



Industry insights

Holiday Lets – ‘School’s out for Summer’.
New opportunities for brokers.

Much to the relief of students, parents and teachers all across the country, the school holidays are here! Due to the ongoing travel restrictions however, families aren't jetting off overseas as they might have done pre-Covid but opting to take time off in more traditional locations closer to home instead.

DEMAND FOR HOLIDAY LETS

According to the Sykes Holiday Cottages 2021 Staycation Index*, almost four in five of us plan to enjoy a holiday on home soil this year – with most Brits choosing the UK for their main summer break. This has created unprecedented demand for holiday accommodation but what opportunities does this create for savvy investors looking to optimise this situation? Purchasing a holiday let in a prime holiday location, whether established or up and coming, is a strong option for maximising returns and is creating increased demand for specialist holiday let mortgages.

LOCATION, LOCATION, LOCATION

Certain holiday let locations have always been popular, with some ‘hot spots’ like Devon, Cornwall and the South Coast being referred to as ‘honeypot sites’ attracting throngs of tourists. There is, however, a swing towards holiday makers booking accommodation in quieter, more peaceful, alternative locations fuelling demand for holiday lets in these new ‘in favour’ locations.

Staycation destinations in the north of England are particularly in vogue. According to the same Index research, 7 out of the 10 most popular staycation locations this year are found on a latitude level with Anglesey or further north.



SOURCING THE RIGHT HOLIDAY LET MORTGAGE

Unlike many of the southern holiday hotspots the price of holiday let property hasn't yet escalated to the same extent in some more northerly locations, so investors can still pick up a property bargain. With Harpenden's new, improved holiday let products, both in regard to pricing and criteria, we're already seeing increased interest from brokers and their customers wanting to buy holiday let properties in northern England where I'm based.

As well as better rates, (now: 2.99% - 2 year discount – ERC; 3.49% - 2 year discount – No ERC) 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.

Manual underwriting provides a more 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.

Harpenden also takes a holistic view of the applicant's financial circumstances to ensure they have surplus income and funds available to afford the mortgage and the Holiday Let running costs for up to 3 months – safeguarding the customers' ability to repay the loan if the property is unexpectedly without visitors for short periods, protecting everyone involved.

THE 10 MOST POPULAR LOCATIONS FOR THE SCHOOL SUMMER HOLIDAY IN 2021*

1. Ambleside
2. Whitby
3. Troutbeck Bridge
4. Weymouth
5. Salcombe
6. Windermere
7. Dartmouth
8. Benllech
9. Grasmere
10. Scarborough

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, our experienced team will be delighted to discuss the options further.



Jacqui Turner

Jacqui Turner, Business Development Manager
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We individually assess and approach applications.



We offer a manual underwriting process, no credit score involved.



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.