Victoria’s Tourism Forecasts 2023-2028

Latest tourism forecasts for 2023 to 2028 based on Tourism Forecasts for Australia: 2023 to 2028 published by Tourism Research Australia, released in November 2023.

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# Summary results

* 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.
* 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 or 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 and 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, up from the $7.4 billion estimate for 2023, delivering an additional $5.7 billion in spend to the state over the next 5 years.

## Data table: Actual and projected nominal visitor expenditure in Victoria from 2013 to 2028.

The table below provides nominal expenditure figures for inbound visitors, domestic daytrip visitors, domestic overnight visitors and total visitors for 2013 through to 2028. Spend values from 2013 to 2022 are actual while values for 2023 to 2028 are projected.

| **Year** | **International nominal expenditure** | **Domestic daytrip nominal expenditure** | **Domestic overnight nominal expenditure** | **Total nominal expenditure** |
| --- | --- | --- | --- | --- |
| **2013** |  $4.7 billion |  $4.3 billion |  $10.1 billion |  $19.1 billion |
| **2014** |  $4.9 billion |  $4.3 billion |  $11.2 billion |  $20.4 billion |
| **2015** |  $6.4 billion |  $4.3 billion |  $11.4 billion |  $22.0 billion |
| **2016** |  $6.8 billion |  $4.7 billion |  $12.2 billion |  $23.7 billion |
| **2017** |  $7.5 billion |  $5.3 billion |  $13.9 billion |  $26.7 billion |
| **2018** |  $8.5 billion |  $5.5 billion |  $15.0 billion |  $29.0 billion |
| **2019** |  $8.8 billion |  $6.7 billion |  $17.0 billion |  $32.5 billion |
| **2020** |  $2.5 billion |  $3.5 billion |  $7.0 billion |  $13.0 billion |
| **2021** |  $0.4 billion |  $4.4 billion |  $10.0 billion |  $14.8 billion |
| **2022** |  $3.3 billion |  $7.9 billion |  $20.3 billion |  $31.5 billion |
| **2023** |  $7.4 billion |  $9.3 billion |  $23.4 billion |  $40.1 billion |
| **2024** |  $9.4 billion |  $9.8 billion |  $24.2 billion |  $43.4 billion |
| **2025** |  $10.7 billion |  $10.4 billion |  $25.2 billion |  $46.3 billion |
| **2026** |  $11.7 billion |  $10.8 billion |  $26.2 billion |  $48.7 billion |
| **2027** |  $12.5 billion |  $11.2 billion |  $27.2 billion |  $50.9 billion |
| **2028** |  $13.1 billion |  $11.6 billion |  $28.3 billion |  $53.0 billion |

# Tourism spend forecasts for Victoria

* 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.
* Domestic overnight spend is expected to the 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.

## Data table: Projected tourism spend in Victoria in 2028 by visitor type

For each visitor type, the table below provides estimated spend figures for 2028 and the associated % increases from 2023 to 2028.

|  | **2028 estimated spend** | **Estimated % increase from 2023 to 2028** |
| --- | --- | --- |
| **Total visitor spend** | $53.0 billion | Increase of 32% from 2023 to 2028 |
| **Domestic daytrip spend** | $11.6 billion | Increase of 24% from 2023 to 2028 |
| **Domestic overnight spend** | $28.3 billion | Increase of 21% from 2023 to 2028 |
| **International overnight spend** | $13.1 billion | Increase of 77% from 2023 to 2028 |

## Data table: Forecast growth rates for tourism spend in Victoria by visitor type

For each visitor type, the table below provides the estimated growth rate for spend from 2023 to 2024 and the forecast average annual growth rate for spend from 2023 to 2028.

|  | **Growth rate from 2023 to 2024** | **Average annual growth rate from 2023 to 2028** |
| --- | --- | --- |
| **Total visitor spend** | Increase of 8.2% | Increase of 5.7% per annum |
| **Domestic daytrip spend** | Increase of 5.1% | Increase of 4.4% per annum |
| **Domestic overnight spend** | Increase of 3.4% | Increase of 3.9% per annum |
| **International overnight spend** | Increase of 27.3% | Increase of 12.2% per annum |

To note: total spend growth rates for Victoria differ to the national growth rates published by TRA due to Victoria’s underlying shares of visitor types and how they aggregate.

