Tourism Forecasts

Data based on Tourism forecasts for Australia: 2024 to 2029, Tourism Research Australia, Austrade, Canberra.

Report produced by the Tourism and Events Research team. Victorian projections for spend and visitors are derived by the Tourism and Events Research team by applying Tourism Research Australia's national growth rates to Victorian estimates.

Released December 2024

Tourism Forecasts
2024 to 2029

These results are based on Tourism Research Australia's national forecasts. The Victorian projections for spend and visitors are generated by the Tourism and Events research unit by applying the national forecast growth rates to Victorian estimates.

The outlook for growth has been revised down due to challenging market conditions. Total spend in Victoria is forecast to reach $50.9 billion in 2029.

In the absence of specific spend or visitor forecasts for Victoria, national growth rates have been applied to Victorian estimates to project that spend in Victoria will reach $50.9 billion by 2029. This is less than previously estimated and reflects weaker travel demand within both the domestic and international sectors. The international sector is forecast to generate 38% of overall spend growth from 2024 to 2029, with the domestic overnight sector expected to account for 43% of spend growth in the forecast period.

Total visitors to/within Victoria are projected to reach 105.2 million in 2029

Visitors are expected to return to pre-pandemic levels by 2028, 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 68.7 million domestic daytrip visitors and 32.5 million domestic overnight visitors expected in 2029. International overnight visitors to Victoria are forecast to reach 3.9 million in 2029.

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

Growth in domestic travel is forecast to be weaker than previously expected as challenging economic conditions continue to put pressure on household budgets leading to reduced discretionary spending. At the same time there has been a notable trend of Australians opting for international trips in preference to domestic travel, further limiting domestic travel growth. Domestic visitor nights in Victoria are expected to be above 2019 levels in 2026.

International arrivals to return to 2019 levels in 2026, later than previously expected
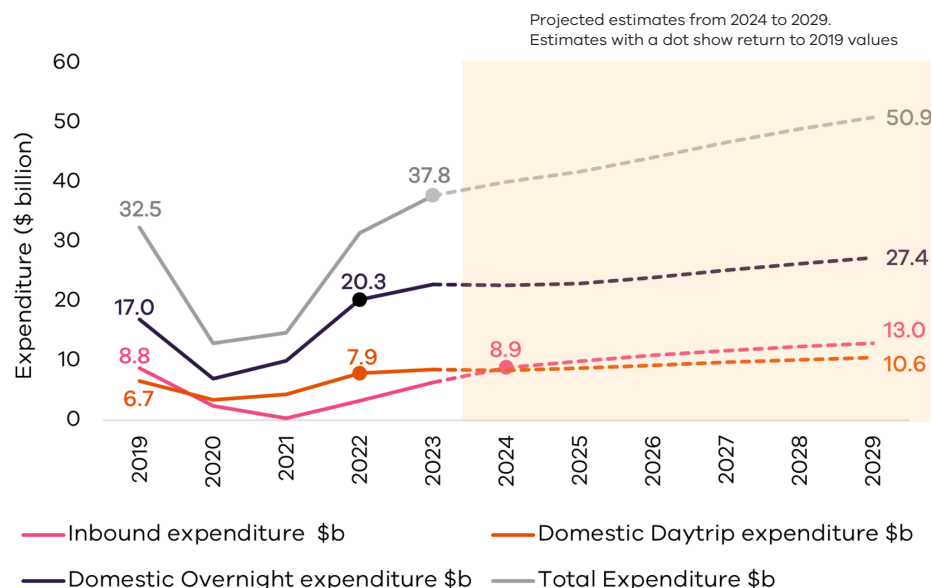
The growth outlook for international visitors has weakened, with forecasts downgraded across most markets since the 2023 Forecast publication. China has seen a substantial revision due to global economic uncertainty and proposed policy changes in the international education sector (student caps). These changes have also affected forecasts for India and some Southeast Asian markets. International overnight visitors to Victoria are now projected to surpass 2019 levels by 2026, aligning with Australia's overall recovery timeline.

Future tourism spend in Victoria

- Domestic overnight spend growth is expected to be moderate over the next 5 years to reach $27.4 billion in 2029, an estimated $4.6 billion more than the projected 2024 result of $22.7 billion.

- Domestic daytrip spend is projected to grow to $10.6 billion in 2029, which is $2.1 billion more than the 2024 estimated result of $8.5 billion.

- International overnight spend is forecast to return above 2019 levels in late 2024 and grow to $13.0 billion in 2029, (up from the $8.9 billion estimate for 2024), delivering an additional $4.1 billion in spend to the state over the next 5 years.

Expenditure in Victoria projections to 2029 (nominal $b)

Projected estimates from 2024 to 2029. Estimates with a dot show return to 2019 values

Legend:
- Inbound expenditure $b
- Domestic Daytrip expenditure $b
- Domestic Overnight expenditure $b
- Total Expenditure $b

Tourism Forecasts
Spend

Total visitor spend in Victoria is forecast to reach $50.9 billion in 2029, with growth of 27% over the next 5 years. Tourism spend in Victoria is expected to increase to a record high of $41.8 billion in 2025, $2.6 billion more than the result for the year ending June 2024 of $39.2 billion. Domestic spend levels have already surpassed 2019 levels, with international spend expected to recover in late 2024.

