



Australian Government
Australian Trade and Investment Commission
Tourism Research Australia

Tourism forecasts for Australia

2024 to 2029



Acknowledgements

Acknowledgement of Country

We acknowledge the Traditional Custodians of lands throughout Australia and pay our respects to their Elders past and present. We recognise the enduring connection of First Nations people to land, sea and waters, and their deep care for Country over 65,000 years. We honour the enormous contribution First Nations cultures and traditions make to the visitor experience in Australia, and commit to protecting and nurturing these cultures in partnership with First Nations communities.

Tourism Forecasting Expert Panel

As part of the forecasting process, and consistent with past practice, Tourism Research Australia (TRA) established a Tourism Forecasting Expert Panel comprising experts from academia, industry, and government. TRA acknowledges the contribution of the Panel members in providing survey responses, views, and feedback that supported the development of the forecasts.

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This report is available at <https://www.tra.gov.au/>

Further enquiries are welcome at tourism.research@tra.gov.au

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About this report

Information on the expected rate and profile of growth in travel demand is particularly important to tourism operators, businesses, product developers, planners, investors and policy makers.

Using a combination of statistical methods and expert input, Tourism Research Australia (TRA) has produced forecasts for a range of tourism metrics. This report discusses the drivers and implications of the forecast data and is intended to assist decision makers by providing intelligence on the expected path forward for the sector. The forecast values for the current year and the next 5 years are available for download from the TRA website in Excel format.

International forecasts are delivered at the national level, by purpose of travel, as well as for selected source markets. This year, TRA has published forecasts for short-term visitor arrivals to Australia from the top 20 source markets, as well as for 4 regional groupings. International arrivals forecasts by purpose of travel are published for 6 large source markets. Domestic forecasts are presented at the national level and for each state and territory.

Notes on data reporting:

- No adjustment for inflation is made to nominal values. The national THRIVE 2030 Strategy also presents target values for aggregate visitor economy spend in nominal terms. All values are reported in Australian dollars.
- This report excludes the long-stay international student cohort from spend measures, which is consistent with the TRA International Visitor Survey (IVS). However, the THRIVE 2030 spend target measure includes international students who stay in Australia for longer than 12 months. Total visitor spend in Australia in 2023 was \$207 billion when including long-stay international students.



Throughout this report, there are mentions of the ‘recovery’ and values are compared to pre-pandemic levels. These are for reference purposes only. They should not be interpreted as an expectation that all components of the visitor economy will return to how they were in 2019. There is consensus that much has changed over the past 5 years. This is not just for the visitor economy, but also more broadly across the national and international economy and society. Nevertheless, it can be helpful to provide a reference to pre-pandemic levels, which is a period that users of this report may interpret as being a reasonable representation of a complete and steady-state visitor economy.

Summary of forecasts

The forecasts present a positive outlook for growth in international arrivals over the next 5 years. International arrivals are forecast to increase by more than 15% in 2024 compared with the previous year. International arrivals are then forecast to increase by a further 41% over the following 5 years. Nevertheless, the current forecast path for international arrivals has been revised downward relative to the 2023 forecast publication (see [Tourism forecasts for Australia: 2023–2028](#)). The downward revision to the outlook reflects data received since the previous forecasts were published, along with factors discussed in the *Factors affecting the outlook and key risks* section of this report.

Domestic tourism spend (already above its pre-pandemic level) is forecast to continue to grow, as are domestic trip numbers. However, the forecast for domestic travel demand is also somewhat weaker than anticipated in the 2023 publication. This reflects the lower domestic traveller numbers from mid-2023 to mid-2024, as well as expectations that there will not be a major change in that trend soon.

Total short-term visitor expenditure in Australia (both domestic and international) is forecast to increase further from a record high of \$170 billion in 2023 to \$177 billion in 2024, then to \$223 billion in 2029 (Figure 1). Growth in total visitor spend is

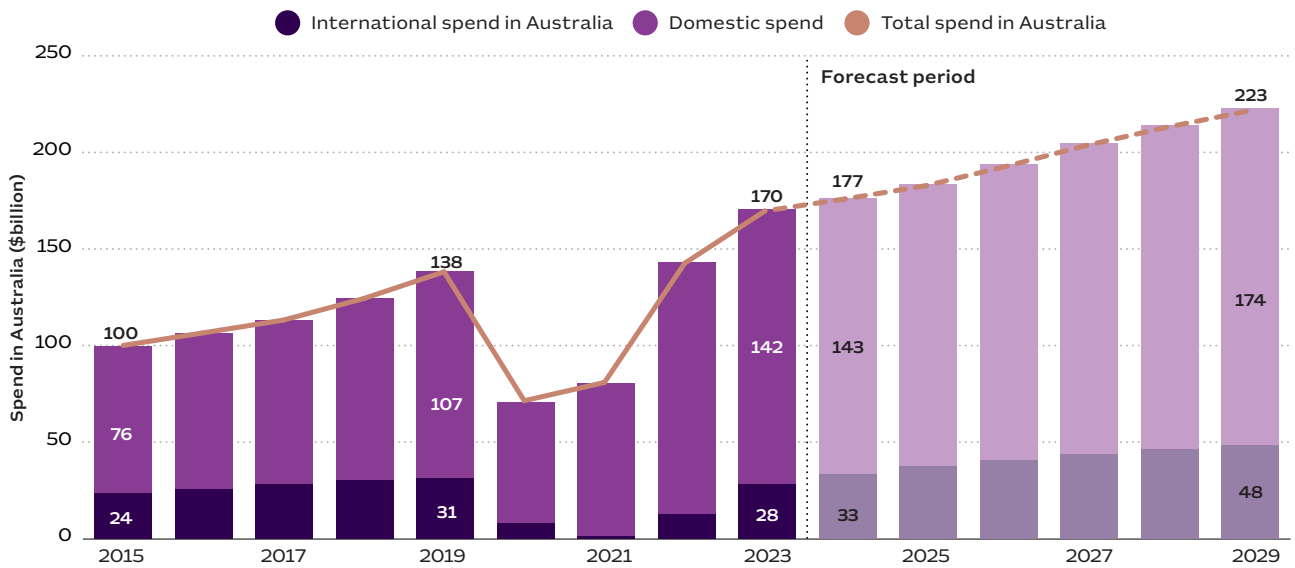
forecast to average 4.7% per year over the next 5 years, which is above the expected rate of consumer price inflation over that period. The growth trajectory forecast for short-term visitor expenditure also sees Australia on track to exceed the THRIVE 2030 target of \$230 billion by 2030 for expenditure by all visitors (including long-term international students).

Total short-stay visitor spend includes:

- **International visitor expenditure in Australia by those on short-term visits of less than 12 months¹** – forecast to increase from \$28.1 billion in 2023 to \$33.2 billion in 2024 (growth of 18% or \$5.1 billion) and then increase to \$48.5 billion in 2029 (annual average growth of 8% over the forecast period)
- **Domestic overnight trip spend** – forecast to increase from \$109.3 billion in 2023 to \$110.3 billion in 2024 (growth of 0.9% or \$0.9 billion) and then increase to \$132.7 billion in 2029 (annual average growth of 3.8% over the forecast period)
- **Domestic day trip expenditure** – forecast to increase from \$32.9 billion in 2023 to \$33.2 billion in 2024 (growth of 0.7% or \$0.2 billion) and then increase to \$41.5 billion in 2029 (annual average growth of 4.6% over the forecast period).

¹ Throughout this report, international visitor expenditure refers to spend in Australia by international visitors. International visitors are all visitor types, including students, who travel to Australia for short-term visits (i.e. less than 12 months).

Figure 1. International, domestic and total tourism spend in Australia. Nominal, annual values in A\$ billion, not adjusted for inflation. Actual data to 2023, forecast values from 2024 to 2029.



Data values (rounded) are shown in \$A billion for each series in 2015, 2019, 2029 as well as 2023 and 2024.

Sources: TRA International Visitor Survey, National Visitor Survey, and forecast data



Factors affecting the outlook and key risks

International

The current growth profile for short-stay visitors continues to project a progressive recovery in international visitation up to and beyond its pre-pandemic level. This acknowledges, and is in part due to:

- The important role travel plays in connecting people, supporting business, encouraging investment, strengthening family bonds, and improving mental health and wellbeing
- Australia's enduring reputation as a safe, clean, friendly and aspirational travel destination
- Continued gradual increases to aviation capacity, including from key emerging and growth markets
- Growth in inbound demand from source markets that had been initially slow to recover from the COVID-19 pandemic disruptions to travel. This includes arrivals from China, which is an important source market for Australia
- Close and growing ties between Australia and several high-growth markets in our region.

Nevertheless, the rapid pace of growth observed last year has moderated substantially and is expected to continue to ease in coming years. A moderation in growth in 2024 had been anticipated given the modest global economic outlook, paced recovery in aviation capacity and consumer preferences for short haul destinations. However, the recorded pace of growth in arrivals in 2024 has been slower than anticipated. As a result, the 2024 and 2025 forecasts have been downgraded.

The following factors in particular had a larger negative impact than was previously estimated:

- The growth in geopolitical risks, including escalation in global conflicts such as in Eastern Europe and the Middle East, which can undermine confidence to travel internationally
- A slower than expected rebound in arrivals from China in 2024, following an initial surge in arrivals following the travel restart in 2023
- Slower growth of arrivals for the purposes of visiting friends and relatives (VFR) and employment, which have already neared or returned to pre-pandemic levels respectively
- The continuation of below-trend economic growth in several countries along with elevated inflation and interest rates, which has continued to weigh on household budgets around the world
- Changes in global tourism trends, such as the stated shift towards sustainable and eco-friendly travel, which may influence traveller's consideration of long-haul destinations
- Policy changes intended to slow the growth in international student arrivals taking effect in 2025 and 2026
- Competitive approaches to attract travellers (i.e. visa-free travel in Southeast Asia).

Forecasting always involves a degree of uncertainty, however, at the time of forecasting, there is an elevated level of global uncertainty. Over the next five years, some key risks to the international arrivals forecasts include:

- As one of our largest pre-pandemic markets, the rate of return in Chinese arrivals to Australia has a clear impact on the overall rate of recovery. The current projected path has been revised lower than that reported last year. However, as the forecast is the median of a range, it is possible that growth could be faster or slower than outlined in this report
- The potential impact of disruptions to the global economy, which could in turn affect the outlook for the travel and tourism sector
- A larger than expected impact from efforts to reduce carbon emissions in aviation – whether regulatory or industry driven – and shift in consumer preferences regarding long-haul flights
- Significantly greater than expected cost pressures facing airlines as they increase capacity, including fuel costs, which could lead to slower growth in long-haul routes and higher airfares
- The risk of intensified global conflict that results in broad disruptions to air and sea travel
- Potential changes in visa regulations for international visitors, along with competitive changes in other competing markets
- Significant changes in economic conditions in one or more of our major markets.





Image courtesy of Tourism Western Australia

Domestic

Domestic overnight leisure travel has continued to face headwinds over the past 12 months from household budget pressures² leading to reduced discretionary spending. Additionally, there has been a noticeable trend of Australians opting for international trips. Overseas arrivals and departures data show an increase in the number of short-term resident returns (i.e. Australians returning from an overseas trip) compared to last year.³

Domestically, Australians continue to prioritise travel, including domestic travel. However, on average, Australians have been taking shorter trips (i.e. fewer nights away) and travelling closer to home to reduce travel

costs. Older Australians in particular had a higher tendency for domestic travel in 2024 compared to other demographic groups. This age group is more likely to own their home outright and have been less affected by interest rate changes and economic impacts. Much of the impact of budget pressures was foreseen last year. However, this year's forecasts have been revised slightly downwards across trips, nights and spend in response to additional travel data collected in 2024. This has provided more information on the evolution of post-pandemic trends, leading to slight differences in revisions across states and territories and across purposes of travel.

² The Reserve Bank of Australia reported that real, per capita household disposable income in Australia declined sharply over the past 18 months. See Graph 2.13 [Economic Conditions | Statement on Monetary Policy – August 2024](#). (Reserve Bank of Australia, accessed 23 October 2024).

³ Australian Bureau of Statistics August data shows short-term resident returns at 916,890 – an increase of 6.8% on one year earlier [Overseas Arrivals and Departures, Australia, August 2024](#) (Australian Bureau of Statistics, accessed 8 November 2024).

Soft economic conditions have also had an impact on domestic business travel in 2024.

Risks that could affect the forecast profile for domestic travel in Australia include:

- A prolonged pull-back in household travel budgets as essential spending is prioritised could result in lower tourism activity and travel in the near-term, particularly for overnight leisure travel
- Higher than expected car fuel and jet fuel prices could weigh on demand for self-drive and domestic trips using air travel, while higher than expected airfares would put additional pressure on travel demand to destinations relatively more reliant on-air travel
- An increase in the cost competitiveness of outbound travel relative to domestic travel could result in less domestic travel than currently forecast
- Increasingly large, uncontrolled, unpredictable and damaging weather events could dampen demand for travel to an increasing number of destinations over a longer period throughout the year
- Increasing costs of domestic airfares amid reduced airline competition, with Bonza having ceased operations in the past year and Rex currently in administration.⁴

On the other hand, there is a strong forward portfolio of events in Australia, and travel media and market analysis point to events being a key driver of travel intentions.⁵

Despite soft discretionary spend, various measures suggest that consumer travel intentions have held up, demonstrating an enduring and compelling need and desire for Australians to travel to connect, explore, unwind and recharge.⁶

Lending data published by the Australian Bureau of Statistics (ABS) reports that the value of personal loans taken out for the purpose of travel and holidays has been trending higher as Australians seek bank loans to finance their travel plans. The Reserve Bank of Australia (RBA) also reported that the decline in real, per capita, disposable incomes stabilised in 2024. It now expects per capita disposable income to rise going forward. This would permit an increase in consumption spending and/or a rise in household savings rates, which is positive for forward looking tourism demand.

4 The Australian Competition and Consumer Commission (ACCC) reports [consequences for consumers amid greater market concentration including airfares rising](#) (ACCC, accessed 12 November 2024).

5 For example, see: [Skyscanner's Australia Travel Trends 2025 | Tourism Stats](#) (Accessed 21 October 2024) and [2024 Global Travel Trends Report \(americanexpress.com\)](#) (Accessed 21 October 2024).

6 Measures of consumer travel and spend intentions include: [ITF Winter Travel Survey 2024](#) (Tourism and Transport Forum Australia, accessed 21 October 2024), and [Consumer spending behaviour and drivers](#) (Deloitte Insights, accessed 23 October 2024). The CommBank Household Spending Insights (HSI) Index reported increases in spending on tourism-related components in June 2024 (see [June household spending inches higher as renters fall behind](#). Accessed 23 October 2024), and in September 2024 (see [Footy finals not enough to boost September spending](#). Accessed 23 October 2024).



International tourism forecasts

International visitor arrivals

Australia, renowned for its world-famous attractions and natural beauty, has long been a popular destination for international visitors. However, the global COVID-19 pandemic and associated travel restrictions resulted in a sharp decline in international tourism. The number of international visitor arrivals to Australia, which hit 9.5 million in 2019, declined by 97% to 250,000 in 2021. While domestic travel recovered rapidly once state and territory restrictions eased, international tourism has been slower to recover.

