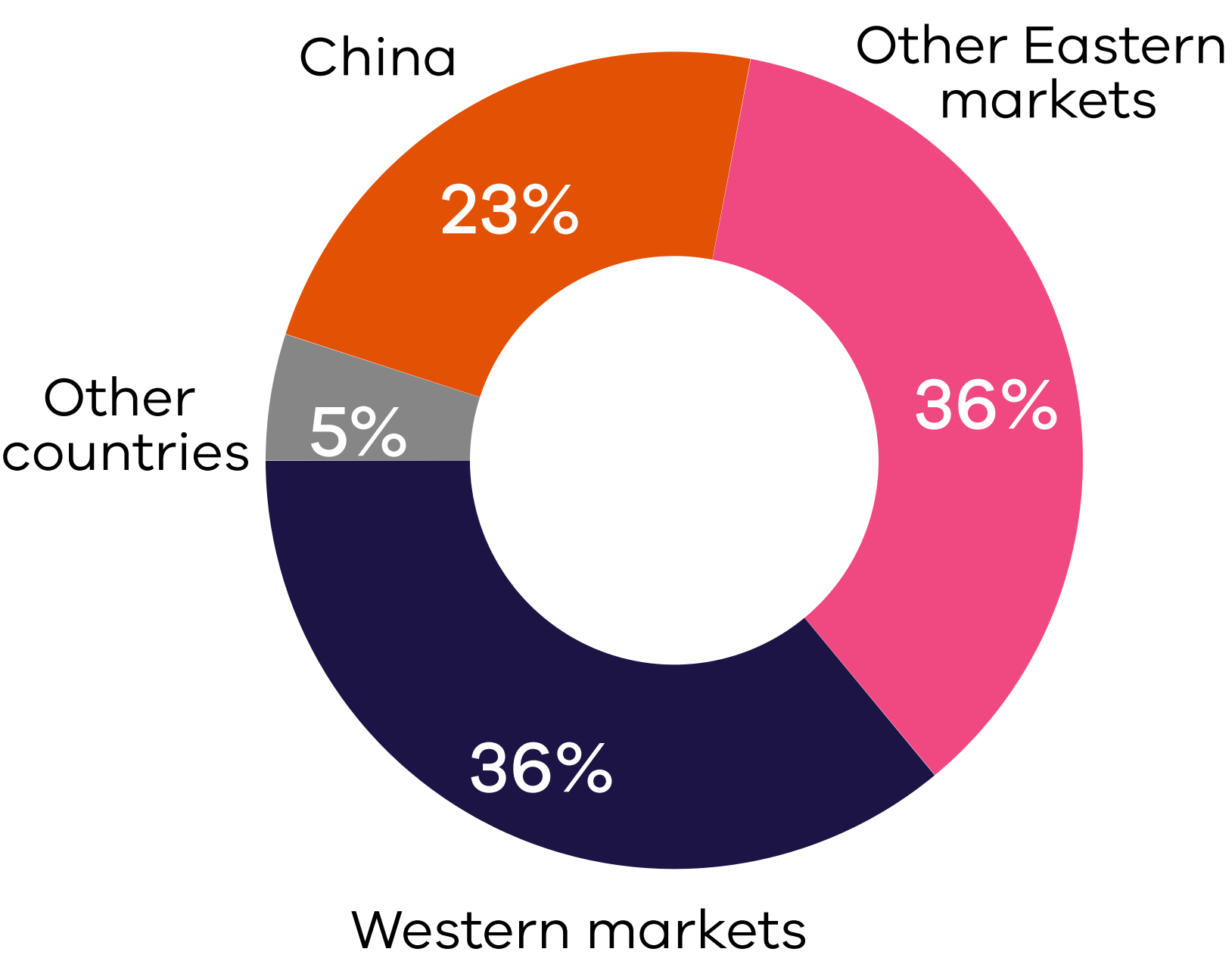
International overnight visitors



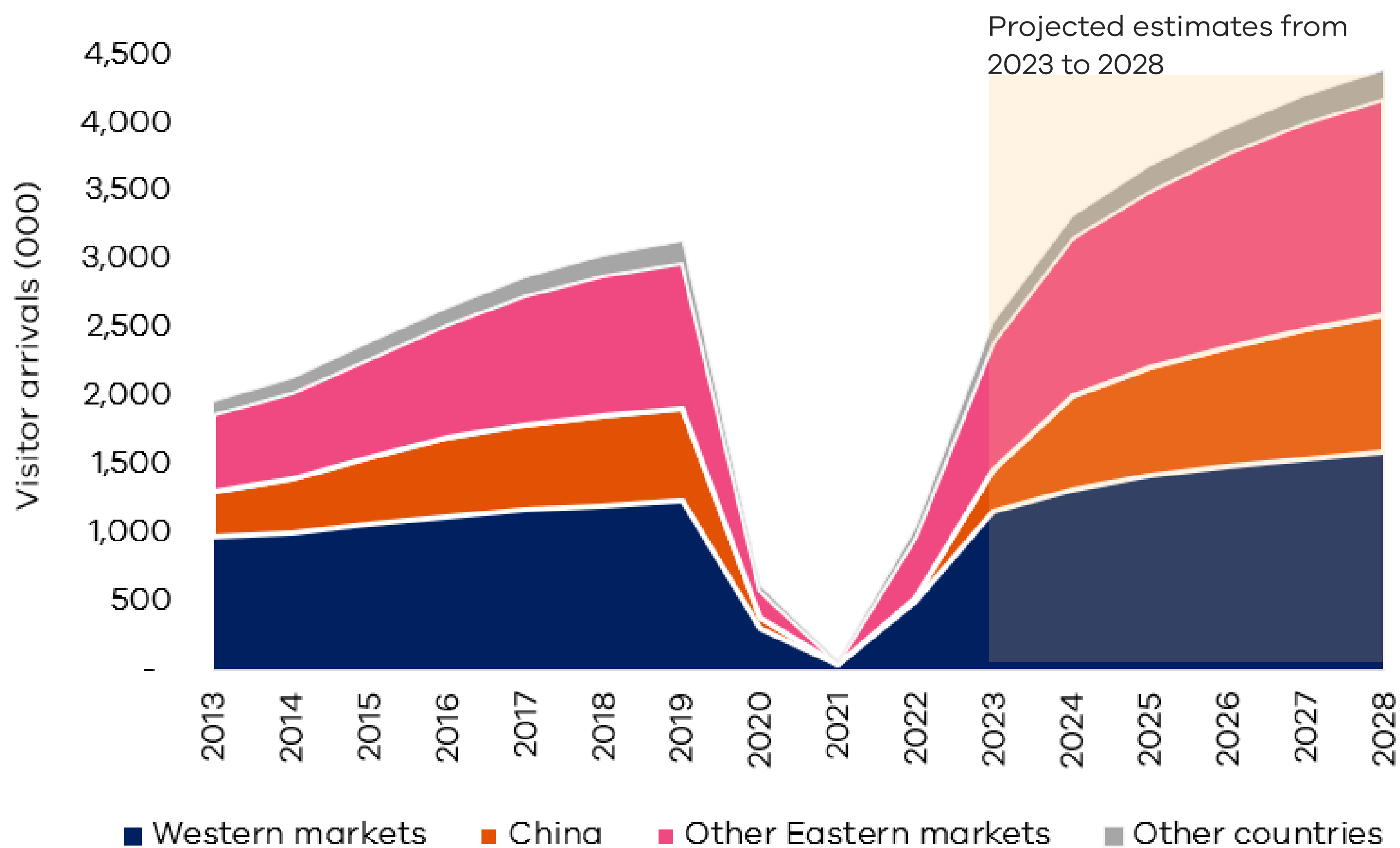
More than 1 in 5 international overnight visitors is projected to come from China by 2028

- The pace of international recovery varies by source market, with visitors to Victoria from key markets such as New Zealand, India and South Korea expected to be above pre-pandemic levels in 2023.
- A 2024 recovery is expected in markets including China, Japan, Hong Kong, Indonesia, USA, Canada, United Kingdom and France.
- The forecast is higher than previously projected for international due to the positive return of Chinese visitors this year which are expected to grow strongly in the next 5 years. The increase in arrivals from China is expected to be larger than any other market over the forecast period.
- Key markets in South and South-East Asia are also expected to grow strongly including India, Vietnam, Thailand and the Philippines, which also align to key education markets for Victoria. Visitor growth from these markets has been buoyed by their close connections to Australia, as well as strong economic and population growth prospects in these markets.

