Tourism Forecasts

2024-2029

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.

# Table of contents

[1.0 Summary results 2](#_Toc184116512)

[2.0 Future tourism spend in Victoria 2](#_Toc184116513)

[2.1 Data table: Actual and projected nominal visitor expenditure in Victoria from 2019 to 2029. 3](#_Toc184116514)

[3.0 Tourism spend forecasts for Victoria 3](#_Toc184116515)

[3.1 Data table: Projected tourism spend in Victoria in 2029 by visitor type 3](#_Toc184116516)

[3.2 Data table: Forecast growth rates for tourism spend in Victoria by visitor type 4](#_Toc184116517)

[4.0 Visitor forecasts for Victoria 4](#_Toc184116518)

[4.1 Data table: Projected visitors to Victoria in 2029 by visitor type 4](#_Toc184116519)

[4.2 Data table: Actual and projected visitor numbers to Victoria from 2019 to 2029 5](#_Toc184116520)

[5.0 Visitor outlook 5](#_Toc184116521)

[5.1 Data table: Forecast growth rates for visitors to Victoria by visitor type 6](#_Toc184116522)

[6.0 Domestic visitor nights forecasts for Victoria 6](#_Toc184116523)

[6.1 Data table: Forecast growth rates for domestic visitor nights in Victoria by purpose 6](#_Toc184116524)

[7.0 Domestic night forecasts across jurisdictions 7](#_Toc184116525)

[7.1 Data table: Forecast growth rates for domestic visitor nights by jurisdiction 7](#_Toc184116526)

[7.2 Data table: Actual and projected domestic nights by jurisdiction from 2019 to 2029 7](#_Toc184116527)

[8.0 International visitor forecasts for Victoria 8](#_Toc184116528)

[8.1 Data table: Actual and projected international visitors to Victoria from 2014 to 2029 by market. 9](#_Toc184116529)

[9.0 International visitor growth by market 10](#_Toc184116530)

[9.1 Data table: Forecast top 15 international markets to Victoria in 2029 with estimated 2024 and 2029 visitor numbers to Victoria. 10](#_Toc184116531)

[9.2 Data table: Forecast growth rates for Victoria’s projected top 15 international visitor markets 10](#_Toc184116532)

[10.0 International purpose of visit forecasts 11](#_Toc184116533)

[10.1 Data table: Forecast growth rates for international visitors to Victoria by purpose 11](#_Toc184116534)

[11.0 Key factors influencing forecast growth 12](#_Toc184116535)

[12.0 Data notes 12](#_Toc184116536)

# 1.0 Summary results

* 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 amidst broader economic headwinds. 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.

# 2.0 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, delivering an additional $4.1 billion in spend to the state over the next 5 years (up from the $8.9 billion estimate for 2024).

## 2.1 Data table: Actual and projected nominal visitor expenditure in Victoria from 2019 to 2029.

The table below provides nominal expenditure figures for inbound visitors, domestic daytrip visitors, domestic overnight visitors and total visitors for 2019 through to 2029. Spend values from 2019 to 2023 are actual while values for 2024 to 2029 are projected.

| **Year** | **International nominal expenditure** | **Domestic daytrip nominal expenditure** | **Domestic overnight nominal expenditure** | **Total nominal expenditure** |
| --- | --- | --- | --- | --- |
| **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** | $6.4 billion | $8.6 billion | $22.8 billion | $37.8 billion |
| **2024** | $8.9 billion | $8.5 billion | $22.7 billion | $40.1 billion |
| **2025** | $10.0 billion | $8.8 billion | $23.1 billion | $41.8 billion |
| **2026** | $10.9 billion | $9.2 billion | $24.0 billion | $44.2 billion |
| **2027** | $11.7 billion | $9.8 billion | $25.2 billion | $46.8 billion |
| **2028** | $12.4 billion | $10.2 billion | $26.3 billion | $49.0 billion |
| **2029** | $13.0 billion | $10.6 billion | $27.4 billion | $50.9 billion |

# 3.0 Tourism spend forecasts for Victoria

* 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.
* Domestic daytrip spend is expected to generate 21% of total spend in 2029. Domestic daytrip spend is expected to decline in 2024 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 in 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.