Although the world has largely moved past the COVID-19 pandemic era, some effects have been long-lasting. Factors such as booking and travel behaviours, global economic uncertainties, disrupted workforces and supply chains especially affecting airline operations, and financial strains among tourism operators continue to challenge the sector's resurgence globally. Disruptions to workforces and supply chains, especially in relation to airline operations, have also been a challenge.

In 2023, there were 7.2 million international visitor arrivals, a significant increase on the pandemic-affected 2020 and 2021 levels, but only 76% of the pre-pandemic (2019) level. TRA now forecast international arrivals numbers to reach 8.3 million in 2024, equivalent to 88% of the pre-pandemic level (Figure 2). The number of short-term

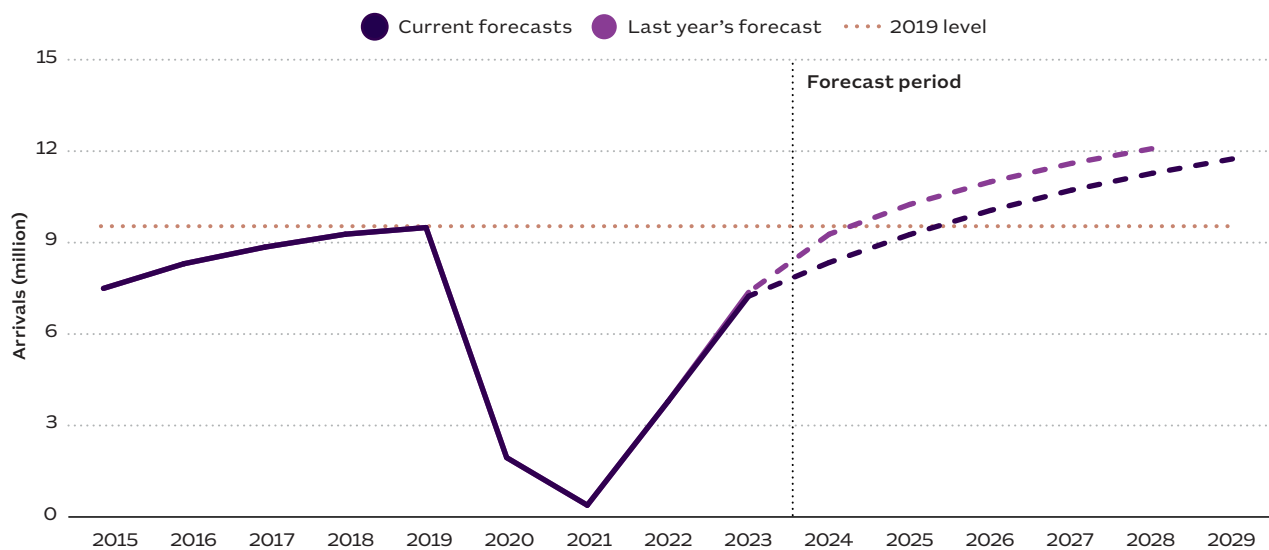
visitor arrivals is expected to surpass the pre-pandemic level in 2026. This would set a record of 10 million international visitor arrivals. The number of international visitor arrivals is then forecast to continue to grow to reach 11.8 million in 2029. This is an increase of 3.4 million visitors or 41% compared to the forecast for international arrivals in 2024.

The core reasons for the downward revisions to this year's international visitor arrivals forecasts, relative to last year, include:

- The lingering effects of the pandemic on the tourism sector
- Revised expectations for growth in arrivals from China
- A moderation in growth in arrivals for the purposes of VFR and employment.

Global economic uncertainty, conflict in the Middle East and Europe and ongoing inflationary pressures are also affecting the pace of growth in international travel. Visitors from key markets such as Europe, North America, and Asia, face higher costs-of-living, which weighs on discretionary spending on items such as international travel. Australia has also experienced inflation and higher operational costs, which has led to higher prices in the travel and tourism sector across flights, accommodation, dining, and tourism experiences, compared to pre-pandemic times.

Figure 2. International visitor arrivals. Current forecasts and comparison to previous forecasts. Annual values, total short-term international visitor arrivals.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data

Arrivals by source market

The pace of growth in international visitor arrivals is forecast to vary across Australia's leading international source markets.

This is a continuation of recent trends, where the rate of recovery since the pandemic has varied across source markets: South Korea, Vietnam and Ireland were the first to move past their pre-pandemic level in 2023. India, Indonesia, and the Philippines are forecast to join this group of source markets surpassing their pre-pandemic levels in 2024. New Zealand, Taiwan and Thailand are forecast to follow in 2025.

Percentage growth in arrivals is expected to be more rapid for China and Malaysia (off a low base) along with most other Asian markets. The growth trajectory is more moderate for most Western markets including New Zealand, the United States, the United Kingdom, Italy, France, Germany and Canada. As a result, the forecast number of arrivals by market in 2029 relative to pre-pandemic levels ranges from 218% for Vietnam to 101% for Malaysia (Figure 3).

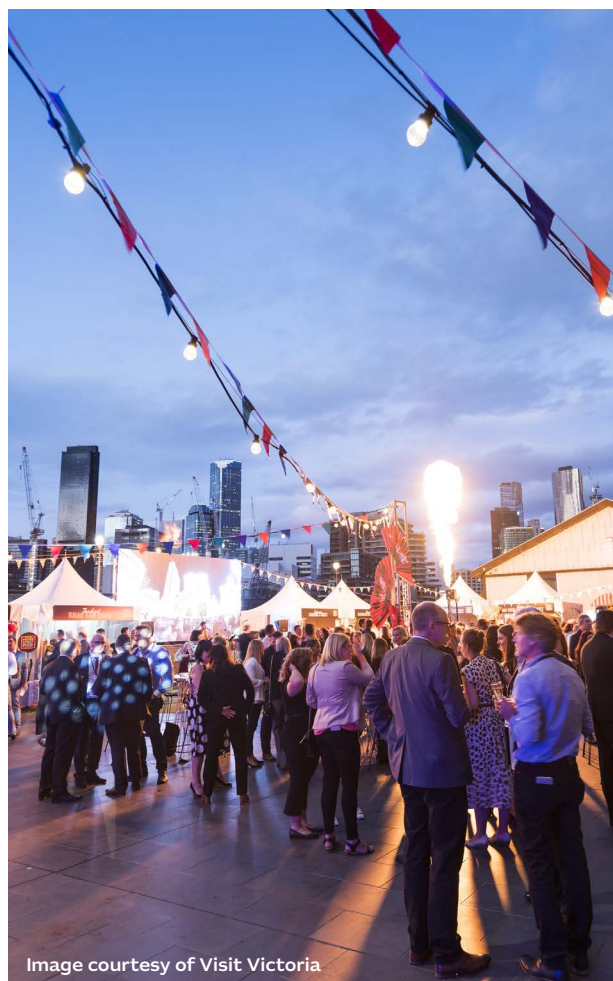
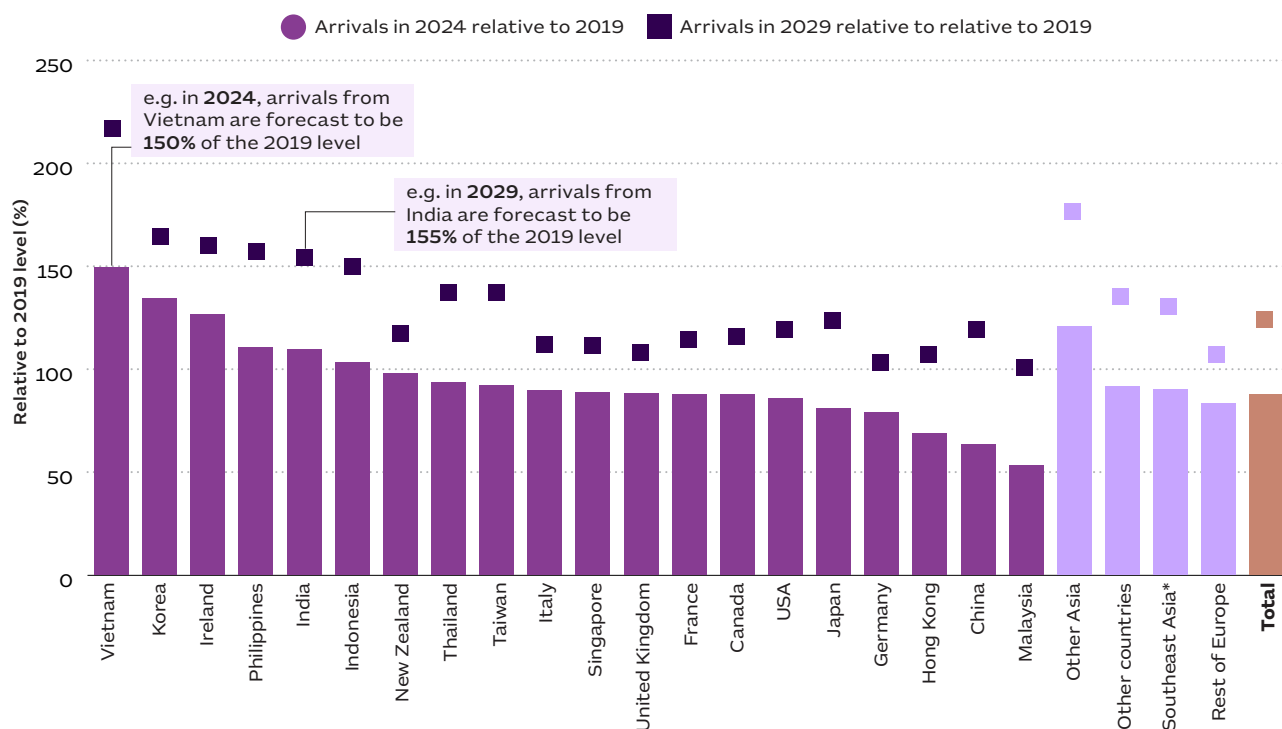


Image courtesy of Visit Victoria

Figure 3. International visitor arrivals by source market in 2024 and 2029, relative to 2019 level.



* Southeast Asia is total of 11 nations including 6 separately identified.

Region groups, and the total, are coloured differently as they are not single source markets.

Source: TRA, forecast data

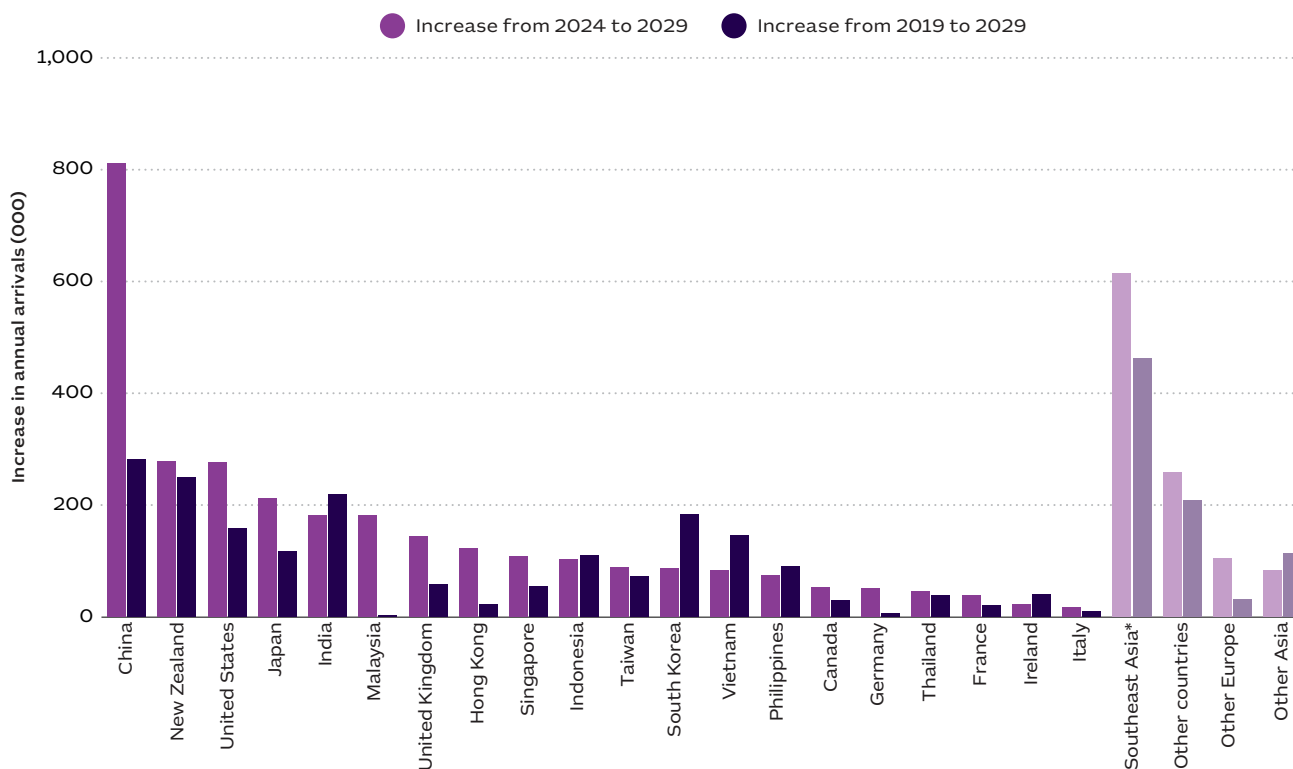
Over the full forecast horizon, the increase in arrivals from China is expected to be larger than for any other individual source market. There is forecast to be 811,000 additional arrivals from China in 2029 compared with 2024, accounting for almost one-quarter of the total increase in annual international arrivals (Figure 4). Note that nearly two-thirds of the increase in visitation from China over the period reflects a return to the pre-pandemic level, occurring in 2027. The rate of growth forecast for China would see it once again become Australia’s largest inbound arrivals market in 2029, a position held previously in 2018 and 2019. China has already regained its place as Australia’s leading market in terms of spend in Australia.

International arrivals from the Southeast Asian⁷ region are forecast to increase by 614,400 between 2024 and 2029, with three-quarters of this growth representing additional arrivals above the pre-pandemic level. Arrivals from Vietnam, Philippines and Indonesia are forecast to grow by more than 40% over the forecast period, collectively generating an additional 261,500 arrivals from these countries. Visitors from Singapore and Malaysia are each forecast to increase by over 100,000 over the forecast period, with a growth of 107,400 visitors from Singapore and 180,000 visitors from Malaysia.

From the current year to the end of the forecast period, there are also expected to be large increases in arrivals from New Zealand (278,000), the United States (277,100), Japan (211,600) and India (181,500).

7 This region includes 11 nations: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Vietnam – the largest 6 are also separately identified.

Figure 4. Expected increase in international visitor arrivals by source market in 2029 compared to 2024 (current year) and compared to 2019 (pre-pandemic).



* Southeast Asia is total of 11 nations including 6 separately identified.

Region groups are coloured differently as they are not single source markets.