Spend in Victoria in 2029
$50.9B
Forecast tourism spend - estimated

⬆ **27%**
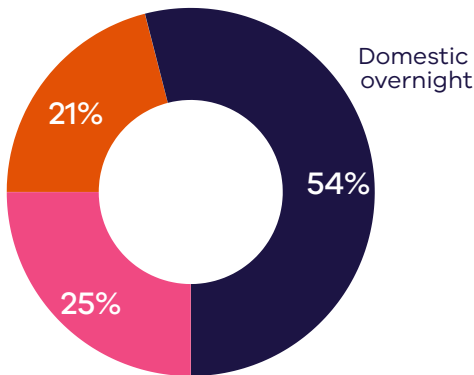Estimated % increase from 2024 to 2029

2029 estimate
$10.6B
Domestic daytrip spend

⬆ **25%**

2029 estimate
$27.4B
Domestic overnight spend

⬆ **20%**

2029 estimate
$13.0B
International overnight spend

⬆ **46%**

Estimated % increase from 2024 to 2029

Forecast composition of tourism spend in Victoria in 2029
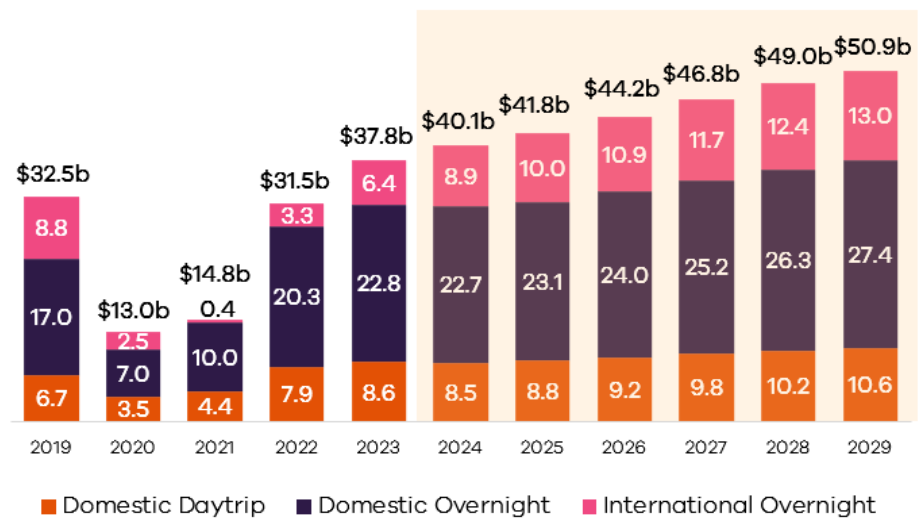
Domestic daytrip — 21%
Domestic overnight — 54%
International overnight — 25%

Expenditure in Victoria projections to 2029 (nominal $b)

Projected estimates from 2024 to 2029

Year	Domestic Daytrip	Domestic Overnight	International Overnight	Total
2019	6.7	17.0	8.8	$32.5b
2020	3.5	7.0	2.5	$13.0b
2021	4.4	10.0	0.4	$14.8b
2022	7.9	20.3	3.3	$31.5b
2023	8.6	22.8	6.4	$37.8b
2024	8.5	22.7	8.9	$40.1b
2025	8.8	23.1	10.0	$41.8b
2026	9.2	24.0	10.9	$44.2b
2027	9.8	25.2	11.7	$46.8b
2028	10.2	26.3	12.4	$49.0b
2029	10.6	27.4	13.0	$50.9b

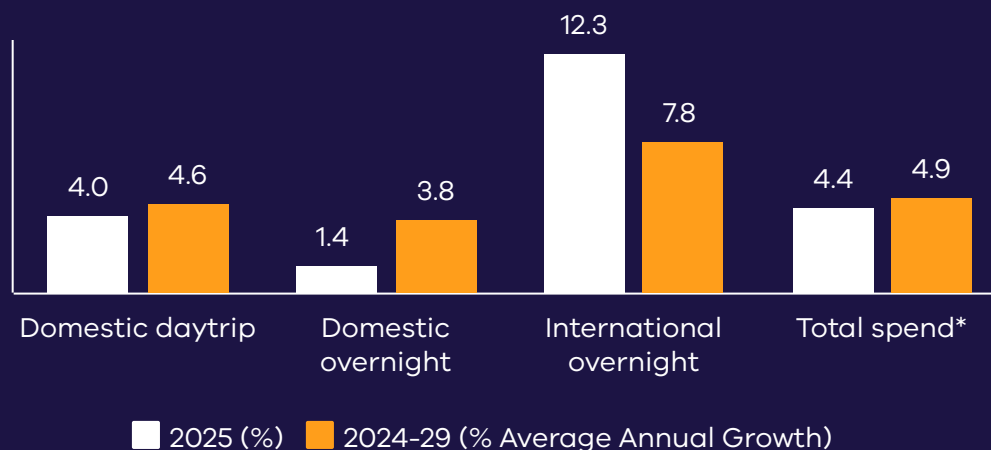■ Domestic Daytrip ■ Domestic Overnight ■ International Overnight

*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 daytrip spend is expected to decline marginally in 2024, consistent with recent trends, before rebounding in 2025, reflecting weakness within this travel category amidst broader economic headwinds.