## Data table: Actual and projected share of visitor expenditure in Victoria by visitor type from 2019 to 2028.

The table below provides estimated shares of visitor expenditure in Victoria by visitor type for 2019 through to 2028. Shares from 2019 to 2022 are actual while shares for 2023 to 2028 are projected.

| **Year** | **Domestic daytrip share of expenditure** | **Domestic overnight share of expenditure** | **International overnight share of expenditure** |
| --- | --- | --- | --- |
| **2019** | 21% | 52% | 27% |
| **2020** | 27% | 54% | 19% |
| **2021** | 30% | 68% | 3% |
| **2022** | 25% | 64% | 10% |
| **2023** | 23% | 58% | 18% |
| **2024** | 23% | 56% | 22% |
| **2025** | 22% | 54% | 23% |
| **2026** | 22% | 54% | 24% |
| **2027** | 22% | 53% | 25% |
| **2028** | 22% | 53% | 25% |

# Visitor forecasts for Victoria

Visitors to Victoria are expected to reach 111.8 million in 2028, up 18% from 2023 estimates. These visitors are forecast to comprise:

* 67% domestic daytrip visitors
* 29% domestic overnight visitors
* 4% international overnight visitors.

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.

## Data table: Projected visitors to Victoria in 2028 by visitor type

For each visitor type, the table below provides estimated visitor numbers for 2028 and the associated % increases from 2023 to 2028.

| **Visitor type** | **2028 estimated visitors** | **Estimated % increase from 2023 to 2028** |
| --- | --- | --- |
| **Total visitors** | 111.8 million | Increase of 18% from 2023 to 2028 |
| **Domestic daytrip visitors** | 75.1 million | Increase of 18% from 2023 to 2028 |
| **Domestic overnight visitors** | 32.3 million | Increase of 13% from 2023 to 2028 |
| **International overnight visitors** | 4.4 million | Increase of 73% from 2023 to 2028 |

## Data table: Actual and projected visitor numbers to Victoria from 2013 to 2028.

The table below provides estimates of visitor numbers for inbound, domestic daytrip, domestic overnight and total visitors for 2013 through to 2028. Visitor numbers from 2013 to 2022 are actual values while visitor numbers for 2023 to 2028 are projected.

| **Year** | **International visitors**  | **Domestic daytrip visitors** | **Domestic overnight visitors**  | **Total visitors**  |
| --- | --- | --- | --- | --- |
| **2013** |  2.0 million |  42.5 million |  18.3 million | 62.8 million |
| **2014** |  2.1 million |  43.4 million |  19.8 million | 65.4 million |
| **2015** |  2.4 million |  45.7 million |  20.8 million | 68.9 million |
| **2016** |  2.7 million |  48.5 million |  21.9 million | 73.1 million |
| **2017** |  2.9 million |  52.8 million |  25.2 million | 80.9 million |
| **2018** |  3.0 million |  56.0 million |  26.2 million | 85.3 million |
| **2019** |  3.1 million |  67.5 million |  29.7 million  | 100.4 million |
| **2020** |  0.6 million |  35.1 million |  14.0 million | 49.7 million  |
| **2021** |  0.1 million |  39.7 million |  18.0 million | 57.8 million |
| **2022** |  1.0 million |  55.9 million |  26.2 million | 83.1 million |
| **2023** |  2.5 million |  63.7 million |  28.5 million | 94.8 million |
| **2024** |  3.3 million |  65.9 million |  29.4 million | 98.6 million |
| **2025** |  3.7 million |  68.7 million |  30.1 million | 102.5 million |
| **2026** |  4.0 million |  71.1 million |  30.9 million | 105.9 million |
| **2027** |  4.2 million |  73.5 million |  31.6 million | 109.3 million |
| **2028** |  4.4 million |  75.1 million  |  32.3 million  | 111.8 million |

# 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.

## Data table: Forecast growth rates for visitors to Victoria by visitor type

For each visitor type, the table below provides the estimated growth rate for visitor numbers from 2023 to 2024 and the forecast average annual growth rate of visitor numbers from 2023 to 2028.

| **Visitor type** | **Growth rate from 2023 to 2024** | **Average annual growth rate from 2023 to 2028** |
| --- | --- | --- |
| **Total visitors** | Increase of 4.0% | Increase of 3.4% per annum |
| **Domestic daytrip visitors** | Increase of 3.4% | Increase of 3.3% per annum |
| **Domestic overnight visitors** | Increase of 2.9% | Increase of 2.5% per annum |
| **International overnight visitors** | Increase of 30.7% | Increase of 11.5% per annum |

To note: International and total visitor growth rates for Victoria differ to the national growth rates published by TRA due to Victoria’s underlying shares of visitor types and how they aggregate.