## 3.1 Data table: Projected tourism spend in Victoria in 2029 by visitor type

For each visitor type, the table below provides estimated spend figures for 2029 and the associated % increases from 2024 to 2029.

|  | **2029 estimated spend** | **Estimated % increase from 2024 to 2029** |
| --- | --- | --- |
| **Total visitor spend** | $50.9 billion | Increase of 27% from 2024 to 2029 |
| **Domestic daytrip spend** | $10.6 billion | Increase of 25% from 2024 to 2029 |
| **Domestic overnight spend** | $27.4 billion | Increase of 20% from 2024 to 2029 |
| **International overnight spend** | $13.0 billion | Increase of 46% from 2024 to 2029 |

To note: rounding may impact estimates

## 3.2 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 2024 to 2025 and the forecast average annual growth rate for spend from 2024 to 2029.

|  | **Growth rate from 2024 to 2025** | **Average annual growth rate from 2024 to 2029** |
| --- | --- | --- |
| **Total visitor spend** | Increase of 4.4% | Increase of 4.9% per annum |
| **Domestic daytrip spend** | Increase of 4.0% | Increase of 4.6% per annum |
| **Domestic overnight spend** | Increase of 1.4% | Increase of 3.8% per annum |
| **International overnight spend** | Increase of 12.3% | Increase of 7.8% 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.

# 4.0 Visitor forecasts for Victoria

Visitors to Victoria are expected to reach 105.2 million in 2029, up 21% from 2024 estimates. These visitors are forecast to comprise:

* 65% domestic daytrip visitors
* 31% domestic overnight visitors
* 4% international overnight visitors.

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.

## 4.1 Data table: Projected visitors to Victoria in 2029 by visitor type

For each visitor type, the table below provides estimated visitor numbers for 2029 and the associated % increases from 2024 to 2029.

| **Visitor type** | **2029 estimated visitors** | **Estimated % increase from 2024 to 2029** |
| --- | --- | --- |
| **Total visitors** | 105.2 million | Increase of 21% from 2024 to 2029 |
| **Domestic daytrip visitors** | 68.7 million | Increase of 23% from 2024 to 2029 |
| **Domestic overnight visitors** | 32.5 million | Increase of 13% from 2024 to 2029 |
| **International overnight visitors** | 3.9 million | Increase of 44% from 2024 to 2029 |

To note: rounding may impact estimates.

## 4.2 Data table: Actual and projected visitor numbers to Victoria from 2019 to 2029

The table below provides estimates of visitor numbers for inbound, domestic daytrip, domestic overnight and total visitors for 2019 through to 2029. Visitor numbers from 2019 to 2023 are actual values while visitor numbers for 2024 to 2029 are projected.

| **Year** | **International visitors** | **Domestic daytrip visitors** | **Domestic overnight visitors** | **Total visitors** |
| --- | --- | --- | --- | --- |
| **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** | 2.1 million | 58.6 million | 28.5 million | 89.2 million |
| **2024** | 2.7 million | 55.8 million | 28.7 million | 87.2 million |
| **2025** | 3.0 million | 57.7 million | 29.2 million | 89.9 million |
| **2026** | 3.3 million | 60.4 million | 30.0 million | 93.7 million |
| **2027** | 3.6 million | 63.7 million | 31.0 million | 98.3 million |
| **2028** | 3.8 million | 66.4 million | 31.8 million | 101.9 million |
| **2029** | 3.9 million | 68.7 million | 32.5 million | 105.2 million |

# 5.0 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.

## 5.1 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 2024 to 2025 and the forecast average annual growth rate of visitor numbers from 2024 to 2029.

| **Visitor type** | **Growth rate from 2024 to 2025** | **Average annual growth rate from 2024 to 2029** |
| --- | --- | --- |
| **Total visitors** | Increase of 3.1% | Increase of 3.8% per annum |
| **Domestic daytrip visitors** | Increase of 3.4% | Increase of 4.3% per annum |
| **Domestic overnight visitors** | Increase of 1.8% | Increase of 2.5% per annum |
| **International overnight visitors** | Increase of 11.8% | Increase of 7.6% 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.

# 6.0 Domestic visitor nights forecasts for Victoria

* 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 domestic visitor nights or 47% in 2029.
* Nights by those visiting friends and family (VFR) are forecast to represent almost a third or 31% of total domestic visitor nights 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. Business nights are expected to represent 17% of all domestic visitor nights in 2029.