- Domestic overnight spend is expected to the be the largest generator of visitor spend in Victoria by 2029 at 54%. However, growth in this sector is projected to be weaker than previously forecast.

- International overnight spend is expected to generate 25% of total spend in 2029, up from an estimated 22% in 2024, reflecting the growing importance of the international sector.

Forecast growth rates for tourism spend (%)

Category	2025 (%)	2024-29 (% Average Annual Growth)
Domestic daytrip	4.0	4.6
Domestic overnight	1.4	3.8
International overnight	12.3	7.8
Total spend*	4.4	4.9

□ 2025 (%) ■ 2024–29 (% Average Annual Growth)

Data is based on Tourism Research Australia's Forecast 2024 release. The Victorian estimates for spend and visitors are based on national forecast growth rates by market and assumes constant market share for the forecast period of 2024 to 2029. All expenditure estimates are in nominal terms. 2024 estimates comprise results from the first half of 2024 and an estimate for Jul-Dec 2024.

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Tourism Forecasts
Visitors

Visitors to Victoria are expected to reach 105.2 million in 2029, up 21% from 2024 estimates. Visitors are projected to be back above 2019 levels by 2028, with domestic visitor demand projected to be softer than previously expected due to household budget pressures and increased outbound travel. International visitor growth has also been revised downward compared to the previous forecasts and is expected back to 2019 levels in 2026.
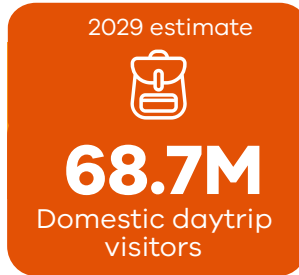
Visitors in Victoria in 2029

105.2M

Forecast tourism visitors - estimated

⬆ **21%**

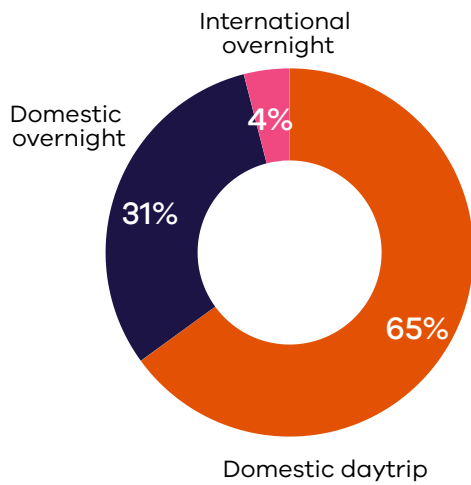Estimated % increase from 2024 to 2029

2029 estimate	2029 estimate	2029 estimate
🎒	🧳	🌏
68.7M	**32.5M**	**3.9M**
Domestic daytrip visitors	Domestic overnight vistiors	International overnight visitors

⬆ **23%**　　⬆ **13%**　　⬆ **44%**

Estimated % increase from 2024 to 2029

Forecast composition of tourism visitors in Victoria in 2029

- International overnight 4%
- Domestic overnight 31%
- Domestic daytrip 65%

Visitors to Victoria (000s) - projections to 2029

Projected estimates from 2024 to 2029. Values with a dot in shaded area show return to 2019 result.