# Domestic visitor nights forecasts for Victoria

* 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 visiting friends and relatives 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 or 46% in 2028.
* Visiting friends and relatives nights are forecast to represent 32% of all domestic visitor nights in 2028 while business nights are forecast to represent 18% of nights. The remaining 4% of nights are predicted to be accounted for by domestic visitors travelling for other reasons.

## Data table: Forecast growth rates for domestic visitor nights in Victoria by purpose

For each purpose type, the table below provides the estimated growth rate for domestic visitor nights to 2024 and the forecast average annual growth rate of domestic visitor nights from 2023 to 2028.

| **Visitor type** | **Growth rate from 2023 to 2024** | **Average annual growth rate from 2023 to 2028** |
| --- | --- | --- |
| **Total domestic visitor nights** | Increase of 2.8% | Increase of 2.7% per annum |
| **Holiday visitor nights** | Increase of 2.2% | Increase of 2.3% per annum |
| **Visiting friends and relatives visitor nights** | Increase of 2.3% | Increase of 2.2% per annum |
| **Business visitor nights** | Increase of 4.7% | Increase of 3.8% per annum |
| **Other visitor nights** | Increase of 5.6% | Increase of 5.1% per annum |

# Domestic night forecasts across jurisdictions

* 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.

In 2028 each jurisdiction is forecast to have the following shares of domestic visitor nights:

* New South Wales 29% share
* Queensland 25% share
* Victoria 20% share
* Western Australia 12% share
* South Australia 6% share
* Tasmania 3% share
* Australian Capital Territory 2% share
* Northern Territory 2% share.

## Data table: Forecast growth rates for domestic visitor nights by jurisdiction

For each Australian state and territory, the table below provides the estimated growth rate for domestic visitor nights from 2023 to 2024 and the forecast average annual growth rate for domestic nights from 2023 to 2028.

| **Jurisdiction**  | **Growth rate from 2023 to 2024** | **Average annual growth rate from 2023 to 2028** |
| --- | --- | --- |
| **Australia** | Increase of 2.7% | Increase of 3.0% per annum |
| **New South Wales** | Increase of 2.9% | Increase of 2.9% per annum |
| **Victoria** | Increase of 2.8% | Increase of 2.7% per annum |
| **Queensland** | Increase of 1.6% | Increase of 3.1% per annum |
| **South Australia** | Increase of 2.2% | Increase of 2.6% per annum |
| **Western Australia** | Increase of 4.4% | Increase of 2.9% per annum |
| **Tasmania** | Increase of 1.8% | Increase of 3.0% per annum |
| **Northern Territory** | Increase of 3.6% | Increase of 6.5% per annum |
| **Australian Capital Territory** | Increase of 3.3% | Increase of 2.8% per annum |

## Data table: Actual and projected domestic nights by jurisdiction from 2013 to 2028.

The table below provides domestic visitor nights estimates for New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania for 2013 through to 2028. Domestic visitor nights from 2013 to 2022 are actual values while domestic visitor nights for 2023 to 2028 are projected.