Forecast source of international visitors in 2028



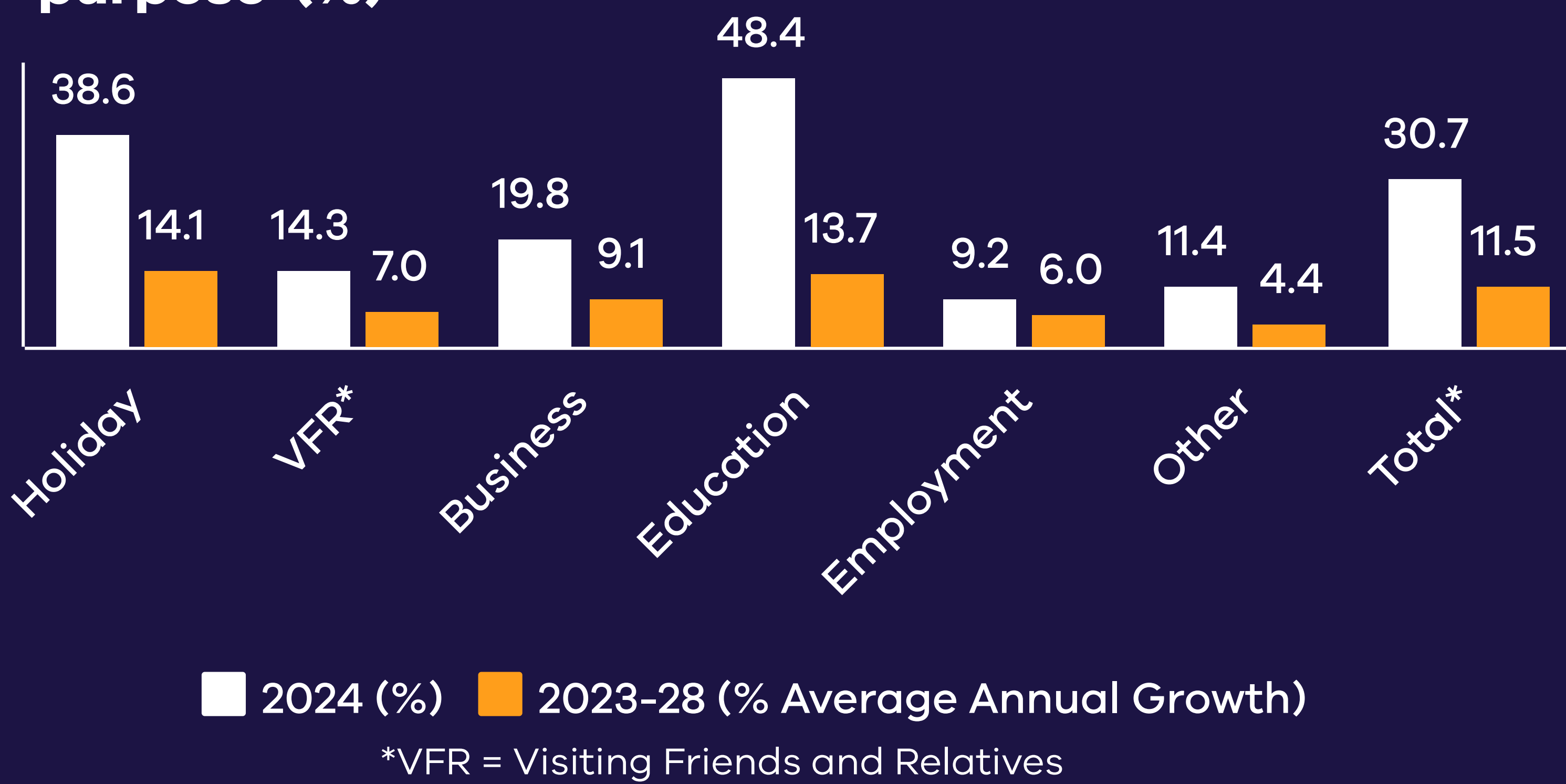
International visitors to Victoria (000s) - projections to 2028



International purpose of visit

- The holiday segment overtook Visiting Friends and Relatives (VFR) travel in the first half of 2023 to become the largest international purpose of arrival segment.
- Strong pent up demand to visit family and friends resulted in a surge in VFR travel in 2022/2023 which is expected to moderate in 2024.
- International business visitors are expected to return to pre-pandemic levels by 2027, reflecting the structural change in business practices post-pandemic, as well as weaker global economic conditions.
- Very strong growth is forecast from the international education sector which is expected to surpass pre-pandemic levels in 2024.

Forecast growth rates for international visitors by purpose (%)



Tourism Forecast for Victoria

Although the current growth profile for tourism is positive, global economic headwinds, shifting consumer sentiment, volatile bi-lateral relations and changes to aviation capacity, may affect the pace of future growth.

Key factors influencing forecast growth



Economic conditions
Prolonged global economic volatility with persistent high inflation and weak growth could place downward pressure on travel demand. Cost of living pressures are also expected to dampen discretionary spending activity, especially in the domestic market.



Geopolitical environment
Intensified global conflict in Ukraine/Europe or the Middle East may cause disruptions to air travel and fuel costs. Any geopolitical tensions that threaten to disrupt global bi-lateral relations may also shift travel behaviours.



Consumer sentiment
Strong pent up demand to travel has fuelled recent growth, especially in the domestic market. However increased competition, especially for outbound travel, may subdue demand. Australia has high appeal for inbound travel as it is perceived as a safe, aspirational destination. This is buoyed by Australia's close ties with many rapidly growing nations especially in Asia.



Supply side factors
Future aviation capacity, the cost of airfares, airline disruptions and fuel costs, may influence travel growth. Labour market conditions are also critical as staff shortages could impact the sector's ability to service growth in demand.

International visitor growth



- The recovery of China has been slow due to its late reopening in early 2023 however is expected to return to become Victoria's top source market with an estimated 999,200 visitors in 2028. Notably, approximately 37% of international visitor growth over the next 5 years is expected to come from China.
- The next top visitor markets for Victoria in 2028 are expected to be New Zealand, USA, India and the United Kingdom.
- High forecast growth rates for the next 5 years are also projected for Asian markets with close ties to Australia such as Malaysia, Japan, Indonesia, Vietnam and Philippines.

International visitors to Victoria to 2028 (000s) - top 15 markets



Data notes

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Forecast growth rates for Victoria's top 15 international visitor markets (%)