- Domestic daytrip visitors
- Domestic overnight visitors
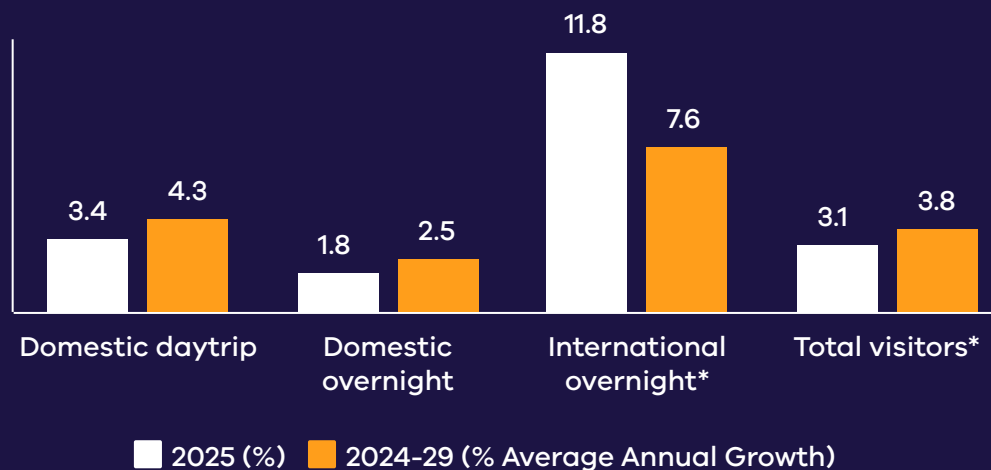- Total visitors
- Inbound visitor arrivals (RHS axis)
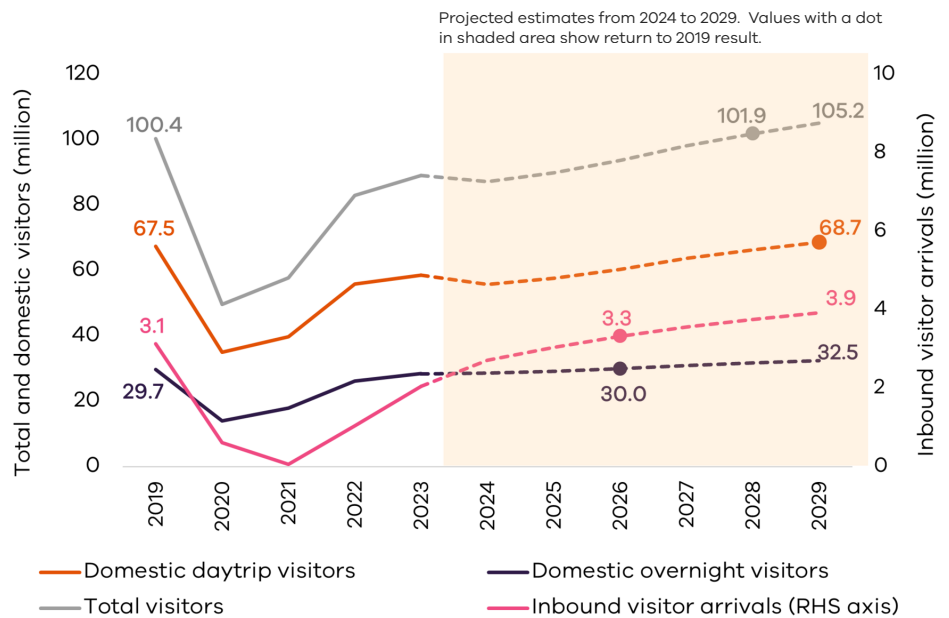
*International and total visitor growth rates for Victoria differ to national growth rates due to underlying shares of visitor types and how they aggregate.

Visitor outlook

- Greater global risks and forecast downgrades now have international overnight visitors to Victoria returning to 2019 levels during 2026.

- International overnight visitors to Victoria are expected to grow at a rate of 7.6% per year over the next 5 years, reflecting its progressive but slower recovery compared to the last forecast.

- Domestic overnight travel demand is expected to be weaker than previously projected and is estimated to be back above 2019 levels for Victoria in 2026, with moderate growth of 2.5% per annum from 2024 to 2029.

Forecast growth rates for tourism visitors (%)

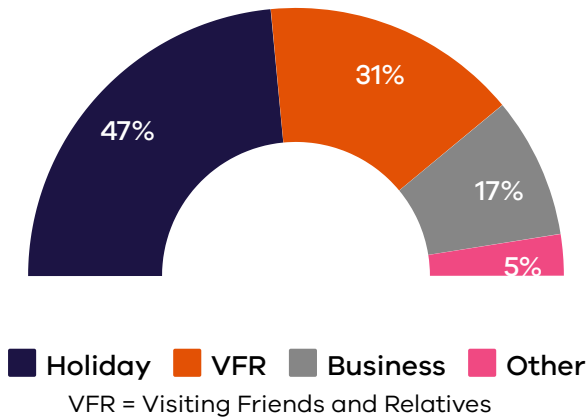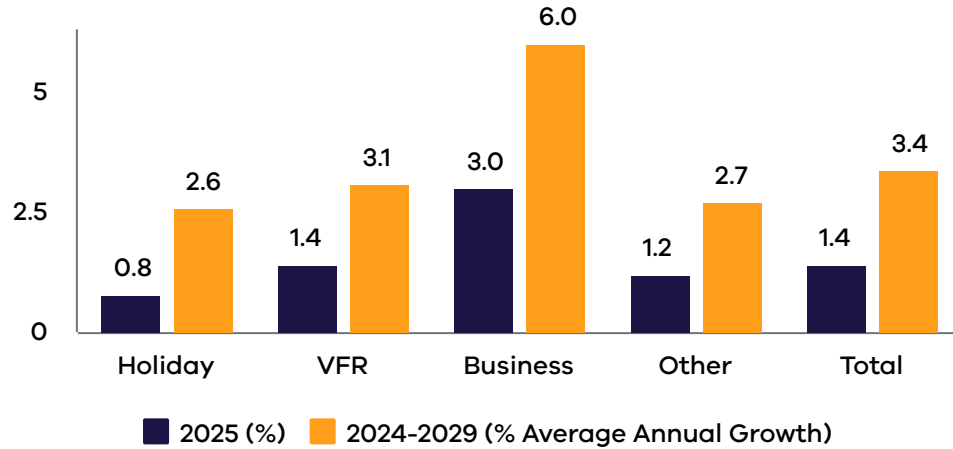|	Domestic daytrip	Domestic overnight	International overnight*	Total visitors*
2025 (%)	3.4	1.8	11.8	3.1
2024-29 (% Average Annual Growth)	4.3	2.5	7.6	3.8

