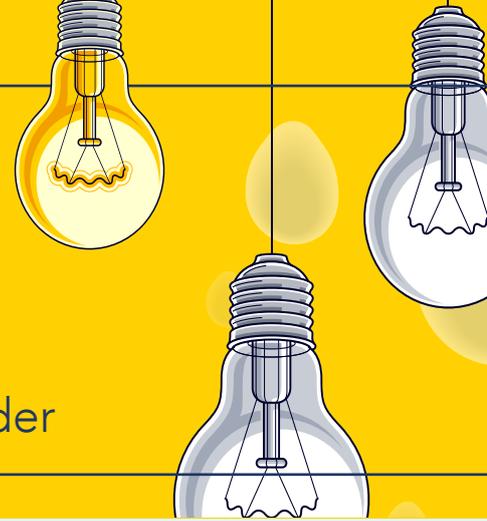


Industry insights

Holiday Lets...

Maximise the opportunity with a specialist lender



HOLIDAY LETS – THE BEST IS YET TO COME

With demand for holidaying closer to home reaching new heights during the pandemic, staycations remain popular despite overseas options opening up again post

Covid-19. As a result, UK bookings remain high, making holiday let investment an attractive proposition. So what opportunities does this present for brokers?

ONGOING DEMAND

Have Brits fallen out of love with holidaying overseas? Maybe to some extent. The Easter break was perhaps an indication. The RAC predicted an estimated 21.5 million leisure trips would be made over Easter, with large numbers making their way by road to UK holiday destinations. If news reports were anything to go by, this was certainly the case.

In contrast, the same news channels were covering multiple overseas flight cancellations due to covid related staff shortages and when flights did run, many travellers were reportedly caught up in security and passport queues. Some overseas destinations also remain under stricter covid restrictions dampening enthusiasm for travelling abroad. These points alone are making staycations attractive.

The recently launched Holiday Letting Outlook Report from Sykes Holiday Cottages, outlines that the staycation sector continues to go from strength to strength, with bookings for their UK holiday lets currently up 35% in 2022 compared to pre-pandemic levels. The same report indicated that 84% of holiday home owners say bookings are stronger than ever and expect this trend to continue over the next five years.

Jane Penrose, a would-be holiday let investor from Hertfordshire, where our Society is based comments: "My husband and I had always set our hearts on acquiring a holiday let property overseas, somewhere like Spain, but since the pandemic arrived, our views have changed. We want to use the property for our own holidays as well as renting out. The hassle of going overseas each time just doesn't appeal with Covid still around and the added complications created by Britain leaving the EU." Jane adds: "We've had some

fantastic UK breaks as the pandemic restrictions have eased which changed our thinking. We've reconnected with favourite holiday destinations like Dorset and Pembrokeshire and want to host our families, taking them to places we fondly remember. A UK destination is far more accessible and cheaper to reach – aspects also relevant to those renting the property."

The income available to UK Holiday Let investors can be attractive, particularly in the current financial environment where traditional investments are limited by longstanding, low interest rates. The average, annual revenue for holiday let accommodation according to Sykes Holiday Cottages ranges from:

- **1 bedroom: £14,000**
- **2 bedroom: £17,000**
- **3 bedroom: £20,500**
- **4 bedroom: £28,000**
- **5+ bedroom £65,000**

Such returns explain in part the high levels of enquiries we receive from brokers looking to secure the best all-round holiday let mortgages for their customers.





PARTNERING WITH A SPECIALIST LENDER

As a long established lender in the holiday let sector, we have observed that investors are becoming increasingly savvy. They don't just want a mortgage deal based on price, they are also looking for a product that meets their exact financing needs. As such it's important for those looking for a holiday let mortgage to partner with a lender who can best accommodate these requirements. Here are some key features relating to Harpenden's holiday let product to provide a benchmark for when you are considering future opportunities with your customers.

KEY FEATURES:

- Loans up to £2m available
- 90 days personal usage allowance per annum
- Airbnb acceptable
- City break lets acceptable
- Personal income used if required to support the loan (top slicing)
- Minimum income of £30,000 required
- Up to 3 properties on one title considered
- Properties above commercial considered
- 75% LTV available on IO and 80% available on repayment

Harpenden has expertise and many years' experience in managing complex cases – delivering specialist options – something other lenders and algorithms may not be able to adapt too. Every policy considered by our team is underwritten manually by an expert, which enables them to create highly flexible mortgage solutions. Harpenden's Business Development managers have a wealth of knowledge when it comes to holiday lets and a great track record of securing finance in this niche area.

With overseas travel continuing to have limitations, I'm in no doubt, the boom in UK staycations and the demand for quality holiday lets is set to continue. If you want to secure the best outcome for your holiday let customers, I believe it's in the best interest of brokers and customers to consider a specialist lender. The Harpenden team will be pleased to answer any questions you may have, let's talk new business.

Emily Smith

Emily Smith, Head of Intermediary Sales & Distribution, Harpenden Building Society

One size doesn't fit all in this specialist area of lending, brokers' customers are increasingly looking for a lender who will take the time to assess their financial background in detail – so however complex their financial profile, a positive solution can be found.



We individually assess and approach applications.



We offer a manual underwriting process.



A flexible view on merits of all cases - we're very accommodating.



We provide clear, fair and transparent charges for all cases.



Many types of income are considered when assessing affordability.

References:

RAC travel figures: <https://www.standard.co.uk/news/uk/easter-traffic-updates-inrix-busiest-on-record-b993601.html>

Holiday Letting Outlook Report: <https://www.sykescottages.co.uk/letyourcottage/advice/article/holiday-letting-outlook-report?rfx=48>



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