## 6.1 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 2025 and the forecast average annual growth rate of domestic visitor nights from 2024 to 2029.

| **Visitor type** | **Growth rate from 2024 to 2025** | **Average annual growth rate from 2024 to 2029** |
| --- | --- | --- |
| **Total domestic visitor nights** | Increase of 1.4% | Increase of 3.4% per annum |
| **Holiday visitor nights** | Increase of 0.8% | Increase of 2.6% per annum |
| **Visiting friends and relatives visitor nights** | Increase of 1.4% | Increase of 3.1% per annum |
| **Business visitor nights** | Increase of 3.0% | Increase of 6.0% per annum |
| **Other visitor nights** | Increase of 1.2% | Increase of 2.7% per annum |

# 7.0 Domestic night forecasts across jurisdictions

* 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.

In 2029 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.

## 7.1 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 2024 to 2025 and the forecast average annual growth rate for domestic nights from 2024 to 2029.

| **Jurisdiction** | **Growth rate from 2024 to 2025** | **Average annual growth rate from 2024 to 2029** |
| --- | --- | --- |
| **New South Wales** | Increase of 1.5% | Increase of 3.4% per annum |
| **Queensland** | Increase of 1.8% | Increase of 3.5% per annum |
| **Victoria** | Increase of 1.4% | Increase of 3.4% per annum |
| **Western Australia** | Increase of 2.0% | Increase of 3.3% per annum |
| **South Australia** | Increase of 0.9% | Increase of 3.0% per annum |
| **Tasmania** | Increase of 2.2% | Increase of 2.8% per annum |
| **Australian Capital Territory** | Increase of 3.1% | Increase of 4.7% per annum |
| **Northern Territory** | Increase of 3.0% | Increase of 4.5% per annum |
| **Australia** | Increase of 1.6% | Increase of 3.4% per annum |

## 7.2 Data table: Actual and projected domestic nights by jurisdiction from 2019 to 2029

The table below provides domestic visitor nights estimates for New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania for 2019 through to 2029. Domestic visitor nights from 2014 to 2023 are actual values while domestic visitor nights for 2024 to 2029 are projected.

| **Year** | **New South Wales** | **Queensland** | **Victoria** | **Western Australia** | **South Australia** | **Tasmania** |
| --- | --- | --- | --- | --- | --- | --- |
| **2019** | 122.6 million | 103.0 million | 83.5 million | 50.2 million | 27.9 million | 12.8 million |
| **2020** | 83.8 million | 66.2 million | 46.2 million | 39.9 million | 20.0 million | 9.6 million |
| **2021** | 86.4 million | 83.1 million | 57.0 million | 47.5 million | 22.6 million | 11.5 million |
| **2022** | 113.2 million | 105.6 million | 77.3 million | 47.5 million | 25.9 million | 12.3 million |
| **2023** | 117.1 million | 97.1 million | 83.5 million | 50.1 million | 25.8 million | 12.6 million |
| **2024** | 114.8 million | 98.1 million | 79.4 million | 48.9 million | 25.5 million | 12.8 million |
| **2025** | 116.5 million | 99.8 million | 80.5 million | 49.9 million | 27.5 million | 13.1 million |
| **2026** | 121.1 million | 103.9 million | 83.5 million | 51.7 million | 26.6 million | 13.5 million |
| **2027** | 126.6 million | 108.6 million | 87.5 million | 53.9 million | 27.8 million | 14.0 million |
| **2028** | 131.4 million | 112.9 million | 90.7 million | 55.8 million | 28.7 million | 14.4 million |
| **2029** | 135.8 million | 116.6 million | 93.6 million | 57.5 million | 29.6 million | 14.7 million |

# 8.0 International visitor forecasts for Victoria

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

In 2029 the share of international visitors to Victoria are forecast to be:

* China 20% share
* Other Eastern markets 39% share
* Western markets 36% share
* Other countries 5% share.