Tourism Forecasts

Domestic nights

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

Domestic travel demand is weaker than previously expected, with a downward revision to the growth outlook for domestic visitor nights in Victoria which are forecast back to 2019 levels in 2026 at 83.5 million. Domestic nights in Victoria are projected to reach 93.6 million in 2029 (up 18% from 2024). Holiday nights are forecast to continue to be the main generator of domestic nights in Victoria, representing almost half of all visitor nights (47%) in 2029. Domestic business nights in Victoria are expected to have strongest growth in the short-term compared to holiday or VFR segments, as it is yet to return to 2019 levels due to shifts in digital communications and economic trends.
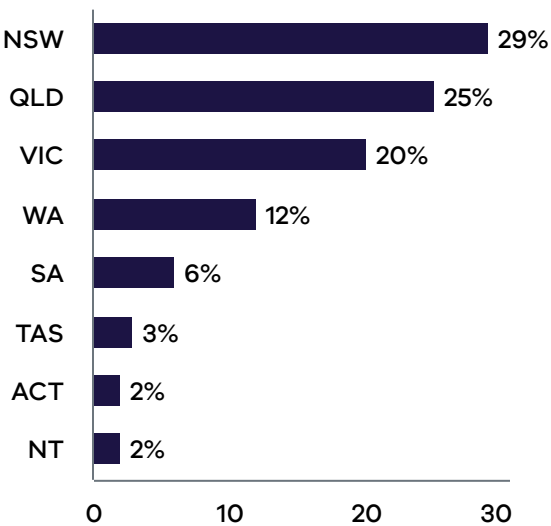
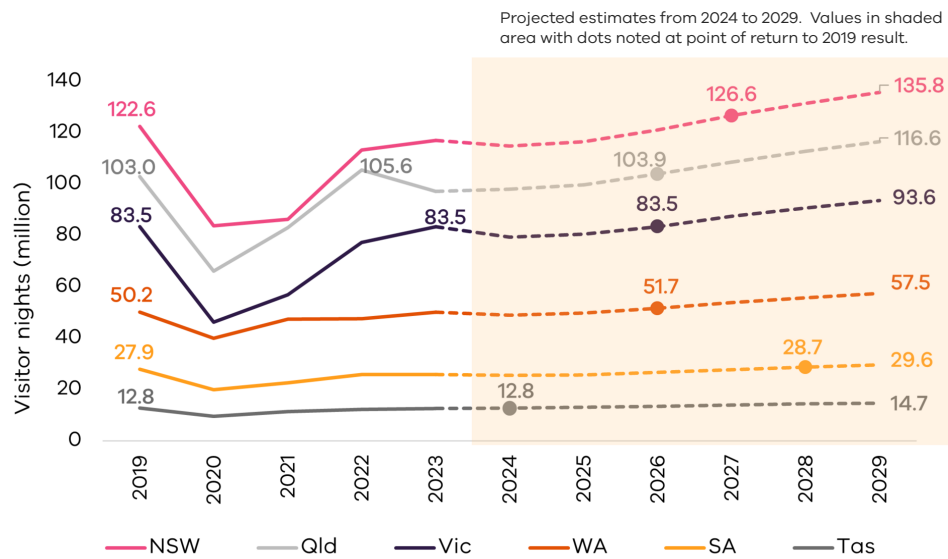## Forecast share of domestic nights in Victoria by purpose in 2029

- Holiday 47%
- VFR 31%
- Business 17%
- Other 5%

VFR = Visiting Friends and Relatives

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

	Holiday	VFR	Business	Other	Total
2025 (%)	0.8	1.4	3.0	1.2	1.4
2024-2029 (% Average Annual Growth)	2.6	3.1	6.0	2.7	3.4

Forecast share of domestic nights in 2029 (%)

- NSW 29%
- QLD 25%
- VIC 20%
- WA 12%
- SA 6%
- TAS 3%
- ACT 2%
- NT 2%

Forecast growth in domestic nights by jurisdiction

Projected estimates from 2024 to 2029. Values in shaded area with dots noted at point of return to 2019 result.