Source: ABS, Overseas Arrivals and Departures data and TRA, forecast data

Details on the forecasts of key individual markets are provided below.

New Zealand

With its proximity, strong economic and leisure ties and prominence of travel for VFR, New Zealand has long been Australia’s most reliable source of international arrivals. Historically, New Zealand has been Australia’s largest arrivals source market each year since 2000 apart from 2018 and 2019. In 2019, over 1.43 million New Zealanders visited Australia, which was slightly less than the 1.44 million arrivals from China that year.

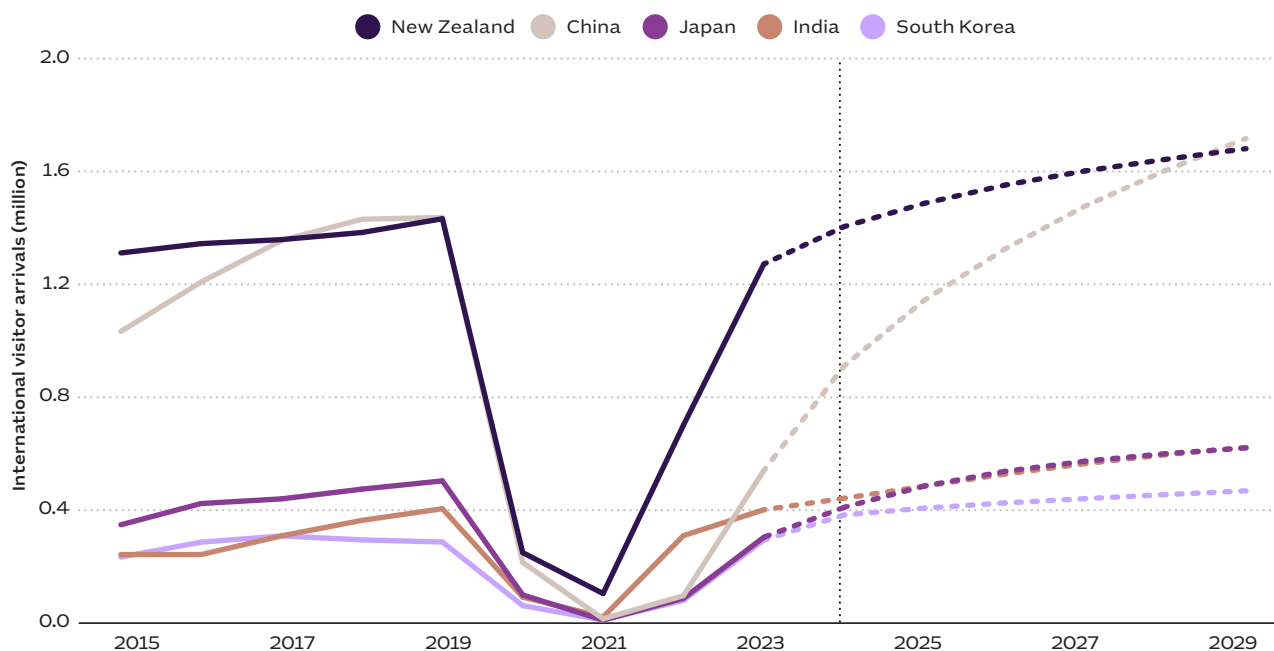
In 2023, there were 1.3 million arrivals from New Zealand, which was 89% of the pre-pandemic level. In 2024, arrivals are expected

to increase by 12% to reach more than 1.4 million, which is 98% of the pre-pandemic level (Figure 5).⁸ From 2025 onwards, growth is forecast to slow towards its more modest pre-pandemic trend rate. This is consistent with New Zealand being a large, mature visitor market strongly influenced by VFR travel where Australia has high market saturation.

By 2029, 1.7 million visitors from New Zealand are expected to arrive in Australia. Although the projected growth rate in arrivals from New Zealand over the next 5 years is below the overall average for international arrivals, it is forecast to remain Australia’s largest source market up to 2028, before being surpassed by China in 2029.

⁸ Over the year-to-August 2024, monthly short-term international arrivals from New Zealand were at 99% of the corresponding pre-pandemic period (January-August 2019).

Figure 5. International visitor arrivals by source market for 4 major markets. Actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data

China

Prior to the pandemic, China was Australia’s largest inbound market with 1.44 million arrivals in 2019 (marginally ahead of New Zealand). With Chinese visitors attracted to Australia’s cities, shopping experiences, natural wonders, and educational opportunities, arrivals grew rapidly across the decade.

China’s strict and extended lockdowns and travel restrictions during the pandemic significantly slowed the global return of Chinese tourists. A zero-COVID policy and internal restrictions only began to ease in 2023. By mid-2023 there were positive signs of recovery, however, visitor numbers remained well below the pre-pandemic level, with 535,800 international arrivals in 2023, equivalent to just 37% of the 2019 level. In the year to June 2024, this had increased to 60% showing the growth in Chinese arrivals in the past year.

Although growth in Chinese visitor arrivals is expected to outpace total arrivals from all markets over the forecast horizon, the profile has been substantially downgraded compared to that presented last year. This reflects the slower recovery in arrivals from China than previously anticipated over the past 12 months. Softening economic conditions in China have likely contributed to this outcome. Despite stimulus measures, weak domestic demand and headwinds from a property downturn are expected to continue to limit economic growth and growth in disposable household income in China.⁹ These economic factors, coupled with potential impacts from policy changes, have weighed on the forecast growth rate for short-term arrivals.

⁹ For example, see economic reporting by NAB Group Economics ([China’s Economy at a Glance – October 2024 | Business Research and Insights](#). Accessed 23 October 2024.)

Nevertheless, market reports¹⁰ suggest that Chinese outbound travel is poised to surge. Australia looks well positioned to benefit as Chinese comfort-levels for longer-haul overseas travel increase, and given Australia's reputation in China as a safe and friendly destination. Other factors supporting the growth potential for Chinese travel to Australia include the:

- large populations of travelling age and middle- to high-income earners
- large Chinese diaspora¹¹ driving high levels of VFR travel
- continuing recovery in aviation capacity between Australia and China.

Overall, despite the downgrading of forecasts, the number of arrivals from China is still expected to increase dramatically in 2024, growing by 70% to 909,000, to represent 63% of the pre-pandemic level.¹² Growth is then forecast to remain strong with arrivals from China set to surpass their pre-pandemic level in 2027 by reaching 1.48 million. By 2029, 1.72 million visitors from China are expected to arrive in Australia. This would see China account for 15% of total arrivals, or nearly 1 in 6 international arrivals to Australia.

India

In 2019, India was Australia's 7th largest and fastest growing visitor market. In that year, more than half of all Indian arrivals came to Australia for VFR purposes. The importance of VFR and education visitors, along with the commencement of critical new direct flight services between India and Australia in early 2022 supported a rapid increase in visitor numbers to Australia. Arrivals from India increased by 30% in 2023 to reach 395,600, which was 99% of their pre-pandemic level. This was a much faster recovery than most other markets, and saw India move to Australia's 5th largest source market in 2023.

Arrivals from India are forecast to increase by a further 10% in 2024, to reach 436,600 arrivals, which is 9% higher than the pre-pandemic level.¹³ While this represents a continuation of strong growth, it is a downward revision compared with last year's forecast due largely to a moderation in the growth of arrivals for VFR purposes.

Growth in arrivals from India have also been pared back in recognition that announced policy changes are likely to limit growth in education arrivals and related VFR travel. Nonetheless, the outlook for the Indian market remains positive reflecting population dynamics and rising household incomes in India, increasing

10 Foreexample, see:

- [China outbound surges by almost 400% in 2024 – WiT](#) (Web in Travel; using data sourced from Sabre Market Intelligence MIDT). Accessed 23 October 2024.
- [China poised for outbound tourism surge in Golden Week 2024 – ForwardKeys](#). Accessed 23 October 2024.
- [ttnworldwide.com/Article/377924/China-outbound-tourist-numbers-to-rise-50-to-140m-in-2024](https://www.ttnworldwide.com/Article/377924/China-outbound-tourist-numbers-to-rise-50-to-140m-in-2024) – (Travel and Tourism News). Accessed 23 October 2024.

11 According to the 2021 Census of Population and Housing, there are now 1.4 million people with Chinese ancestry living in Australia, comprising 5.5% of the population. Australian Bureau of Statistics, "Cultural Diversity: Census", 28 June 2022, <https://www.abs.gov.au/statistics/people/people-and-communities/cultural-diversity-census/latest-release>.

12 Over the year-to-August 2024, short-term international arrivals from China were 62% of the corresponding pre-pandemic period.

13 Over the year-to-August 2024, short-term international arrivals from India up 11% on the corresponding pre-pandemic period.

interest in international travel among the Indian middle class and the large Indian diaspora in Australia. By 2029, arrivals from India are expected to reach 618,200. This would see India retain its current ranking as Australia's 5th largest visitor market.

Japan

Japan is regarded as one of Australia's leading inbound holiday markets. Following an extended period of decline from the late-1990s, the Japanese visitor market experienced renewed growth in the years leading into the pandemic.

Although arrivals from Japan increased significantly in 2023 to reach 297,700 visitors, this remained just 60% of their pre-pandemic level. In 2024, arrivals from Japan are forecast grow by a further 36% to 404,400, equivalent to 81% of their pre-pandemic level.¹⁴

While the growth expected for the Japanese market in 2024 is impressive and on par with that anticipated in last year's forecasts, arrivals did not reach the level previously forecast for 2023. Reflecting this, the forecast profile of arrivals from Japan has been revised down marginally compared to last year's forecasts. This sees a full recovery in arrivals from Japan shift from 2025 to 2026.

By 2029, arrivals from Japan are forecast to reach 616,100, 24% higher than the pre-pandemic level. Growth in arrivals from Japan is stronger through the forecast horizon than for several markets including New Zealand, the United States, the United Kingdom and Germany, reflecting stronger economic prospects and a return to the growth trend in arrivals that was observed prior to the pandemic.

South Korea

The South Korean market has had a remarkable recovery post-pandemic, achieving the fastest rebound among Australia's top 10 markets. Assisted by expanded aviation capacity, the 288,100 visitor arrivals from South Korea in 2023 saw the pre-pandemic level surpassed one year earlier than previously forecast. Strong growth has continued into 2024, with arrivals from South Korea forecast to reach 377,000, up 34% on the pre-pandemic level.¹⁵

The stronger than anticipated turnaround in arrivals in 2023 and 2024 has seen the forecast profile for South Korea revised upwards compared with last year's forecasts. By 2029, this is expected to see arrivals from South Korea reach 463,000, entrenching South Korea's position as Australia's 8th largest visitor market.



14 Arrivals from Japan over the year-to-August 2024 were 81% of the equivalent pre-pandemic level.

15 Over the year-to-August 2024, short-term international arrivals from South Korea were 135% of the corresponding pre-pandemic period.

Southeast Asia

Southeast Asia is among Australia’s fastest-growing source regions for inbound tourism.

The region includes 11 nations, of which the 6 largest (Singapore, Indonesia, Malaysia, Vietnam, the Philippines and Thailand) are also considered individually in this report. Overall, there were 1.5 million visitor arrivals from Southeast Asia in 2019 – more than for China or New Zealand – with the 6 leading nations accounting for the overwhelming majority (97%) of arrivals from the region. The 5 smaller nations (Cambodia, Brunei Darussalam, Myanmar, Timor-Leste, and Laos) accounted for 40,000 arrivals to Australia in 2019.

The region offers strong growth potential into the future for Australia’s visitor economy. This reflects the region’s proximity to Australia, strong economic and population growth trends, and a growing middle-class population. It also recognises increasing flight route connections and continued development of economic, political and community links with Australia. Although this growth potential is signalled in the forecast profile for Southeast Asia, this has been pared back compared with last year’s forecasts. This is largely attributable to the Malaysia market which has recorded a much slower pace of recovery in 2024 than previously anticipated.

Despite the downgrading of forecasts, the number of arrivals from the Southeast Asian region is still expected to increase by 13% to 1.36 million in 2024, which is 90% of 2019 levels.¹⁶ Arrivals from the region are forecast to continue rising by around 10% in 2025 and 2026. This would see arrivals reach 1.65 million in 2026, moving past their pre-pandemic level in that year.

To date, recovery has been the most rapid for Vietnam, the Philippines and Indonesia. Arrivals from these countries are forecast to be comfortably above pre-pandemic levels in 2024. In contrast, arrivals from Malaysia are expected to remain significantly below this mark. Growth in arrivals from Southeast Asia over 2024-2029 is forecast to be strong: between 2024 and 2029, international arrivals from the region are expected to increase by 614,400 (45%). Table 1 outlines the anticipated number of arrivals in 2024, the level relative to the 2019 level, and the forecast increase and growth over period from 2024 to 2029.

In total, there are forecast to be 1.97 million visitor arrivals from the Southeast Asian region in 2029.

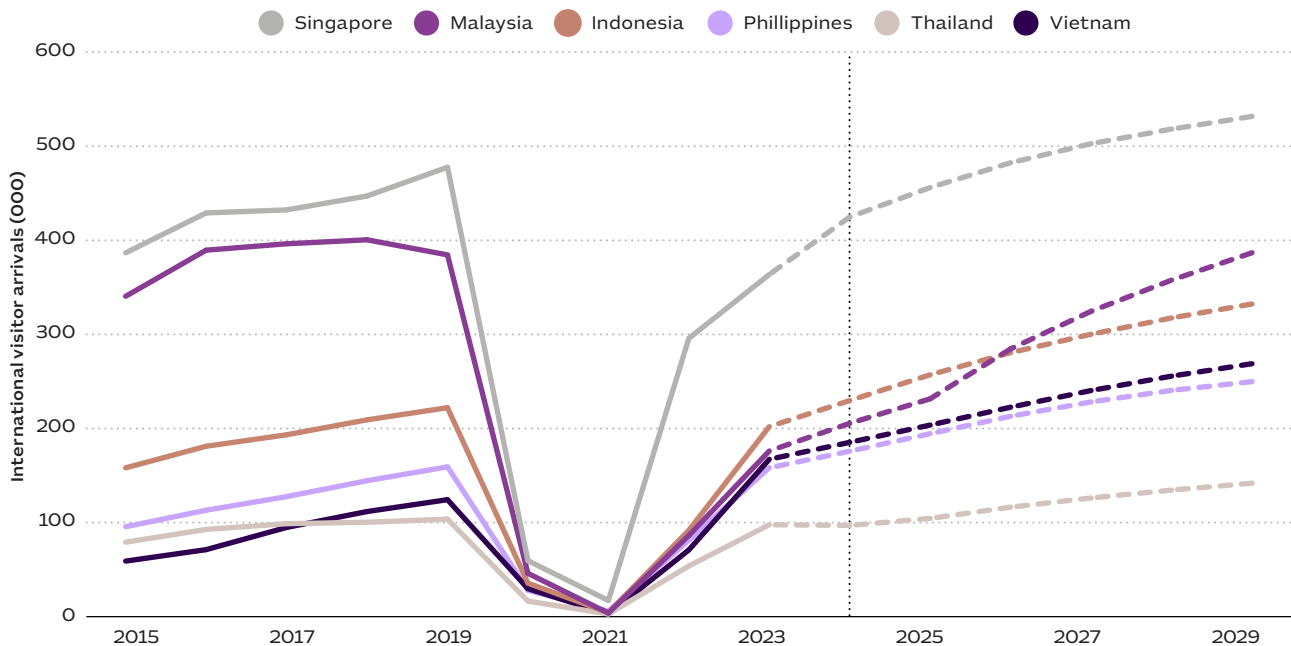
Table 1. International visitor arrivals, recovery compared to pre-pandemic, and forecast growth.