## 8.1 Data table: Actual and projected international visitors to Victoria from 2014 to 2029 by market.

The table below provides visitor estimates for China, other Eastern markets, Western markets, and other countries for 2014 through to 2029. Visitor numbers from 2014 to 2023 are actual values while visitor numbers for 2024 to 2029 are projected. Note that China excludes Hong Kong, Macau and Taiwan.

| **Year** | **China** | **Other Eastern markets** | **Western markets** | **Other countries** |
| --- | --- | --- | --- | --- |
| **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** | 191,600 | 763,000 | 973,500 | 122,700 |
| **2024** | 421,500 | 1,051,200 | 1,121,500 | 127,300 |
| **2025** | 530,400 | 1,168,800 | 1,200,000 | 144,800 |
| **2026** | 615,000 | 1,286,100 | 1,267,600 | 159,200 |
| **2027** | 686,100 | 1,379,900 | 1,326,200 | 170,800 |
| **2028** | 745,000 | 1,457,800 | 1,377,400 | 180,200 |
| **2029** | 797,600 | 1,521,700 | 1,423,800 | 188,300 |

# 9.0 International visitor growth by market

* 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.

## 9.1 Data table: Forecast top 15 international markets to Victoria in 2029 with estimated 2024 and 2029 visitor numbers to Victoria.

The table below provides estimated visitor numbers for 2024 and for 2029 for forecast top 15 markets.

| **Market** | **Estimated 2024 visitors** | **Estimated 2029 visitors** |
| --- | --- | --- |
| China | 421,500 | 797,600 |
| New Zealand | 362,200 | 433,900 |
| United States of America | 211,500 | 295,200 |
| India | 197,400 | 279,400 |
| United Kingdom | 196,500 | 241,100 |
| Singapore | 139,000 | 174,100 |
| Hong Kong | 94,800 | 148,300 |
| Malaysia | 76,800 | 145,100 |
| Japan | 81,700 | 124,500 |
| Vietnam | 80,000 | 116,500 |
| Indonesia | 78,800 | 114,200 |
| Taiwan | 65,900 | 98,500 |
| South Korea | 79,000 | 97,100 |
| Germany | 67,000 | 87,500 |
| Canada | 49,500 | 65,400 |

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

The table below provides the estimated visitor growth rate for 2024 to 2029 and the forecast average annual visitor growth rate from 2024 to 2029 for the forecast top 15 markets.

| **Market** | **% change 2024 to 2029** | **Average annual growth 2024 to 2029** |
| --- | --- | --- |
| China | Increase of 89% | Increase of 13.6% per annum |
| New Zealand | Increase of 20% | Increase of 3.7% per annum |
| United States of America | Increase of 40% | Increase of 6.9% per annum |
| India | Increase of 42% | Increase of 7.2% per annum |
| United Kingdom | Increase of 23% | Increase of 4.2% per annum |
| Singapore | Increase of 25% | Increase of 4.6% per annum |
| Hong Kong | Increase of 56% | Increase of 9.4% per annum |
| Malaysia | Increase of 89% | Increase of 13.6% per annum |
| Japan | Increase of 52% | Increase of 8.8% per annum |
| Vietnam | Increase of 45% | Increase of 7.8% per annum |
| Indonesia | Increase of 45% | Increase of 7.7% per annum |
| Taiwan | Increase of 50% | Increase of 8.4% per annum |
| South Korea | Increase of 23% | Increase of 4.2% per annum |
| Germany | Increase of 31% | Increase of 5.5% per annum |
| Canada | Increase of 32% | Increase of 5.7% per annum |

# 10.0 International purpose of visit forecasts

* 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.

## 10.1 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 2024 to 2025 and the forecast average annual visitor growth rate from 2024 to 2029.

| **Visitor type** | **Growth rate from 2024 to 2025** | **Average annual growth rate from 2024 to 2029** |
| --- | --- | --- |
| Total international visitors | Increase of 11.8% | Increase of 7.6% per annum |
| Holiday visitors | Increase of 15.0% | Increase of 9.1% per annum |
| Visiting friends and relatives visitors | Increase of 6.4% | Increase of 4.6% per annum |
| Business visitors | Increase of 12.0% | Increase of 8.3% per annum |
| Education visitors | Increase of 11.6% | Increase of 7.4% per annum |
| Employment visitors | Increase of 8.6% | Increase of 5.1% per annum |
| Other visitors | Increase of 7.7% | Increase of 4.5% 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.

# 11.0 Key factors influencing forecast growth

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.

* **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.

# 12.0 Data notes

* Data is based on Tourism forecasts for Australia: 2024 to 2029, Tourism Research Australia (TRA), Austrade, Canberra, released in December 2024. The report is available on the TRA [website](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.
* 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 July to December 2024.
* 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.
* Rounding may impact estimates/

This report was 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.