NSW: 122.6 ... 126.6 ... 135.8
Qld: 103.0 ... 105.6 ... 103.9 ... 116.6
Vic: 83.5 ... 83.5 ... 93.6
WA: 50.2 ... 51.7 ... 57.5
SA: 27.9 ... 28.7 ... 29.6
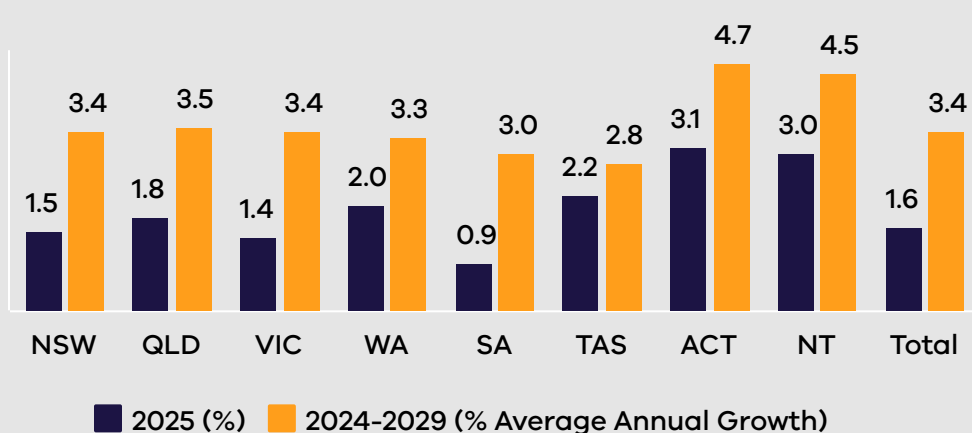Tas: 12.8 ... 12.8 ... 14.7

Visitor nights (million)

Domestic nights

- Nationally, domestic overnight trips are projected to see a slight increase in 2024, however, the average length of stay is expected to shorten, leading to a decline in nights as visitors seek to reduce costs.

- Domestic visitor nights are forecast to decline in 2024 in Victoria, NSW, SA, WA, and ACT, with modest growth anticipated in 2025. This reflects rising outbound travel and economic volatility affecting household spending.

- In Victoria, domestic visitor nights are expected to return to 2019 levels by the end of 2026, with an average annual growth rate of 3.4% over the next five years, in line with NSW and the national growth rate.

Forecast growth rates for domestic nights by jurisdiction (%)

	NSW	QLD	VIC	WA	SA	TAS	ACT	NT	Total
2025 (%)	1.5	1.8	1.4	2.0	0.9	2.2	3.1	3.0	1.6
2024-2029 (% Average Annual Growth)	3.4	3.5	3.4	3.3	3.0	2.8	4.7	4.5	3.4

Tourism Forecasts
International visitors

The forecast for international visitors to Victoria has weakened due to global challenges and a softer outlook for the education sector driven by potential visa policy changes, such as student caps. Arrivals to Victoria are now expected to surpass 2019 levels by 2026 at 3.3 million (previously forecast to recover by late 2024). International visitors to Victoria are projected to increase to 3.9 million in 2029 with growth of 7.6% per annum in the next 5 years, above the national growth rate of 7.2% due to Victoria's unique mix of international markets.
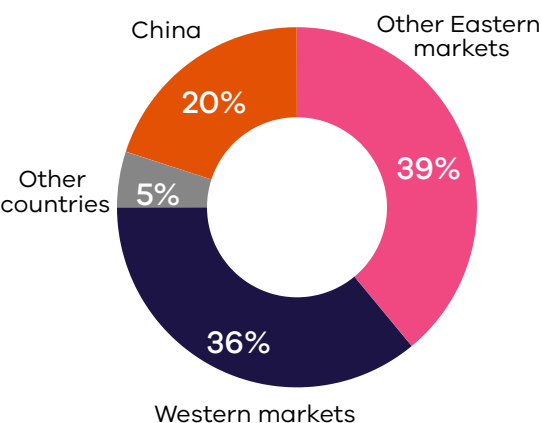
In 2029 Victoria is projected to receive

🌐 3.9 million

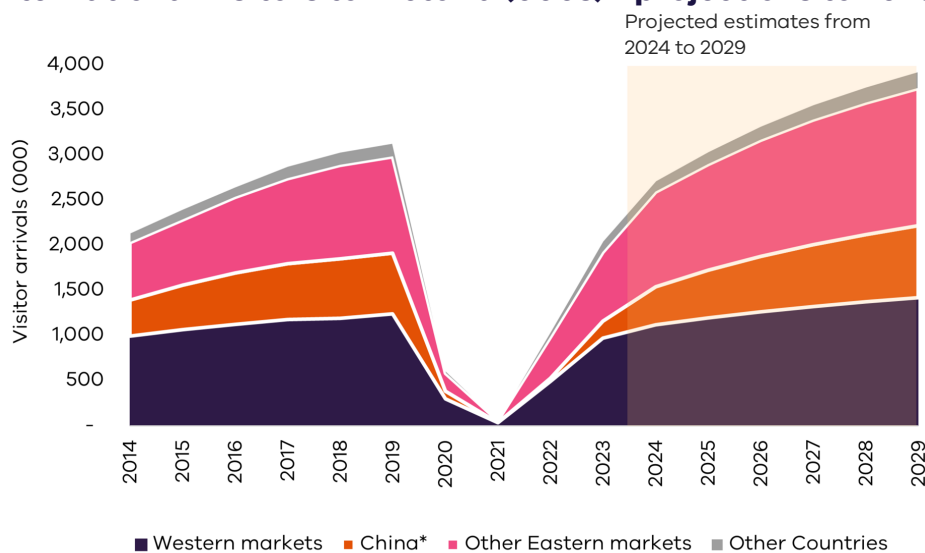### International overnight visitors

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An estimated 1 in 5 international overnight visitors is projected to come from China by 2029

- The forecast for international visitors has been revised downward due to potential education policy changes, the slower recovery of Chinese visitation, global economic instability, geopolitical conflicts, and ongoing disruptions in supply chains, aviation, and labour markets.