Country	Arrivals in 2024 (number)	Relative to 2019 level (%)	Change from 2024 to 2029 (number)	Growth from 2024 to 2029 (%)
Vietnam	184,700	150%	84,000	45%
Philippines	175,200	111%	74,400	42%
Indonesia	229,400	103%	103,100	45%
Thailand	96,000	93%	45,100	47%
Singapore	425,400	89%	107,400	25%
Malaysia	205,000	53%	182,200	89%
Southeast Asia*	1,358,800	90%	614,400	45%

* Total of 11 Southeast Asian nations including the 6 separately identified.

16 Over the year-to-August 2024, short-term international arrivals from the region were 90% of the corresponding pre-pandemic period.

Figure 6. International visitor arrivals by source market in Southeast Asia. Actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecasts

United States

The United States has historically been one of Australia’s most valuable tourism markets. Driven by a surge in holiday travel and supported by active tourism marketing, the United States market was growing strongly pre-pandemic. This saw 818,000 visitors from the United States arrive in Australia in 2019, making it Australia’s 3rd largest inbound market behind China and New Zealand.

Highlighting the strong ties between our nations, visitor arrivals from the United States more than doubled on the previous year to 660,000 or 81% of their pre-pandemic level, in 2023. This year however, the pace of recovery has slowed more than anticipated in last year’s forecasts.

Cost of living pressures which have significantly constrained the discretionary spending of Americans have likely contributed to this outcome. There has also been a more gradual recovery in aviation capacity on flight routes from the United States to Australia. Reflecting this slower rate of visitor return, the forecast profile for visitor arrivals from the United States has been pared back. However, visitor arrivals from the United States are projected to continue to grow over time.

In 2024, the number of arrivals is expected to increase by 6% to 700,000 visitors, which is 86% of the 2019 level.¹⁷ Arrivals from the United States are now forecast to reach their pre-pandemic level in 2026, before increasing to 977,100 by 2029 (Figure 7).

17 Arrivals from the United States over the year-to-August 2024 were 86% of the pre-pandemic level.

United Kingdom

The United Kingdom is one of Australia's top source markets, with VFR travel being the main reason for visits. Leading into the pandemic, visitor growth from the United Kingdom had stagnated. There were 715,800 arrivals from the United Kingdom to Australia in 2019, in line with the number of visitors in 2016. Despite this lack of visitor number growth, the United Kingdom was Australia's 4th largest single inbound market after China, New Zealand and the United States.

Arrivals from the United Kingdom rebounded strongly in 2022, thanks to close personal/family connections. This was supported by increasing aviation capacity via key gateways, as well as new direct flights to London. Strong growth continued into 2023, bringing 596,900 visitor arrivals from the United Kingdom, which was 83% of the pre-pandemic level.

Growth in visitor arrivals from the United Kingdom for 2024 has moderated more sharply than expected in last year's forecasts. The pent-up demand that fuelled a rapid recovery in VFR travel in 2022 and 2023 eased more quickly than previously anticipated. Similarly, there has been the pull of major events within short-haul travel distance, including the Paris Olympics and European Cup Football staged in Germany during the northern summer. These appear to have softened demand for travel to Australia more than expected.



Image courtesy of Visit Canberra

Reflecting this, the forecast profile for the United Kingdom has been revised downwards, yet still shows growth over time. In 2024, the number of arrivals from the United Kingdom is expected to increase by 6% to 630,600, which is 88% of pre-pandemic level.¹⁸ Arrivals from the United Kingdom are now forecast to surpass their pre-pandemic level in 2027, before experiencing moderate growth, to reach 773,600 in 2029.

However, given the economic challenges in the United Kingdom, including cost-of-living pressures, and some economic uncertainty, the growth in arrivals is expected to be moderate. The relative maturity of this market and the cost of long-haul travel also contribute to the cautious outlook. Nevertheless, given the strong ties between Australia and the United Kingdom, the United Kingdom remains one of Australia's top 4 largest single source markets throughout the forecast period.

Europe (excluding the United Kingdom)

Europe remains a vital source of inbound tourism for Australia, contributing significantly to both visitor numbers and tourism revenue. European visitors tend to stay longer and spend more per trip than the average traveller. Pre-pandemic visitor growth from Europe averaged 3.7% annually from 2015 to 2019. There were 936,000 arrivals from all European markets (excluding the United Kingdom) in 2019, of which 53% came from Germany, France, Italy and Ireland.

Across European countries and regions, the recovery in visitor arrivals to date has been varied. Visitor arrivals from Ireland surpassed their pre-pandemic level in 2023, up 18% on 2019. Similarly, arrivals from Southeastern (92%) and Southern (86%) Europe had progressed further toward pre-pandemic levels than those from Western (77%), Northern (74%) and Eastern (72%) Europe in

¹⁸ Over the year-to-August 2024, monthly short-term international arrivals from the United Kingdom were 88% of the corresponding pre-pandemic period.

2023. Reflecting this, recovery had advanced marginally further for Italy (83%) than either France (79%) or Germany (73%).

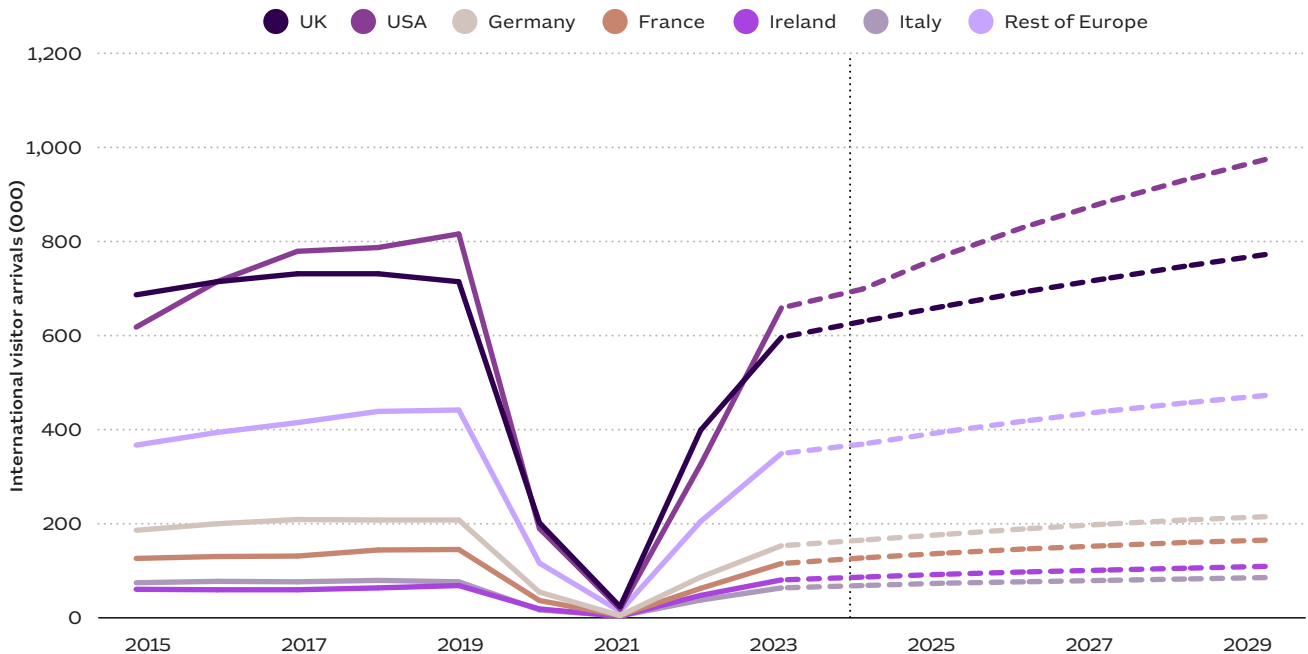
The pace of recovery in visitor arrivals to Australia from long-haul European markets other than Ireland has been slower in 2024 than was expected in last year's forecasts. This can in part be attributed to cost of living pressures and economic headwinds across much of Europe, the high cost of travel from Europe to long-haul destinations such as Australia. At the same time, the drawing power of major sporting events staged in continental Europe in 2024 that increased competition for the international traveller. In addition, negative sentiment towards long-haul flights due to the associated carbon emissions, and the ongoing uncertainty created by the war in Ukraine are likely to be weighing on arrivals from Europe.

This combination of factors has seen the forecast profiles for Germany, France, Italy and the rest of Europe all revised down. However, supported by the availability of newly introduced direct aviation links, visitor arrivals from France and Italy are forecast to fully recover by 2026, two years prior to this occurring for Germany and the rest of Europe.

In 2029, 1.04 million visitors are forecast to arrive from Europe comprising:

- 213,800 from Germany
- 164,100 from France
- 107,900 from Ireland
- 84,200 from Italy
- 473,000 from other European countries.

Figure 7. International visitor arrivals by source market for Western markets. Actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data

Arrivals by purpose of travel

While visitor arrivals for all purpose types are forecast to grow throughout the forecast horizon, the path differs by purpose of travel.

Holiday

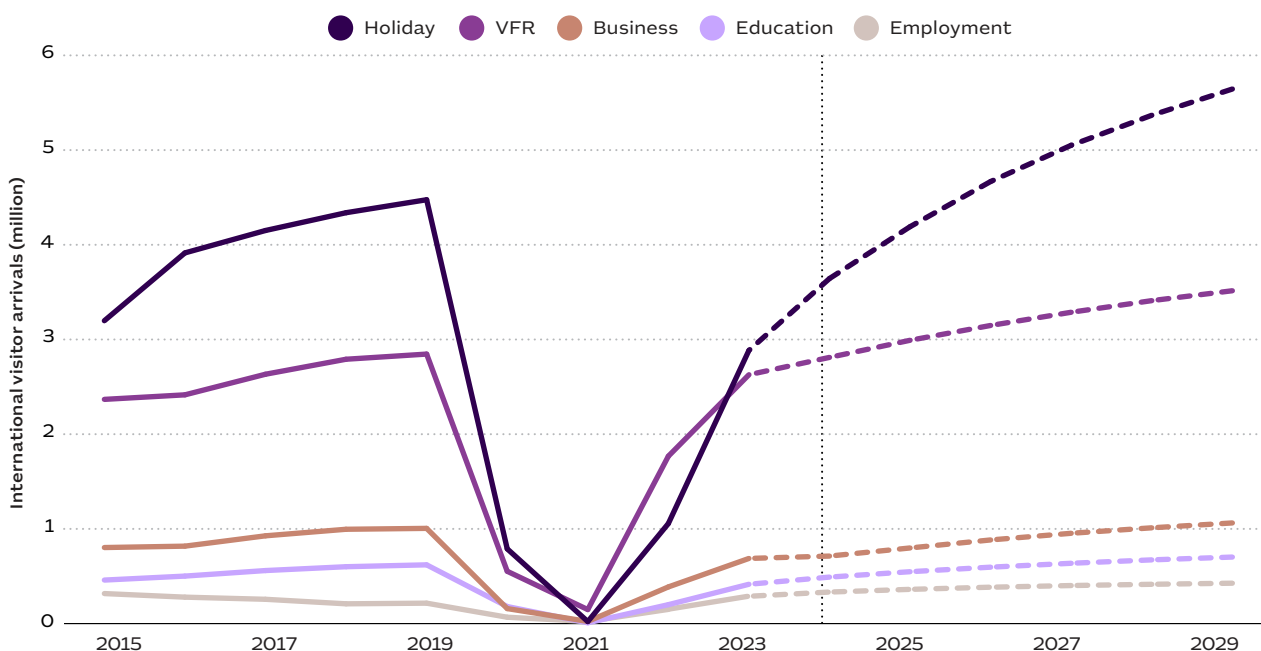
Holiday travel was consistently the largest contributor to Australia's international tourism sector prior to the COVID-19 pandemic. In 2019, 47% of international visitors came to Australia for holiday purposes.

In the post-pandemic period, international holiday travel to Australia was initially slower to recover than other travel segments. The recovery in holiday arrivals to Australia was also slower than was occurring in some other destinations globally, as many international travellers were drawn to short-haul holiday travel opportunities. Australia is typically a long-haul destination, which was always expected to weigh on the pace of recovery.

Moreover, the Asia-Pacific region overall has been much slower to recover than regions such as the Middle East, Africa, the Americas and Europe. In the period January to July 2024, international tourist arrivals were 18% lower than the same period in 2019 in the Asia-Pacific region.¹⁹ In contrast, international tourist arrivals were 26% higher for the Middle East in the period January to July 2024 compared with the pre-pandemic period. The recovery in the Asia-Pacific region also lagged the global recovery with total global arrivals were reported to be only 4% lower in 2024 than they were in the pre-pandemic period.

International holiday travel to Australia gained momentum in 2023, with 2.9 million holiday visitors arriving in Australia (64% of the pre-pandemic level). This resulted in holiday travel regaining its position as the largest purpose of travel to Australia.

Figure 8. International visitor arrivals by purpose of travel. Actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data

19 According to the UN Tourism Tracker, accessed 26 November 2024. See: [UN Tourism Recovery Tracker | Tourism Dashboard](#)

In 2024, holiday arrivals are expected to increase by a further 26% to reach 3.6 million visitors, which is 81% of the 2019 level.²⁰ Holiday arrivals are then forecast to exceed their pre-pandemic level in 2026 before reaching 5.6 million in 2029 (Figure 8). In 2029, holiday arrivals are forecast to be almost double the number in 2023 and be 26% higher than their pre-pandemic level.

VFR

VFR travel accounted for 30% of international arrivals in 2019, although this share is much higher for some source markets, such as New Zealand, the United Kingdom and India.²¹ VFR travel contributes billions of dollars to the visitor economy and is particularly important for communities with large expatriate populations. Pent-up demand to reunite with family and friends saw a surge in VFR travel in 2022 when Australia's international borders reopened. The strong growth extended into 2023 which saw 2.6 million VFR travellers arrive in Australia in 2023 (92% of the pre-pandemic level).

The rapid growth in VFR travel that occurred in 2022 and 2023 has tapered more quickly in 2024 than was expected. In addition, recently proposed policy changes may contribute to a softening in VFR travel to visit those studying in Australia later in the forecast period. As such, the forecast profile for VFR arrivals has been revised downwards. Nonetheless, VFR arrivals are still expected to increase by 7% to 2.8 million visitors in 2024. This would see arrivals near their pre-pandemic level this year before moving past that mark in 2025.

By 2029, 3.5 million VFR visitors are expected to arrive in Australia. With VFR travel less sensitive to economic fluctuations and an increasing share of Australians born overseas, this forecast is underpinned by an annual average growth rate close to the pre-pandemic trend level over the forecast period.