| **Year** | **New South Wales** | **Victoria** | **Queensland** | **South Australia** | **Western Australia** | **Tasmania** |
| --- | --- | --- | --- | --- | --- | --- |
| **2013** | 85.5 million | 55.0 million | 73.8 million | 19.5 million | 30.2 million | 8.3 million |
| **2014** | 85.6 million | 59.4 million | 77.2 million | 19.8 million | 44.0 million | 10.1 million |
| **2015** | 89.4 million | 60.2 million | 78.1 million | 20.6 million | 44.0 million | 9.9 million |
| **2016** | 95.2 million | 64.5 million | 82.9 million | 22.3 million | 44.3 million | 10.5 million |
| **2017** | 101.5 million | 71.9 million | 86.7 million | 23.4 million | 40.0 million | 11.5 million |
| **2018** | 107.9 million | 74.9 million | 93.3 million | 23.9 million | 42.7 million | 12.4 million |
| **2019** | 122.6 million | 83.5 million | 103.0 million | 27.9 million | 50.2 million | 12.8 million |
| **2020** | 83.8 million | 46.2 million | 66.2 million | 20.0 million | 39.9 million | 9.6 million |
| **2021** | 86.4 million | 57.0 million | 83.1 million | 22.6 million | 47.5 million | 11.5 million |
| **2022** | 113.2 million | 77.3 million | 105.6 million | 25.9 million | 47.5 million | 12.3 million |
| **2023** | 117.3 million | 83.2 million | 99.7 million | 26.1 million | 49.5 million | 12.0 million |
| **2024** | 120.6 million | 85.5 million | 101.2 million | 26.6 million | 51.7 million | 12.2 million |
| **2025** | 124.6 million | 88.0 million | 105.5 million | 27.5 million | 53.2 million | 12.8 million |
| **2026** | 128.2 million | 90.3 million | 109.1 million | 28.2 million | 54.5 million | 13.2 million |
| **2027** | 131.6 million | 92.6 million | 112.5 million | 29.0 million | 55.8 million | 13.6 million |
| **2028** | 135.3 million | 94.9 million | 116.3 million | 29.7 million | 57.1 million | 13.9 million |

# International visitor forecasts for Victoria

* 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%.
* 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.
* More than 1 in 5 international overnight visitors is projected to come from China by 2028.
* 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.
* By 2028, China is forecast to account for 23% of all international overnight visitors to Victoria, while Other Eastern markets combined are forecast to account for 36%. Western markets are also predicted to account for 36% of international visitors to Victoria, while the remaining 5% of international visitors will come from other countries.

## Data table: Actual and projected international visitors to Victoria from 2013 to 2028 by market.

The table below provides visitor estimates for China, other Eastern markets, Western markets, and other countries for 2013 through to 2028. Visitor numbers from 2013 to 2022 are actual values while visitor numbers for 2023 to 2028 are projected. Note that China excludes Hong Kong, Macau and Taiwan.

| **Year** | **China** | **Other Eastern markets** | **Western markets** | **Other countries** |
| --- | --- | --- | --- | --- |
| **2013** |  329,300  |  571,300  |  978,200  |  94,200  |
| **2014** |  398,100  |  635,800  |  999,300  |  108,000  |
| **2015** |  494,900  |  722,500  |  1,068,000  |  119,700  |
| **2016** |  572,100  |  836,800  |  1,126,800  |  117,700  |
| **2017** |  621,700  |  943,000  |  1,178,900  |  140,600  |
| **2018** |  659,300  |  1,034,700  |  1,196,300  |  149,000  |
| **2019** |  675,600  |  1,067,900  |  1,242,000  |  152,100  |
| **2020** |  88,700  |  193,800  |  299,800  |  33,000  |
| **2021** |  2,400  |  18,200  |  36,600  |  4,300  |
| **2022** |  34,500  |  451,900  |  496,500  |  64,700  |
| **2023** |  312,600  |  933,700  |  1,158,800  |  141,500  |
| **2024** |  688,700  |  1,158,000  |  1,318,300  |  164,100  |
| **2025** |  792,300  |  1,305,800  |  1,419,500  |  178,000  |
| **2026** |  871,900  |  1,420,800  |  1,491,400  |  191,400  |
| **2027** |  948,200  |  1,513,800  |  1,547,700  |  202,000  |
| **2028** |  999,200  |  1,587,800  |  1,597,100  |  210,500  |

# International visitor growth by market

* 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.

## Data table: Forecast top 15 international markets to Victoria in 2028 with estimated 2023 and 2028 visitor numbers to Victoria.