- A return to 2019 levels of Chinese visitation in Victoria is not expected until 2027, however was previously forecast for 2024. The composition of Chinese visitors is expected to shift, with holiday visitors accounting for a larger share of the visitor mix, increasing from 41% in 2024 to 54% by 2029. Conversely, the share of students is projected to decline from 22% in 2024 to 17% in 2029.

- A number of Asian growth numbers are projected to be above 2019 levels in 2024 including India, Singapore, South Korea, Taiwan and Thailand.

- A 2025 recovery is expected in markets including New Zealand, Hong Kong, Japan, Indonesia and France. Western markets such the USA and United Kingdom are not projected to return to 2019 visitation levels until 2026/27.

- Emerging markets in South-East Asia are expected to grow strongly including Vietnam, Thailand and the Philippines with visitor growth boosted by their close connections to Australia, as well as positive economic and population growth prospects.

Forecast source of international visitors in 2029

- China 20%
- Other Eastern markets 39%
- Western markets 36%
- Other countries 5%

International visitors to Victoria (000s) - projections to 2029

Projected estimates from 2024 to 2029

Visitor arrivals (000)

Legend: ■ Western markets ■ China* ■ Other Eastern markets ■ Other Countries

*Total growth rates for Victoria differ from the national growth rate due to underlying shares of visitors and how they aggregate.
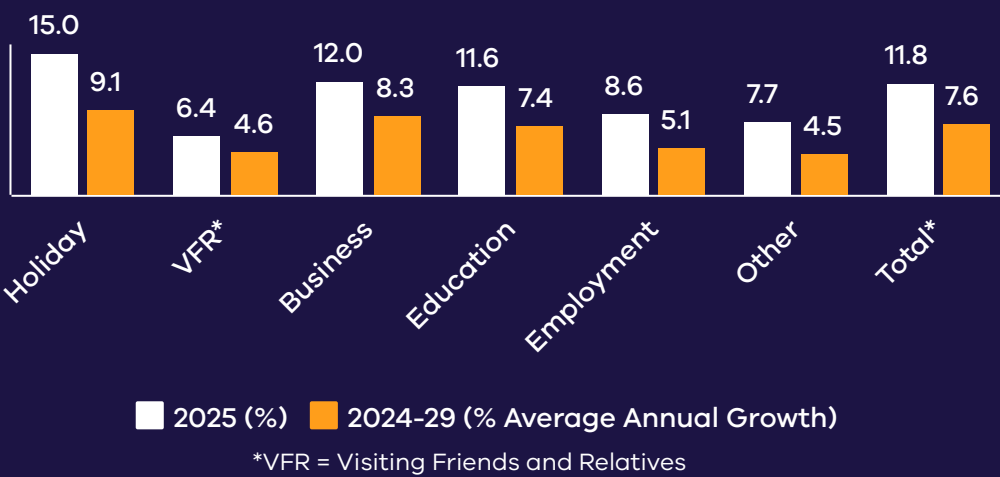
International purpose of visit

- The holiday segment is the largest international purpose of arrival segment. It is expected to return to 2019 levels by 2027 with almost 1.8 million arrivals.

- Strong pent up demand to visit family and friends resulted in a surge in VFR travel in 2022/23 which is expected to moderate more quickly than previously expected. By 2029, Victoria is expected to receive over 1.0 million VFR visitors.

- International business forecasts have been downgraded with a recovery expected in 2028, reflecting changes in business practices post-pandemic and weaker global economic conditions. An estimated 368,900 business visitors are expected by 2029.

- Forecast growth from the international education sector has been downgraded reflecting potential changes to international student visa policies. Victoria is projected to receive 267,800 student arrivals by 2029.

Forecast growth rates for international visitors by purpose (%)

Purpose	2025 (%)	2024-29 (% Average Annual Growth)
Holiday	15.0	9.1
VFR*	6.4	4.6
Business	12.0	8.3
Education	11.6	7.4
Employment	8.6	5.1
Other	7.7	4.5
Total*	11.8	7.6

Legend: □ 2025 (%) ■ 2024-29 (% Average Annual Growth)

*VFR = Visiting Friends and Relatives

Data is based on Tourism Research Australia's Forecast 2024 release. The Victorian estimates for spend and visitors are based on national forecast growth rates by market and assumes constant market share for the forecast period of 2024 to 2029. All expenditure estimates are in nominal terms. 2024 estimates comprise results from the first half of 2024 and an estimate for Jul-Dec 2024.

Tourism Forecast
2024 to 2029

Tourism has a positive growth outlook, however the forecast has been revised downward influenced by issues including global economic headwinds, geopolitical tensions, changes to consumer sentiment and potential policy shifts.

Factors influencing forecast growth

Economic conditions

Tourism demand may be dampened by prolonged economic uncertainty, marked by sluggish growth. Cost-of-living pressures are expected to further curb discretionary spending in the short-term, especially in the domestic market, as households prioritise essential expenses over leisure activities due to depleted savings.