Business

Business travel was the third-largest purpose of visit before the pandemic, accounting for 11% of international arrivals in 2019. In 2023, arrivals for the purpose of business rebounded sharply with this growth strongest for business travellers attending conferences, conventions and trade shows. Overall, this saw business arrivals reach 688,000, 68% of their pre-pandemic level. While behind the recovery in VFR travel, it was proportionally ahead of the return of holiday travel.

The strong resurgence in business travel that occurred in 2023 has slowed in 2024, faster than previously expected. Much of the pent-up demand for business travel was met in 2022 and 2023 and many businesses have now reduced non-essential travel to lower business costs and carbon footprints. Instead, while current global and economic uncertainty persists, businesses appear to be making greater use of video communication technologies that proved effective during the pandemic.

The slowing in business travel coupled with the uncertain global economic outlook has led to a downward revision in the forecast for business travel. There are now expected to be 713,000 business arrivals in 2024, which is an increase of just 4% compared with the previous year, to reach 71% of the pre-pandemic level.

20 In the year to August 2024, holiday travel had reached 81% of the pre-pandemic level of the same period.

21 As at 30 June 2023, Australia's population included 8.2 million people who were born overseas. England, India, China and New Zealand were the countries of birth with the largest populations in Australia. Source: Australian Bureau of Statistics (June 2023), [Australia's Population by Country of Birth](#), accessed 29 October 2024.



Image courtesy of Austrade

A full recovery in business arrivals shifts from 2026 to 2028, when business arrivals are forecast to surpass 1 million before they increase to 1.1 million in 2029. This recognises that business travel is likely to drive a stronger level of demand later in the forecast period when international economic conditions are expected to have improved.

Education

Australia has been a leading global destination for international students over an extended period. This sees education-related tourism represent a sizable portion of our inbound visitor economy. Those identifying as short-term education arrivals stay for much longer periods than the average traveller. They contribute significantly to the economy through tuition fees, housing, general living expenses and domestic travel while studying in Australia. Moreover, many international students are visited by friends and family, who often take advantage of the opportunity to explore Australia. These visits create further

demand for hotels, restaurants, tours, and transport services. Some of these trips are likely recorded on the passenger card as 'holiday' rather than VFR, with further work to be done to fully appreciate and understand the true contribution of VFR travel related to students.

International short-term education arrivals grew rapidly in the pre-pandemic period, increasing by 63% between 2014 and 2019 (from 380,000 to 620,400). In 2019, education travel was dominated by China (44% of total education arrivals). Arrivals from the next 3 largest markets, Japan, India and the United States, totalled 76,300 or 12% of education arrivals in 2019.

There were 415,200 international arrivals for the purpose of education in 2023. This was 67% of the pre-pandemic level. Arrivals from China were the largest source with 128,600 arrivals, accounting for 31% or 128,600 of the arrivals.

In 2024, education arrivals are forecast to increase by 18% to reach 491,000, which would be 79% of the pre-pandemic level. While the rate of growth forecast for 2024 is solid, it is considerably less than had been anticipated last year. A full recovery in education arrivals shifts from 2025 to 2027 before they are forecast to reach 702,600 arrivals in 2029. The moderated outlook for education arrivals has a notable impact on the forecasts for China, India and some Southeast Asian markets where travel for education is most prominent. Similarly, it has contributed to a downward revision in the international spend forecast, given the high spend per education visitor.

In December 2023, the Australian Government released its Migration Strategy to improve the functioning of the migration system for the nation. Aligned with this strategy, the Government announced a raft of visa changes that can be expected to impact the visitor economy.

These include an integrated package of policy changes affecting international students, designed to deliver sustainable growth over time, and support quality and integrity in the international education sector. It also ceased allowing holders of certain visas, such as visitor and working holiday visas, to apply for student visas while in Australia. In addition, a pre-application ballot process will be used for individuals from selected countries wishing to undertake a working holiday in Australia.

There are many factors that make it challenging to quantify the impact of policy changes on visitor arrivals and the tourism sector alongside market-driven changes and the varying impacts on different international markets. Additionally, the changes affect universities differently compared to the VET sector.

At the time of publication of this report, a number of proposed changes have not been passed by the Australian Parliament. The forecasts have been prepared based on the impact of the policies as they have been announced.

Employment

International arrivals for the purpose of employment recovered rapidly following the reopening of Australia's international borders. In 2023, there were 287,600 arrivals for this purpose, 33% more than for the pre-pandemic period. This sees employment as the only international purpose of travel to have already moved past its pre-pandemic level. In contrast, prior to the pandemic, employment arrivals had declined in 3 of the 4 years from 2015 to 2019, falling by around one-third from a peak of 317,000 arrivals in 2015.

Employment arrivals have continued to grow strongly in 2024 and at a rate higher than expected in last year's forecasts. Reflecting this, arrivals are forecast to increase a further 16% in 2024 to reach 333,000. Subsequently, growth is expected to ease with an average annual rate of increase of 5% over the forecast period. By 2029, employment arrivals are expected to reach 427,000.

The positive outlook for employment arrivals recognises Australia's low unemployment rate, the prevalence of skills shortages in the labour market, and the availability of comparatively high wages and living standards in Australia. At the same time, however, recent policy changes tightening rules around temporary working visas could limit future growth. This has contributed to a marginal downward revision in the average annual growth rate expected over the forecast period compared with last year's forecasts.

International spend in Australia

International visitor spend in Australia totalled a record \$31.7 billion in the year ending June 2024. In 2024, it is forecast to reach \$33.2 billion, 6% above the pre-pandemic level. While the faster recovery in spend is welcome news for the visitor economy, it should be noted that increases in travel costs are a contributing factor.

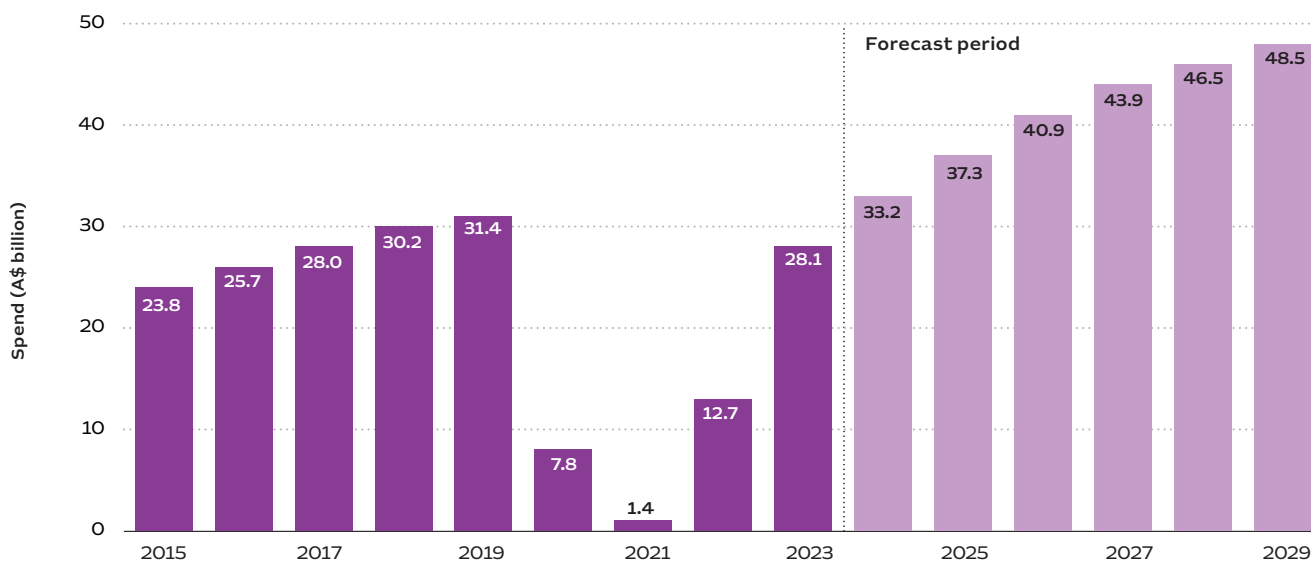
While the growth in spend is solid, the forecast for spend in 2024 has been revised down by 9% or \$3.0 billion compared with last year's forecast. The downward revision reflects more modest growth in the current year than had been previously expected in arrivals for the purpose of education, and arrivals from high-yield markets such as China and the United States.

By 2029, international visitor spend is forecast to rise to \$48.5 billion, which would be 60% above the pre-pandemic level (Figure 9). However, this also represents a reduction relative to last year's forecast for 2028.

Over the forecast period, annual growth rates are expected to be marginally higher for international spend than international arrivals. This is consistent with the pre-pandemic trend. It also recognises ongoing efforts by industry to target high-value travellers and offer travel experiences customised and unique to traveller's preferences, including luxury experiences. This sees the average spend in Australia per international visitor trend slightly higher over the next five years.



Figure 9. International visitor spend in Australia. Actual and forecast annual values.



* Spend data from IVS, which captures only visitors over 15 years of age, while visitor numbers in this chart sourced from ABS arrivals data, which counts all visitors, including those under 15 years. Spend per visitor (\$) data not shown for 2020 and 2021 due to the impact of COVID-9 on the spend data.

Sources: ABS Overseas Arrivals and Departures, TRA International Visitor Survey and forecast data

Resident outbound travel

With a dynamic and growing economy, high standard of living, multicultural population and expanding aviation connectivity, Australians enjoyed an increasing number of outbound trips each year leading into the pandemic. As soon as Australia's borders reopened following the pandemic, Australians were again very eager to travel overseas. This has seen a quicker turnaround in outbound travel than inbound travel. In 2023, there were 9.98 million resident returns from short-term international trips. This was 88% of the pre-pandemic level (compared with international arrivals reaching 76% of their pre-pandemic level).

Several factors have contributed to the rapid recovery in outbound travel. These include:

- strong pent-up demand for outbound holiday travel and to reconnect with family and friends living overseas

- the range of affordable short-haul travel destinations available to Australians (for example, Indonesia, Thailand, Vietnam and the Pacific Islands)
- the rapid return in aviation capacity servicing popular outbound travel destinations
- Australian's enduring love of travel.

Resident returns have continued to grow strongly in 2024, and at a rate higher than expected in last year's forecasts. Reflecting this, resident returns are forecast to increase by 14% to 11.4 million in 2024, bringing a full recovery by year's end and one year earlier than previously anticipated (Figure 10).

However, from 2025 onwards, the profile for outbound travel growth has been reduced compared with last year's forecasts. This recognises that recovery to date has progressed more quickly than previously expected, while cost-of-living pressures, reduced household savings and higher global travel costs can be expected to weigh on growth in demand looking forward. Nonetheless, by 2029, resident returns are forecast to reach 14 million, which would be 24% above the pre-pandemic level.

Annual growth rates are softer for outbound travel than for inbound travel over the forecast period. This is in line with:

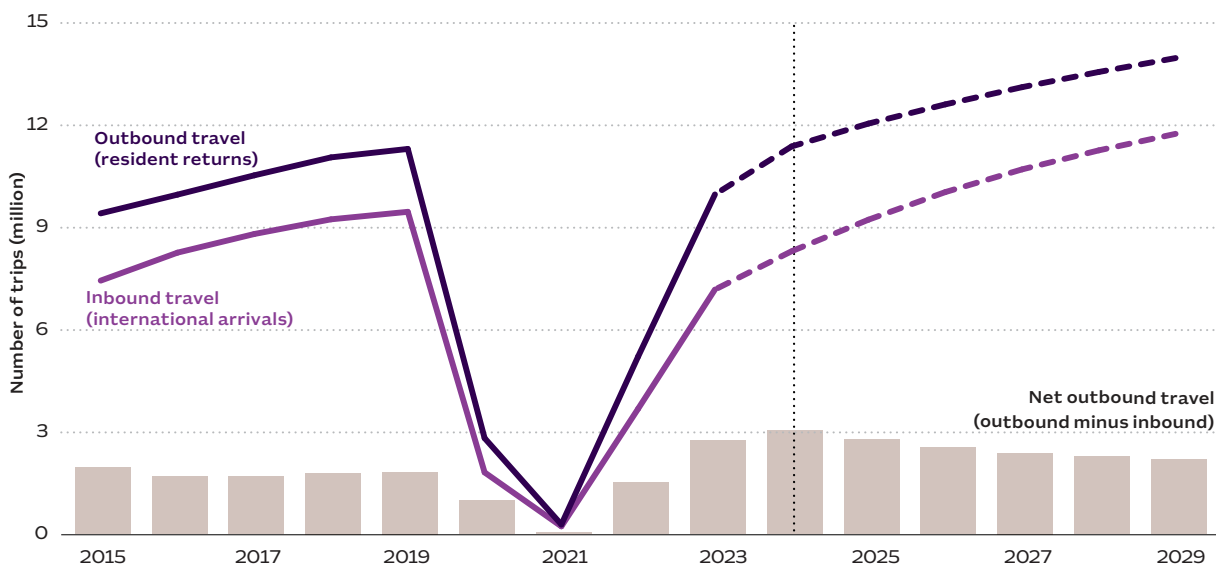
- expectations for stronger economic and population growth among Australia's inbound market sources than domestically over the forecast period
- soft expectations for growth in Australian discretionary spending

- an earlier return to normal growth rates for outbound travel, since the recovery is more advanced for outbound travel than for inbound travel.

On average, between 2014 and 2019, there were 1.9 million more resident outbound trips each year than international inbound trips to Australia. This is termed 'net outbound travel'. The forecast volume of net outbound travel in 2024 (3.1 million) is greater than its pre-pandemic average. This reflects the full recovery in outbound travel versus the ongoing return in inbound travel.

Net outbound travel is expected to ease gradually over the forecast horizon as inbound travel maintains a faster growth rate than outbound travel. Nevertheless, the long-established trend for greater outbound than inbound travel is expected to persist over the forecast horizon.

Figure 10. Australian resident outbound travel, international visitor arrivals, and net outbound travel. Actual and forecast annual values.



Sources: ABS Overseas Arrivals and Departures, TRA forecast data



Domestic tourism forecasts

Overall, the combination of household budget pressures and strong appetite for travel has recently seen Australians choosing to travel closer to home and take shorter trips to reduce the total spend on trips. This trend was discussed in the [National Visitor Survey report for June quarter 2024](#) and [December quarter 2023](#). Australians are expected to continue making efforts to manage travel costs in this way going forward, as well as by adjusting other travel characteristics such as when, where, and how they travel.

