

A world of worry: The clouds over New Zealand's tourism recovery



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Tourism is recovering slowly but there's clouds ahead. Photo / Sylvie Whinray

Inbound tourism operators expect visitor numbers to recover to pre-pandemic levels in 2027, meaning the country will have lost nearly a decade of growth in the critical sector.

For the year ended November 2024, arrivals reached 3,262,829 – 88% of pre-pandemic levels.

The Tourism Export Council forecasts the year ended March 2026 arrivals will climb to 3.72 million (96% of pre-pandemic), and by the year-end of 2027 there will be 3.95 million arrivals (102% of pre-pandemic).

Council chief executive Lynda Keene said the outlook was a mixed bag depending on the market, and tourism recovery “still has some way to go”.

Forecasts were based on November 2024 arrival statistics from Stats NZ (includes two months of the season), intelligence from tour operators, airports, the Board of Airline Representatives and forward booking trends by operators.

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The council has identified key potential obstacles are clouding forecasts:

- Airfares are not falling as fast as expected;
- Geopolitical and economic factors deterring travel from key markets;
- Higher intra-regional travel rather than long-haul flights due to economic conditions in source markets;
- The Russia-Ukraine war and Europe's energy crisis affecting demand for travel;
- War in the Middle-East affecting travel patterns in Europe and the United States;
- Price sensitivity in offshore markets to travel to long-haul countries and risk New Zealand could outprice itself.

US President Donald Trump's stoking of geopolitical upheaval may not be bad for New Zealand, Keene said.

“Trump’s fast-paced change agenda could influence a positive flow-on effect of visitors to New Zealand. We’ve seen excellent results with recovery of arrivals from the US, which is tracking at 99% [in the year ended November 2024].”

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Tourism Export Council chief executive Lynda Keene.

The council is forecasting continued growth from the US market over the next two years if existing airline connectivity remains in place.

Other tailwinds include the prospect of non-stop air services between New Zealand and India in 2026.

For the upcoming 2025-2026 season there will be growth in some markets, but Britain, Germany, other European countries and China will take longer to recover.

Tourism has at times been New Zealand’s biggest foreign exchange earner, and now earns \$11 billion a year. Keene said she was encouraged the Government appeared to have made a renewed commitment to attracting more visitors.

It has introduced a “digital nomad” visa scheme and committed to attracting a broader range of tourists.

“We’re very encouraged that international tourism has been included as part of the Government’s growth agenda. We’re keen to explore initiatives and changes that might drive a higher level of engagement and partnership to sustainably grow visitation.”

A travel agent’s view

Flight Centre is also welcoming the Government’s renewed focus on tourism, saying making it easier to travel to and from New Zealand will increase traveller numbers and contribute to fast-tracking the country’s economic recovery.

The agent mainly handles bookings for Kiwi travellers but also inbound tourists.

Last year, Flight Centre made nearly 500,000 bookings for New Zealand travellers flying both domestic and internationally, while also making 155,000 bookings for international travellers coming into New Zealand.

Flight Centre Travel Group NZ managing director Victoria Courtney said one of New Zealand’s obstacles for attracting international tourists is our geographical location being so isolated from key regions outside Australia.

She said key areas of focus for any increased investment in tourism should include the following:

- Streamlining visa processes to make New Zealand more accessible;
- Investing in marketing campaigns to showcase the best of Aotearoa;
- Prioritising immigration settings to tackle workforce shortages in tourism and hospitality.

Courtney said the symbiotic relationship between inbound and outbound tourism cannot be overlooked.

“Outbound travel stimulates airline confidence to increase capacity, resulting in balanced routes that lower airfare costs and enhance freight options for exporters.”

Courtney said this dynamic supports a thriving tourism ecosystem, benefiting both international visitors and local businesses.

Courtney also welcomed a pragmatic approach to the “high-value tourist” strategy. While attracting premium visitors is valuable, the broader goal should be to welcome a diverse range of travellers who collectively contribute to the economy.

Grant Bradley has been working at the *Herald* since 1993. He is the *Business Herald’s* deputy editor and covers aviation and tourism.