The table below provides estimated visitor numbers for 2023 and for 2028 for forecast top 15 markets.

| **Market** | **Estimated 2023 visitors** | **Estimated 2028 visitors** |
| --- | --- | --- |
| China |  312,600 |  999,200  |
| New Zealand |  382,200 |  494,600 |
| United States of America |  237,100 |  353,000  |
| India |  195,200 |  314,600 |
| United Kingdom |  206,000 |  269,900 |
| Hong Kong |  79,600 |  155,900 |
| Singapore |  108,900  |  154,800 |
| Malaysia |  62,500 |  142,300 |
| Japan |  67,700 |  135,700 |
| Indonesia |  68,000 |  122,600 |
| Vietnam |  71,900 |  119,000 |
| Philippines |  72,100 |  113,000 |
| Germany |  67,900 |  100,800 |
| South Korea |  64,400  |  100,300 |
| Canada |  57,200 |  82,400 |

## Data table: Forecast growth rates for Victoria’s projected top 15 international visitor markets

The table below provides the estimated visitor growth rate for 2023 to 2028 and the forecast average annual visitor growth rate from 2023 to 2028 for the forecast top 15 markets.

| **Market** | **% change 2023 to 2028** | **Average annual growth 2023 to 2028** |
| --- | --- | --- |
| China | Increase of 220% | Increase of 26.2% per annum |
| New Zealand | Increase of 29% | Increase of 5.3% per annum |
| United States of America | Increase of 49% | Increase of 8.3% per annum |
| India | Increase of 61% | Increase of 10.0% per annum |
| United Kingdom | Increase of 31% | Increase of 5.6% per annum |
| Hong Kong | Increase of 96% | Increase of 14.4% per annum |
| Singapore | Increase of 42% | Increase of 7.3% per annum |
| Malaysia | Increase of 128% | Increase of 17.9% per annum |
| Japan | Increase of 101% | Increase of 14.9% per annum |
| Indonesia | Increase of 80% | Increase of 12.5% per annum |
| Vietnam | Increase of 65% | Increase of 10.6% per annum |
| Philippines | Increase of 57% | Increase of 9.4% per annum |
| Germany | Increase of 48% | Increase of 8.2% per annum |
| South Korea | Increase of 56% | Increase of 9.3% per annum |
| Canada | Increase of 44% | Increase of 7.6% per annum |

# International purpose of visit forecasts

* 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 resulted in a surge to visit family and friends in 2022 and 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.

## Data table: Forecast growth rates for international visitors to Victoria by purpose

For each international purpose segment, the table below provides the estimated visitor growth rate from 2023 to 2024 and the forecast average annual visitor growth rate from 2023 to 2028.

| **Visitor type** | **Growth rate from 2023 to 2024** | **Average annual growth rate from 2023 to 2028** |
| --- | --- | --- |
| Total international visitors | Increase of 30.7% | Increase of 11.5% per annum |
| Holiday visitors | Increase of 38.6% | Increase of 14.1% per annum |
| Visiting friends and relatives visitors | Increase of 14.3% | Increase of 7.0% per annum |
| Business visitors | Increase of 19.8% | Increase of 9.1% per annum |
| Education visitors | Increase of 48.4% | Increase of 13.7% per annum |
| Employment visitors | Increase of 9.2% | Increase of 6.0% per annum |
| Other visitors | Increase of 11.4% | Increase of 4.4% per annum |

To note: total international visitor growth rates for Victoria differ to the national growth rates published by TRA due to Victoria’s underlying shares of visitor types and how they aggregate.

# Key factors influencing forecast growth

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.

* **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.

# Data notes

* Data is based on Tourism forecasts for Australia: 2023 to 2028, Tourism Research Australia, Austrade, Canberra, released in November 2023. You can access the report [here](https://www.tra.gov.au/en/economic-analysis/tourism-forecasts).
* Victorian spend and visitor projections have been generated by the Tourism and Events research unit.
* The Victorian estimates for spend and visitors are based on market share from the National and International Visitor Surveys, year ending June 2023 and assume 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 July to December 2023.
* Forecasts for Victorian domestic nights are produced by Tourism Research Australia.
* Note that total growth rates for Victoria differ from the national growth rate due to underlying shares of visitors and how they aggregate.

This report was produced by the Tourism and Events Research Unit from the Department of Jobs, Skills, Industry and Regions (DJSIR), Victorian Government in November 2023.

This information is considered correct at the time of publishing, however DJSIR accepts no responsibility for use of this information.