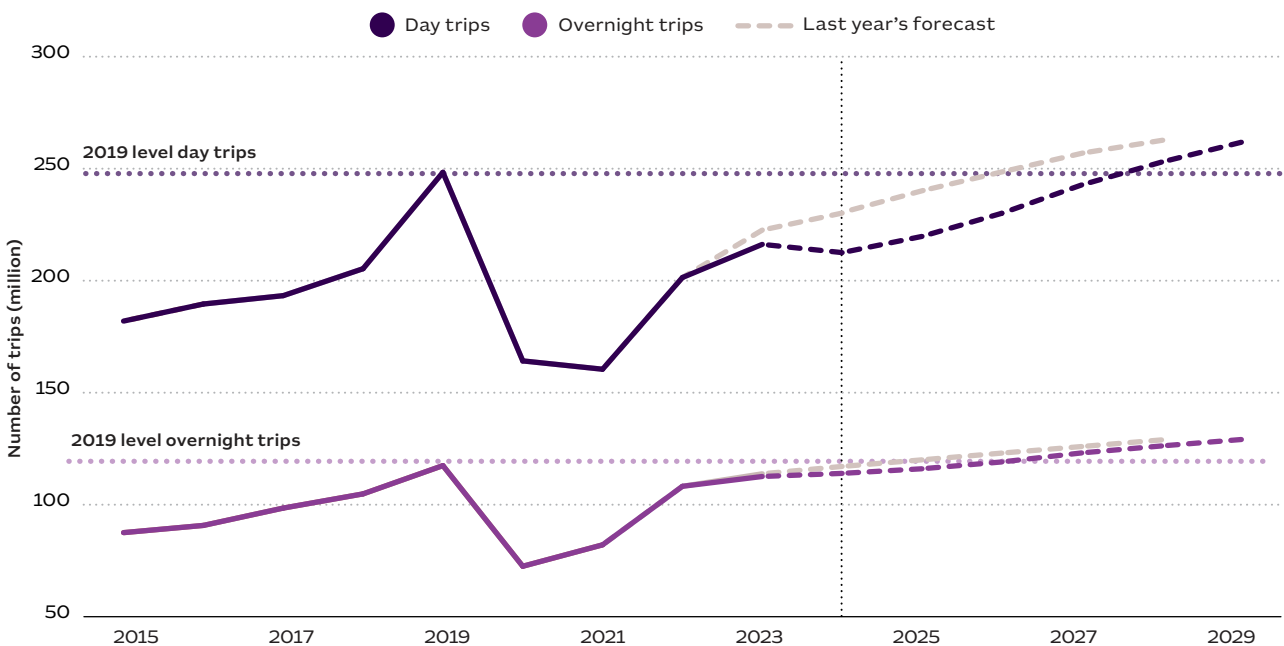
Domestic trip numbers

There is forecast to be minimal growth in the number of domestic overnight trips in 2024 (1.2% growth to 114.0 million trips) and 2025 (1.8% growth to 116.0 million trips). This recognises that cost-of-living pressures, high travel costs and competition from outbound travel options persist.

Stronger growth is forecast from 2026 onwards as economic conditions improve. This is forecast to see the number of domestic overnight trips surpass their pre-pandemic level in 2026 (Figure 11). By 2029, Australians are forecast to take 128.5 million domestic overnight trips.

The number of day trips is forecast to reduce by 2% to 212.5 million in 2024 (86% of the 2019 level) continuing a slower recovery relative to domestic overnight trips. From 2025 onwards however, a turnaround is expected as a growing number of Australians seek travel options close to home. Nonetheless, it is forecast to take until 2028 for the number of day trips to move past their pre-pandemic level.

Figure 11. Domestic trip numbers, overnight and day trips. Actual and forecast annual values



Sources: TRA, National Visitor Survey and forecast data

Domestic visitor spend

Despite the number of trips remaining below the 2019 level, spend on domestic travel soared by 65% in 2022 to move well above the pre-pandemic level. This was fuelled by pent-up demand, households drawing down on savings and sharp increases in travel costs. By 2023, Australians had started to adjust for the sudden rise in prices across the economy and associated cost-of-living pressures by taking shorter trips. Nonetheless, domestic travel spend increased by a further 9% to \$142.3 billion in 2023.

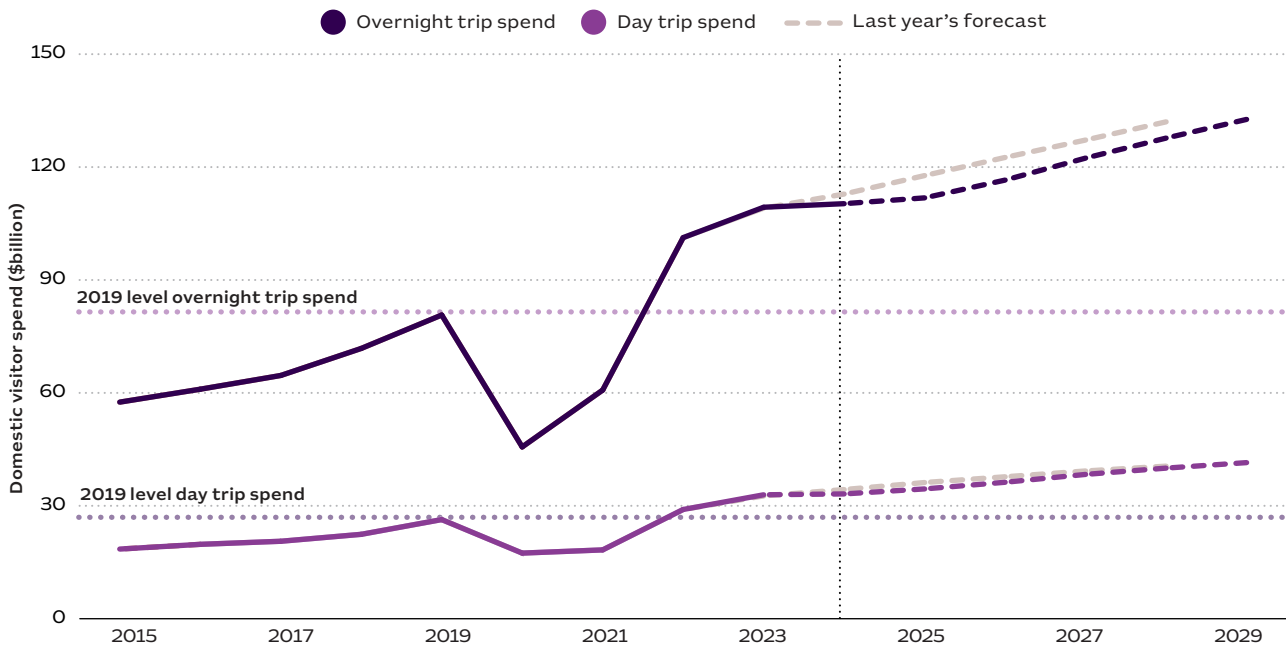
Growth in domestic travel spend is forecast to be minimal in 2024 and less than expected in last year's forecasts. With cost-of-living pressures biting and attractive options for affordable outbound travel available, Australians have spent fewer nights away from home on domestic overnight holidays and in commercial accommodation in 2024

than they did in 2023. Australians have also continued to take shorter trips, often close to home to increase the affordability of domestic travel.

Reflecting this, total domestic spend is forecast to increase by 0.8% to \$143.4 billion in 2024. This includes an increase of 0.9% to \$110.3 billion for domestic overnight trip spend and 0.7% to \$33.2 billion for domestic day trip spend. This would see domestic overnight trip spend 37% and domestic day trip spend 26% above their respective pre-pandemic levels (Figure 12).

Domestic overnight spend is forecast to increase at an average annual rate of 3.8% over the forecast horizon to reach \$132.7 billion in 2029. Domestic day trip spend is expected to have a slightly higher average annual rate of growth of 4.6% over the forecast period to move to \$41.5 billion by 2029.

Figure 12. Domestic spend on overnight and day trips. Actual and forecast nominal values.



Sources: TRA, National Visitor Survey and forecast data

Domestic visitor nights

Although the number of domestic overnight trips are forecast to increase marginally in 2024, their average length is expected to be shorter. Given this, domestic visitor nights are forecast to fall by 1.8% to 395.0 million in 2024, to be at 95% of the pre-pandemic level and 5% lower than forecast last year.

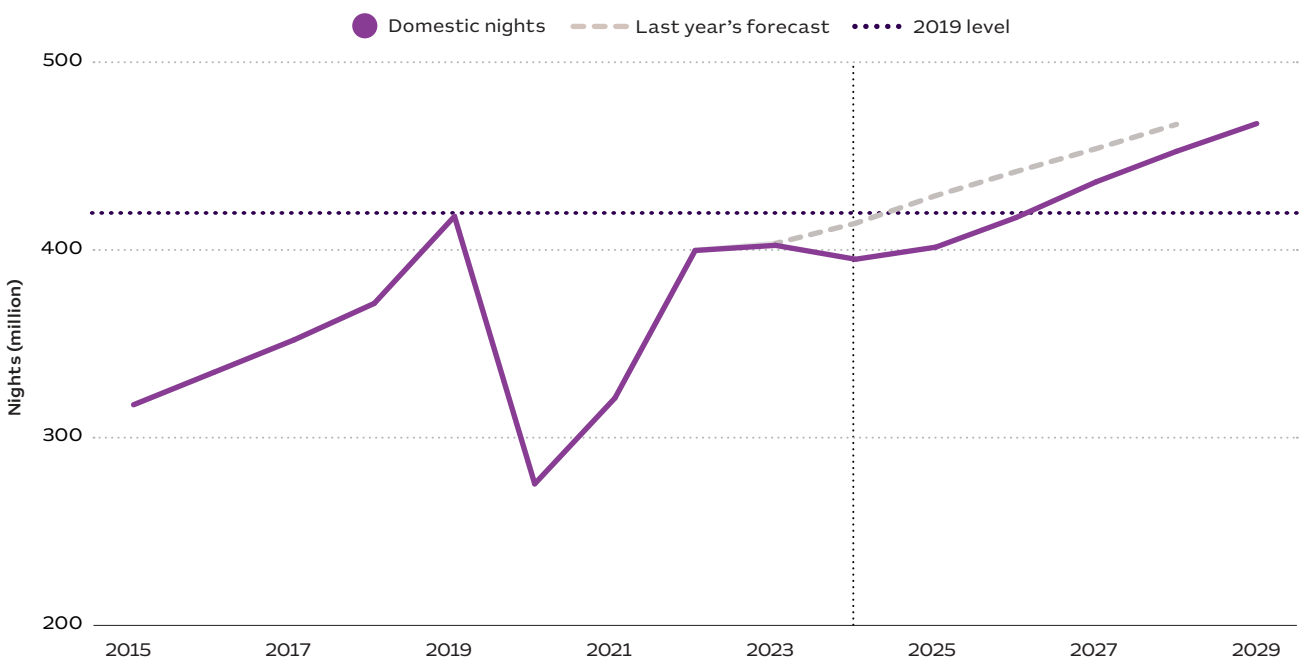
A modest return to growth is expected for 2025 (1.6%) with stronger rates of increase in visitor nights in 2026 (3.9%) and 2027 (4.6%) coinciding with anticipated improved economic conditions. The number of visitor nights are forecast to move past their pre-pandemic level in 2027 and reach 467.3 million by 2029 (Figure 13).

However, the average number of nights forecast to be spent away from home by each Australian aged 15 years or more in 2029 (19.4 nights) remains less than the pre-pandemic peak of 20.3 nights in 2019. The predicted lower average per capita number of nights spent away by Australians each



year highlights that current conditions are expected to continue to impact demand over the forecast period.

Figure 13. Domestic visitor nights. Actual and forecast values and last year's forecasts.



Sources: TRA, National Visitor Survey and forecast data

Purpose of travel

Domestic visitor nights growth by purpose of travel reveals varying trends across leisure and non-leisure domestic overnight travel.

Holiday travel

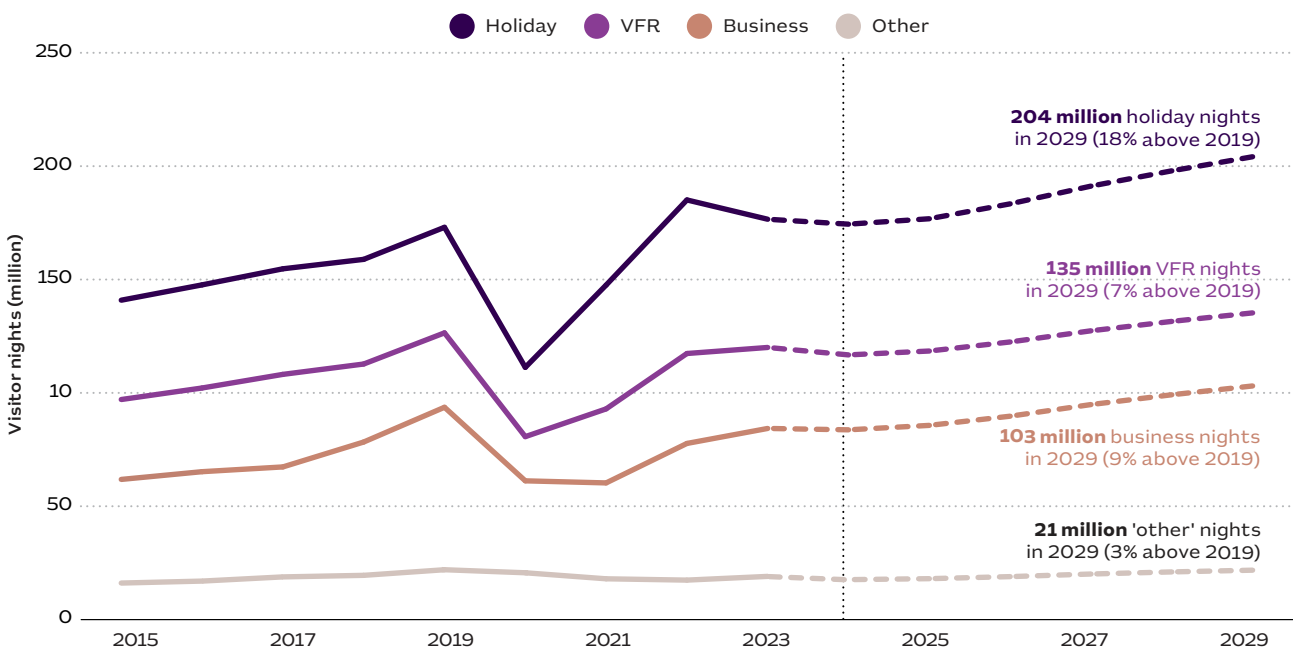
Holiday travel is the largest component of overnight travel, typically accounting for over 40% of total domestic nights. This purpose is the most discretionary type of travel, as people have more choice over where and when to take a holiday.

In 2022, there was a significant increase in domestic holiday travel after pandemic restrictions were eased. In 2023, with less impetus from pent-up demand and

international outbound travel once again an attractive alternative to domestic travel, domestic holiday travel softened by 5%. These challenges have continued into 2024. Domestic holiday nights are expected to decline by a further 1.2% to 174.4 million in 2024. Despite the extended pull-back, the number of holiday nights is forecast to remain marginally above their pre-pandemic level of 2019 in 2024.

Over the forecast period, growth in domestic holiday nights is expected to have stronger rates of increase in 2026 (3.7%) and 2027 (4.3%). By 2029, domestic holiday nights are forecast to reach 204 million, 18% higher than pre-pandemic (Figure 14).

Figure 14. Domestic visitor nights by purpose of travel. Actual and forecast values.