Geopolitical environment

Heightened geopolitical tensions, including escalating conflicts in Ukraine and the Middle East, could disrupt air travel and drive up fuel costs and undermine confidence to travel internationally. Global instability may also affect bilateral relationships, potentially altering consumer behaviour.

Consumer sentiment

A growing preference among some domestic travellers to explore overseas options could dampen domestic travel demand if outbound travel becomes more cost competitive. However, Australia's strong reputation as a safe and aspirational destination is expected to continue to drive inbound growth, supported by its close ties with rapidly expanding markets in Asia.
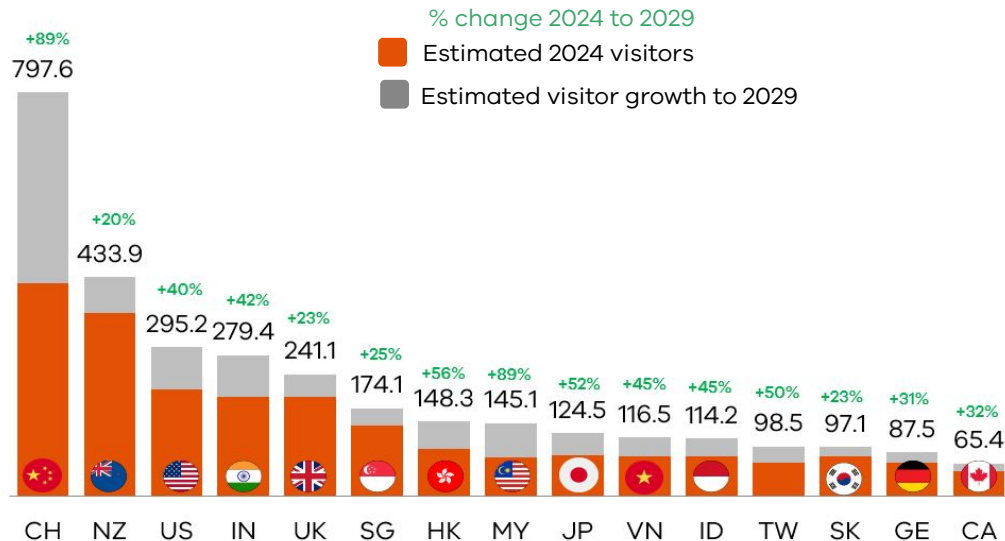
Policy shifts

Policy changes, including potential revisions to visa regulations or further adjustments to international student or employment programs, could significantly influence international travel demand. Policy shifts regarding carbon emission reductions in aviation may also impact the sector in the long-term.

International visitor growth

- China forecasts have been downgraded and its recovery has been slower than expected due to its late reopening and stifled return of ADS (Approved Destination Status) group travel to Melbourne. However, China is expected to return to become Victoria's top source market with an estimated 797,600 visitors in 2029. Notably, approximately 31% of international visitor growth over the next 5 years is expected to come from China.

- The next top visitor markets for Victoria in 2029 are expected to be New Zealand, USA, India and the United Kingdom.

- High forecast growth rates for the next 5 years are projected for Asian markets with close ties to Australia such as Malaysia, Hong Kong, Japan, Taiwan, Indonesia and Vietnam.

International visitors to Victoria to 2029 (000s) - top 15 markets

% change 2024 to 2029
- Estimated 2024 visitors
- Estimated visitor growth to 2029

Market	Value (000s)	% change 2024 to 2029
CH	797.6	+89%
NZ	433.9	+20%
US	295.2	+40%
IN	279.4	+42%
UK	241.1	+23%
SG	174.1	+25%
HK	148.3	+56%
MY	145.1	+89%
JP	124.5	+52%
VN	116.5	+45%
ID	114.2	+45%
TW	98.5	+50%
SK	97.1	+23%
GE	87.5	+31%
CA	65.4	+32%

Data notes

Data is based on Tourism forecasts for Australia: 2024 to 2029, Tourism Research Australia, Austrade, Canberra released in December 2024.

Victorian spend and visitor projections are generated by the Tourism and Events research unit. Victorian spend and visitor estimates for 2024–2029 are based on national growth rates, assuming a constant market share. The same approach is used to derive international visitor forecasts by market (international spend data by market is unavailable). All expenditure estimates are in nominal terms. 2024 estimates comprise results from the first half of 2024 and an estimate for Jul-Dec 2024. Note that total growth rates for Victoria may differ from the national growth rate due to underlying shares of visitors and how they aggregate. Rounding may impact estimates.

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.

National forecast growth rates (%) Victoria's top 15 international markets

Market	Average Annual Growth 2024-29 (%)
China	13.6
NZ	3.7
USA	6.9
India	7.2
UK	4.2
Singapore	4.6
Hong Kong	9.4
Malaysia	13.6
Japan	8.8
Vietnam	7.8
Indonesia	7.7
Taiwan	8.4
South Korea	4.2
Germany	5.5
Canada	5.7

Average Annual Growth 2024-29 (%)