



Industry insights

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AIRBNB: **A CATALYST FOR HOLIDAY LET MORTGAGES**

The 'Airbnb effect', as I like to call it, has had a significant impact on the UK holiday let market over the last few years. The popularity of staycations has meant properties for short term holiday letting, including Airbnb's, are in high demand giving ongoing opportunities for mortgage brokers.

Staycation popularity

Since the lifting of Covid restrictions the nation has been keen to head off on holiday, but not necessarily overseas. Traveling abroad has been problematic with ongoing travel disruptions regularly in the news. The cost-of-living crisis is also effecting disposable

income and the ability to afford foreign breaks. As a consequence many Brits are preferring to holiday in the UK - four in five (84%) say they are likely to go on a staycation in 2023.*



Changing trends

As we came out of the pandemic in 2021 there was a strong appetite for staycation holiday let breaks. Findings from Airbnb research said that in 2021 the Top 10 trending destinations were country or coastal based:

1. Saint Clears, Pembrokeshire
2. Forest of Dean, Gloucestershire
3. Clovelly, Devon
4. Bosham, Sussex
5. Primrose Valley, Yorkshire
6. Mullion, Cornwall
7. Cawsand, Cornwall
8. Noss Mayo, Devon
9. Saunton, Devon
10. East Wittering, Sussex



As a specialist, holiday let mortgage lender our own experience mirrored these findings with holiday hot spots like Devon and Cornwall providing numerous opportunities for mortgage brokers as investors looked to make strong returns. New opportunities are now being created in less obvious holiday destinations. City breaks for instance are now becoming an additional, strong holiday let option for investors. It's this type of property we are increasingly financing on behalf of brokers and their customers.

There are numerous reasons for the renaissance in the City break. UK cities are steeped in history, are first class shopping areas and have a huge draw as world class sporting and entertainment destinations. With the threat of Covid diminishing, more of us are being tempted back to areas of high population.

Eurovision, is predicted to bring thousands of additional visitors to Liverpool in May. This premium event is estimated to be worth around £25m to the region's economy and looking at impacts on previous host cities, it could also increase local tourism by up to 5% a year according to Liverpool City Region – equating to over £250m extra revenue by 2026.

In areas like this demand for quality, self-catering, short term, holiday let accommodation is needed like never before with investors keen to capitalise.

Sourcing the right holiday let mortgage

As a leading holiday let mortgage provider, both in regard to pricing and criteria, we're seeing high levels of interest from brokers working on behalf of customers who want to buy a holiday let property. Enquiries relating to Airbnb properties are stronger than ever.

As well as standard features, Harpenden's specialist product range includes the ability to purchase a property that would have previously been labelled a Consumer Buy to Let, as a Holiday Let, qualifying for the more attractive criteria that comes with this lending category. Additionally, there are no restrictions on location for the property purchase giving wider buying options within England and

Wales; there are 90 days personal usage allowance per annum; we lend in town and city centres as well as coastal areas and on properties above commercial units. Other features include: top slicing; up to 3 properties on one title considered; Holiday Let/Second Home - Max LTV 80% Repayment / 75% IO with a minimum income of £30,000 required.

The manual underwriting Harpenden adopts provides an in-depth review of the customer's financial position and a greater opportunity for complex applications to be accepted (many high street lenders solely rely on the use of algorithms). Ideally the let property will be self-funding from the rental income, however in some cases we can also look into an applicant's income in more detail so there is greater opportunity to say 'yes'! The customer's earned income is considered from a range of sources in addition to salary including their savings, investments and pension income when a lending decision is made.

New opportunities

When it comes to holiday let financing the current market provides considerable opportunities for both brokers and their investor customers. If you think your customer has a strong application for a holiday let property within England and Wales our experienced team will be delighted to discuss the options further.

*Verdant Leisure

Jean Errington

Jean Errington, Business Development Manager, Harpenden Building Society



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.