Sources: TRA, National Visitor Survey and forecast data

VFR travel

The second largest category of domestic travel is VFR, which is a lower average spend type of leisure travel. This segment recovered to 95% of its pre-pandemic level last year, driven by a strong need for families and friends to reconnect after a period of travel restrictions.

Although this is a more budget-friendly type of leisure travel and the desire to reconnect with family and friends is always strong, VFR nights are forecast to fall 2.7% in 2024. The downturn is expected to be short-lived however, with growth expected to return and gradually increase across 2025 (1.5%), 2026 (3.4%) and 2027 (4.0%). This is forecast to see VFR nights move higher than pre-pandemic in 2027 and reach 135.3 million by 2029 (7% more than pre-pandemic).

Business travel

Business travel is the category of domestic travel that still has the furthest to recover. Despite growth of 9% in 2023, domestic business nights remained 10% below their pre-pandemic level at years end. However, in 2024 business travel is proving resilient in the face of tough trading conditions. Reflecting this, business nights are forecast to drop by just 0.7% in 2024.

Despite uncertainties regarding Australia's economic outlook and businesses increasingly considering the carbon impacts of their travel, growth is anticipated to pick up from next year. This is expected to support a return to growth in business nights for 2025 (2.3%) and see the pace of recovery over the forecast period peak at 5.7% in 2027. Business nights are forecast to surpass their pre-pandemic level in 2027 (one year later than previously forecast) and reach 103.1 million by 2029 (10% more than pre-pandemic).

The proven efficacy of online communication technologies demonstrated through the pandemic has no doubt contributed to the initial slow recovery in business travel. At the same time, the growth in demand for business travel that occurred during 2022 and 2023 highlights the value placed on face-to-face connections and the distinct benefits of attending events and conferences.

Over the forecast period, as trading conditions improve, it is expected that the more flexible, mobile and geographically dispersed workforces will undertake travel at an increasing rate. This includes increased engagement with their teams, stakeholders and clients, and greater participation in business meetings, events and conferences in person.

Other travel

Travel for 'other' purposes is the smallest category of travel, typically accounting for approximately 5% of total domestic nights. 'Other' purposes of travel include travel for medical reasons, education, to attend a funeral, for personal appointments and employment. These types of travel are not for leisure purposes and can sometimes be non-discretionary.

Domestic nights for 'other' purposes increased by 9% in 2023 to reach 87% of their pre-pandemic level. Contrary to expectations in last year's forecasts, gains made in 2023 are expected to be reversed in 2024. Through the first half of 2024, nights for 'other' purposes declined and over the full year are forecast to fall by 7.5%. The forecast growth profile from 2025 onwards is not sufficient to see nights for 'other' purposes return to their pre-pandemic level before the end of the forecast period. By 2029, 'other' nights are forecast to reach 21.8 million.

Domestic tourism statistics change

Goodbye National Visitor Survey (NVS), hello Domestic Tourism Statistics (DoTS)

From January 2025 production of Australian resident tourism statistics by Tourism Research Australia will be changing.

The National Visitor Survey (NVS), which has been in operation since 1998, provides an official measure of Australian resident day, overnight, and outbound travel, and is currently collected via phone interviews. However, recent changes in respondent behaviour and increased scam calls have made respondents less likely to participate in phone interviews, leading to a less representative and reliable sample. Additionally, phone surveys have become more costly, making the NVS an unsustainable data collection method for the future.

Starting January 2025, TRA will be combining survey data collected through face-to-face and online interviews with large sample sizes available via mobility data. Mobility data is de-identified, aggregated mass movement data gathered across locations from mobile phones, and can be used to measure domestic visitor movement.

This new approach, named the Domestic Tourism Statistics collection (DoTS), aims to modernise and future-proof the production of tourism statistics. The survey content will remain largely unchanged, but there will be scope and sample differences. The new methodology will incorporate updated Australian Bureau of Statistics (ABS) population estimates for weighting and benchmarking, and modelled outputs will leverage over 5 billion mobility data points each day and 32,000 annual interviews. The final NVS publication is scheduled for March 2025. Historical NVS data will remain available during the transition.

For more information, visit: [Changes to the Australian resident tourism statistics collection in 2025 | Tourism Research Australia](#)



Image courtesy of Aaron Francis via Visit Victoria



Image courtesy of Harry Vick via South Australian Tourism Commission

States and territories

All states and territories are forecast to see the number of domestic visitor nights surpass their 2019 levels within the forecast horizon. Nevertheless, most states and territories have had a downward revision to the expected trajectory for domestic visitor nights compared with last year's forecasts.

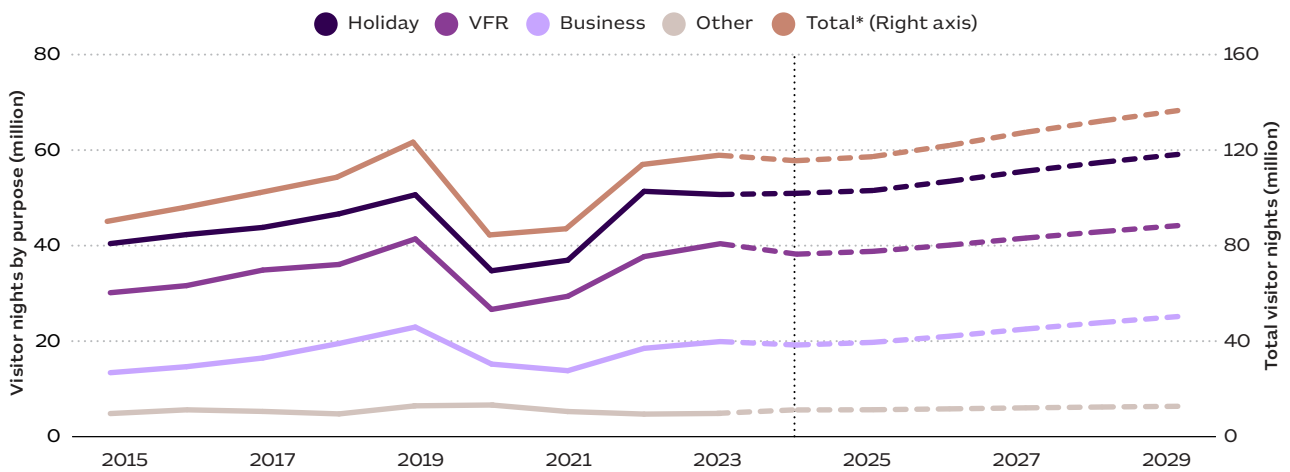
Informed by existing data for the year to date, many states are expected to record a decline in domestic visitor nights in 2024 compared with 2023.

- Following strong increases in visitor nights in 2023, the Australian Capital Territory (down 16%), Victoria (down 4.9%) and Western Australia (down 2.5%) are forecast to experience the largest reductions in nights in 2024.
- New South Wales had a more modest increase in visitor nights in 2023 and is forecast to see a 2.0% decline in forecast nights for 2024.
- For South Australia, a 1.1% drop is forecast for visitor nights in 2024 following a similar fall in 2023.
- The Northern Territory saw a sharp reduction in visitor nights in 2023 following a surge in domestic travel demand in 2022 when state borders were reopened. Some of the ground lost in 2023 is expected to be regained in 2024, with visitor nights forecast to increase by 12%.
- Queensland also had a sizeable decline in visitor nights in 2023 following a very strong 2022. A return to modest growth of 1.0% in visitor nights is forecast for 2024.
- Tasmania saw growth strongest immediately following the reopening of borders and growth has tapered each year thereafter. This trend is expected to continue in 2024 with a modest increase of 1.7% in nights forecast.

New South Wales

On average, visitor night growth of 3.4% is expected over each of the next 5 years (Figure 15). Domestic visitor nights in New South Wales (NSW) are forecast to fall by 2.0% in 2024 before a return to modest growth of 1.5% in 2025. Total domestic visitor nights in NSW are forecast to rise above the pre-pandemic level in 2027.

Figure 15. Domestic visitor nights in New South Wales by purpose (left axis), and total domestic visitor nights (right axis).

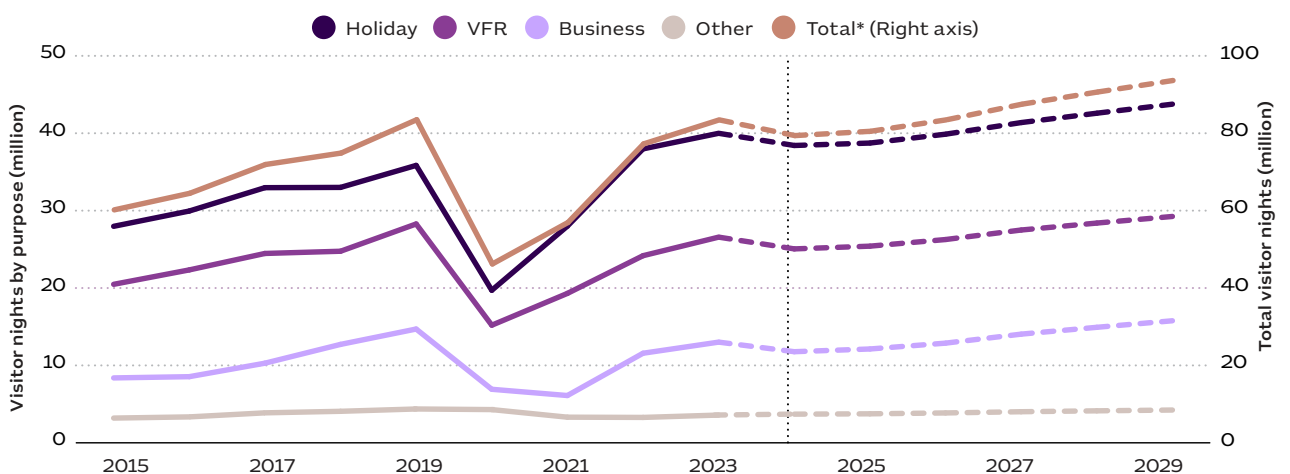


*Total includes nights spent in transit and purpose not stated
Sources: TRA, National Visitor Survey and forecast data

Victoria

On average, visitor night growth of 3.4% is expected over each of the next 5 years (Figure 16). Domestic visitor nights in Victoria are forecast to decline by 4.9% in 2024 before seeing a return to growth of 1.4% in 2025. Total domestic visitor nights in Victoria are forecast to rise above the pre-pandemic level in 2027.

Figure 16. Domestic visitor nights in Victoria by purpose (left axis), and total domestic visitor nights (right axis).

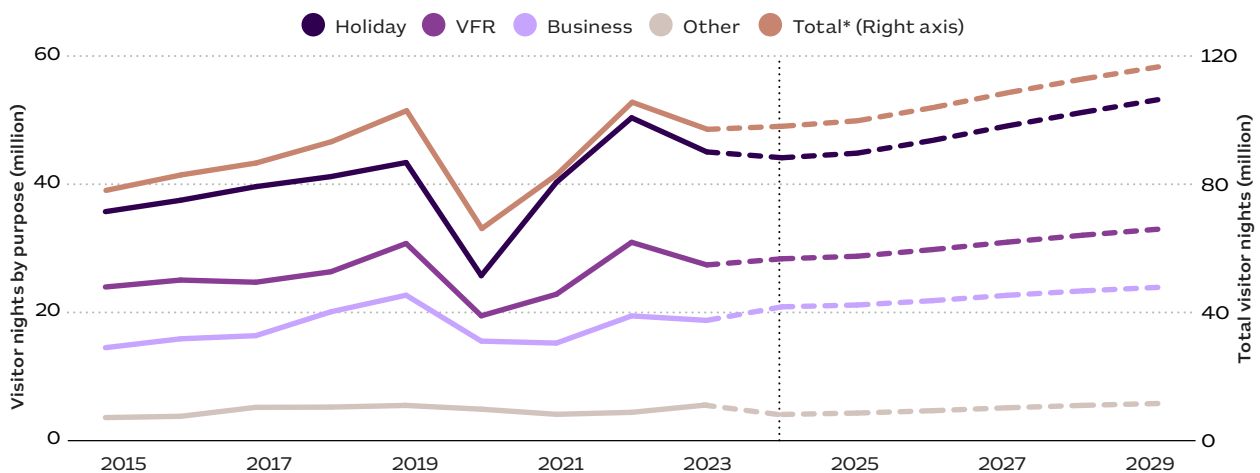


*Total includes nights spent in transit and purpose not stated
Sources: TRA, National Visitor Survey and forecast data

Queensland

On average, visitor night growth of 3.5% is expected over each of the next 5 years (Figure 17). Domestic visitor nights in Queensland recovered quickly post-pandemic moving above their 2019 level in 2022 before dropping below this mark again in 2023. A modest return to growth of 1.0% in visitor nights is forecast for 2024 followed by slightly stronger growth of 1.8% in 2025. Total domestic visitor nights in Queensland are forecast to rise above the pre-pandemic level in 2026. Growth is expected to be softer in 2025 before strengthening, supported in part by the work and events leading up to the Olympics.

Figure 17. Domestic visitor nights in Queensland by purpose (left axis), and total domestic visitor nights (right axis).



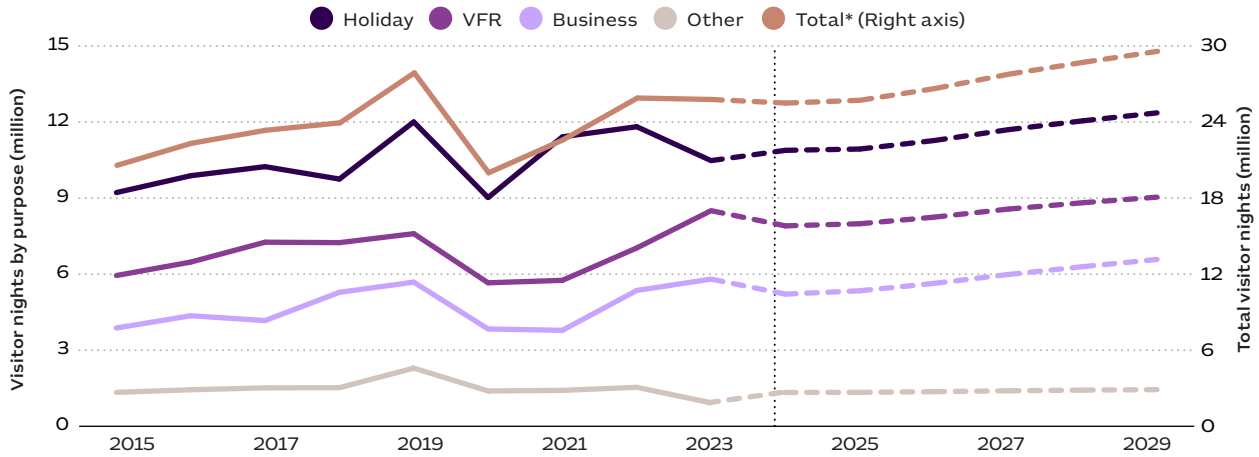
*Total includes nights spent in transit and purpose not stated

Sources: TRA, National Visitor Survey and forecast data

South Australia

On average, visitor night growth of 3.0% is expected over each of the next 5 years (Figure 18). Domestic visitor nights in South Australia (SA) are forecast to fall by 1.1% in 2024 before a return to modest growth of 0.9% in 2025. This is forecast to see total domestic visitor nights in SA rise above the pre-pandemic level in 2028. The period required to reach this mark is attributable to the softer near-term outlook coupled with the significant record spike in visitor nights to SA that occurred in 2019: visitor nights in 2019 were up 16% on the previous high of 2018.

Figure 18. Domestic visitor nights in South Australia by purpose (left axis), and total domestic visitor nights (right axis).



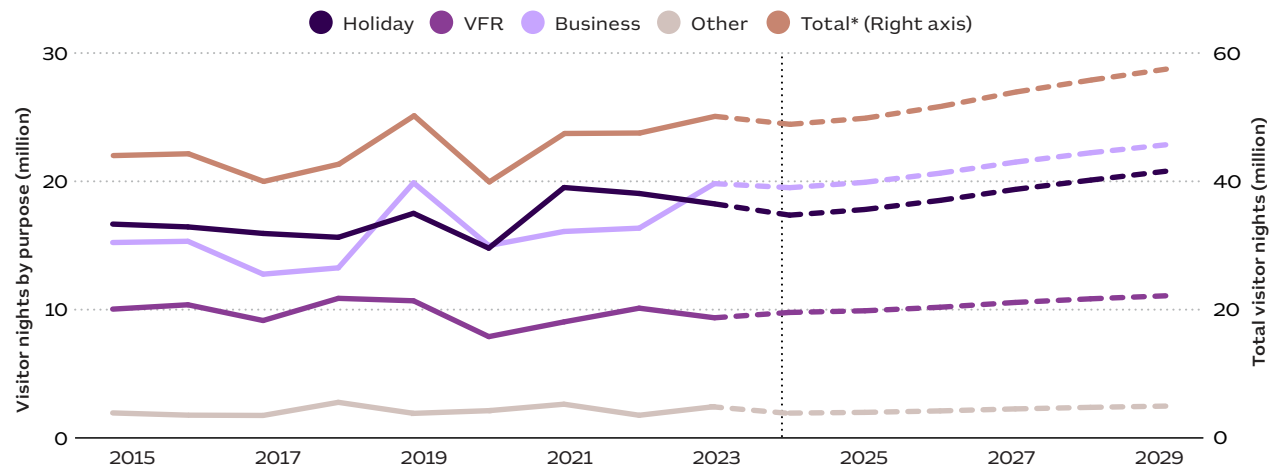
*Total includes nights spent in transit and purpose not stated
Sources: TRA, National Visitor Survey and forecast data

Western Australia

On average, visitor night growth of 3.1% is expected over each of the next 5 years (Figure 20). Domestic visitor nights in Western Australia (WA) are forecast to fall by 2.5% in 2024 before seeing a return to growth of 2.0% in 2025. Total domestic visitor nights in WA are forecast to rise above the pre-pandemic level in 2026 (Figure 19).

However, the forecast growth in visitor nights for WA in 2025 is slightly stronger than anticipated for most states and territories. The WA economy is currently leading the nation, and its strong performance is expected to support domestic travel in the state given the high share of intrastate travel.

Figure 19. Domestic visitor nights in Western Australia by purpose (left axis), and total domestic visitor nights (right axis).

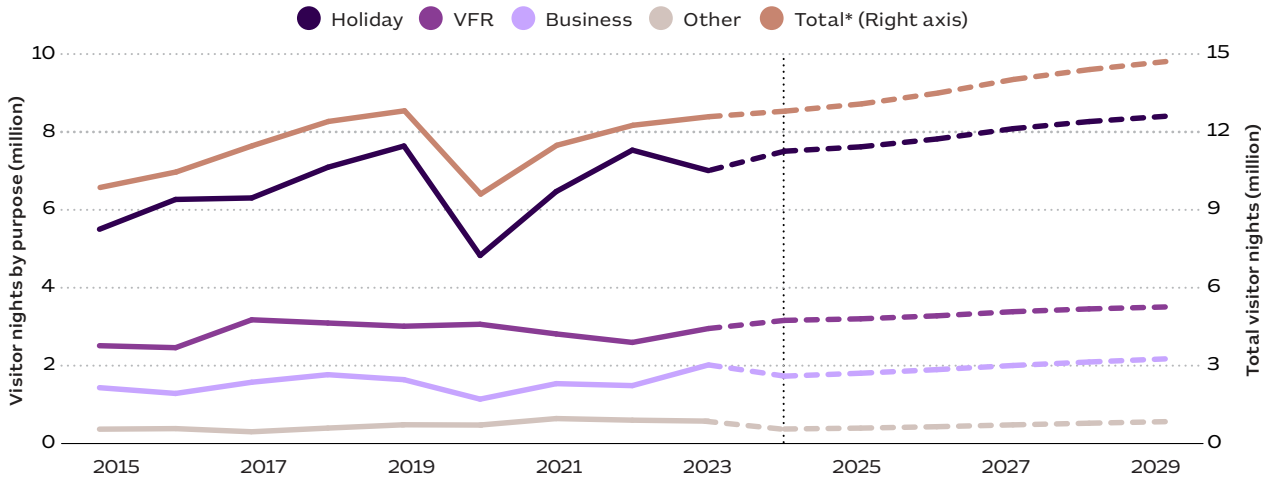


*Total includes nights spent in transit and purpose not stated
Sources: TRA, National Visitor Survey and forecast data

Tasmania

On average, visitor night growth of 2.1% is expected over each of the next 5 years (Figure 20). Domestic visitor nights in Tasmania (TAS) are forecast to increase by 1.7% in 2024 and by 2.2% in 2025. This would see total domestic visitor nights in Tasmania forecast to rise above the pre-pandemic level in 2025.

Figure 20. Domestic visitor nights in Tasmania by purpose (left axis), and total domestic visitor nights (right axis).



*Total includes nights spent in transit and purpose not stated

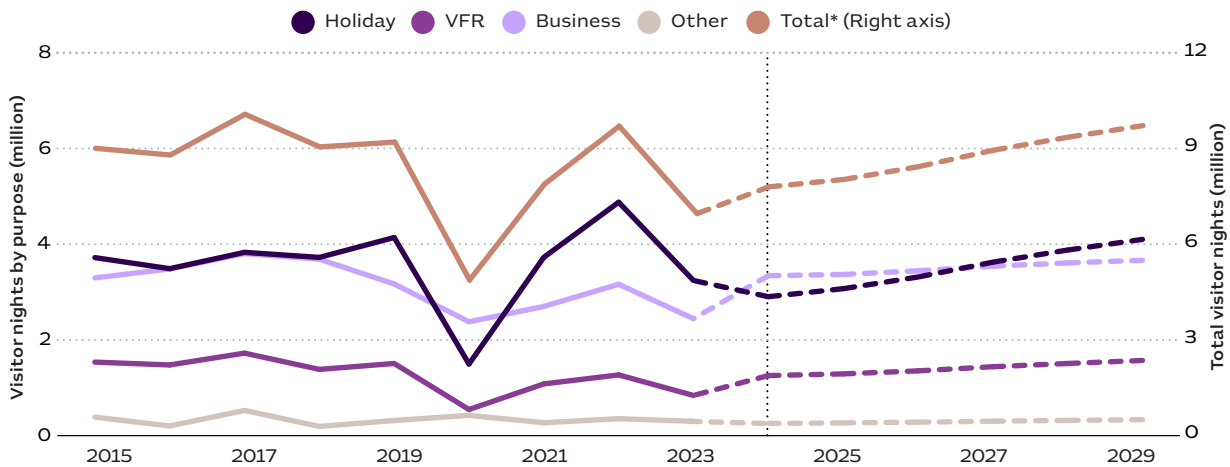
Sources: TRA, National Visitor Survey and forecast data

Northern Territory

On average, visitor night growth of 4.5% is expected over each of the next 5 years (Figure 21). This represents a downward revision on the more optimistic 6.5% growth anticipated over the forecast period in last year's forecasts. After visitor nights in the Northern Territory (NT) rebounded strongly to near record levels in 2022, there was a decline of 28% in 2023 as alternate international travel options returned and household budgets tightened, along with other challenges impacting tourism in the NT in recent years. Off this reduced base, visitor nights in the NT are forecast to increase by 12% in 2024 before a step down to lower rates of growth from 2025 onwards.

Given this, total domestic visitor nights in NT are forecast to rise above their pre-pandemic level in 2028.

Figure 21. Domestic visitor nights in the Northern Territory by purpose (left axis), and total domestic visitor nights (right axis).



*Total includes nights spent in transit and purpose not stated

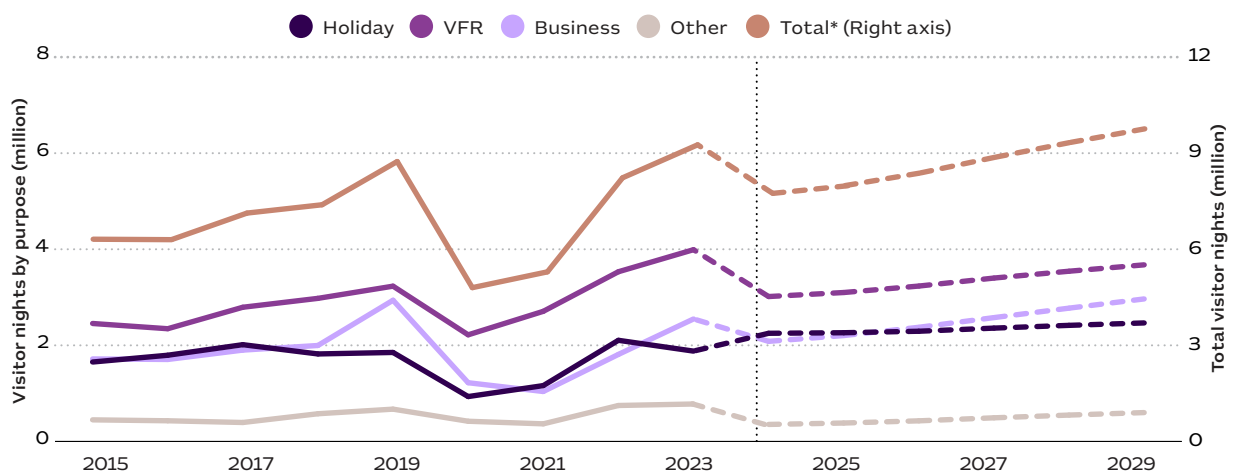
Sources: TRA, National Visitor Survey and forecast data

Australian Capital Territory

On average, visitor night growth of 4.7% is expected over each of the next 5 years (Figure 22). Three consecutive years of double-digit growth in 2021, 2022 and 2023 led by VFR travel, saw visitor nights in the Australian Capital Territory (ACT) move above pre-pandemic levels in 2023. From this record level, visitor nights are forecast to fall by 16% in 2024 before a return to growth from 2025 onwards.

This would see total domestic visitor nights in ACT rise above their pre-pandemic level in 2027.

Figure 22. Domestic visitor nights in the Australian Capital Territory by purpose (left axis), and total domestic visitor nights (right axis).



*Total includes nights spent in transit and purpose not stated

Sources: TRA, National Visitor Survey and forecast data

Methodology

TRA forecasts are produced using a hybrid, evidence-based approach which combines quantitative data-based modelling and expert judgement. This method utilises market intelligence, the best and most recent available data and relevant research, including comparison against other travel forecasts, including those produced by Oxford Economics.

Insights from the Tourism Forecasting Expert Panel are a critical component of TRA's tourism forecasts. The Tourism Forecasting Expert Panel is a particularly important source of broad-based, respected, and constructive intelligence drawn on by TRA to inform the tourism forecasts. TRA has been supported by a forecasting panel over many years: this year it comprised academic, industry and government experts and the state and territory tourism organisations.

Given the differing patterns of recovery from COVID-19 for international and domestic travel and between source markets and travel segments within a challenging global and domestic economic environment, this year's forecast approach again relied on input from the Tourism Forecasting Expert Panel, market intelligence and recent data trends for short- and medium-term results. Model-based and structural parameters are given a larger weight in the longer-term forecasts.

Forecasts for domestic tourism at the national level are modelled from two parameters: Australian population growth and travel propensities of age cohorts. Travel propensities are estimated using recent and pre-pandemic TRA data. Population growth projections are sourced from the Australian Bureau of Statistics and [Economic Intelligence Unit](#).

The judgement overlay permits weighting of the various forecast component inputs. Factors such as aviation capacity, availability of labour within the visitor economy, the accommodation outlook, national savings and disposable income growth, and behavioural considerations are also accounted for in this way.

The steps to incorporate expert judgement and market intelligence into TRA's forecasts are as follows:

1. Data-driven analysis and modelling by TRA to produce initial forecasts
2. Survey of panel members and state and territory representatives to collect views and forecasts
3. Analysis of survey results to encompass all views and determine the average expectation for each tourism indicator at various time periods
4. Adjusting the model-based forecasts to incorporate panel and state and territory inputs, and confrontation with other data sources
5. Expert panel review and discussion of draft, initial forecast outputs
6. Incorporation of feedback from expert panel, updating input data sources and review of modelled components by TRA prior to finalisation of data
7. Internal and external consultative review of detailed forecast data.

During the current period of rapid change, revisions to forecasts are more likely than pre-pandemic. This reflects the pace of change in the input data series as well as updates to the forecasting methodology to capture key drivers of tourism demand in the current environment.



Data sources

Australian Bureau of Statistics

- Population projections, Australia, 2022 (base – 2071 – released November 2023)
- Consumer Price Index, Australia, June Quarter 2024, September Quarter 2024
- Overseas Arrivals and Departures, Australia – various releases up to October 2024

Australian Trade and Investment Commission (Austrade)

- THRIVE 2030 Strategy – Austrade, August 2024

Bureau of Infrastructure, Transport and Regional Economics (BITRE), Department of Infrastructure, Transport, Regional Development, Communications and the Arts

- Australian Domestic Airline Activity—time series: Domestic Totals & Top Routes
- International Airline Activity monthly airline performance – July 2024
- International Airlines Operated Flights and Seats
- International airlines timetable summary

Centre for Population

- Budget 2023–24: Population projections, Australia, 2022–23 to 2033–34

Consensus Economics

- Consensus forecasts (via subscription)

Economist Intelligence Unit

- Australian population forecasts (via subscription)

Euromonitor passport

- International outbound travel forecasts (via subscription)

Oxford Economics

- Travel and Tourism Databank (via subscription)

Reserve Bank of Australia

- Statement on Monetary Policy, August 2024, November 2024

Tourism Australia

- Scheduled international flights, average weekly flights to Australia, data provided via Cirium as at 26 July 2024, <https://www.tourism.australia.com/en/insights/tourism-statistics/aviation-statistics.html>

Tourism Research Australia (TRA)

- Domestic mobility data
- International Visitor Survey (IVS), various editions
- National Visitor Survey (NVS), various editions
- Tourism Forecasts for Australia 2023 to 2028
- Tourism Investment Monitor 2022–23



Australian Government

Australian Trade and Investment Commission
Tourism Research Australia

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