



Industry insights

Holiday Lets in 2022 - still a strong option

It's possible to book an overseas holiday for 2022 but will you be able to go? Such uncertainty continues to fuel staycation popularity creating ongoing opportunities for holiday let lending.

COULD COVID STILL CURB AN OVERSEAS HOLIDAY?

The tradition of returning from one summer holiday and then immediately booking next year's 'get away' has had its challenges this time around. The ability to jet off to the sun remains up in the air amidst a backdrop of covid and its variants. As a result, taking a holiday in the UK continues to be a strong option for 2022.

HOLIDAY LET ACCOMMODATION IN HIGH DEMAND

Amidst the threat of overseas travel disruption inquiries about breaks in Britain for 2022 are up by 74% according to The Mirror online, indicating that demand for holiday let accommodation will remain high next year too. Research from financial services website Square also says that 45% of Brits are planning a staycation next summer with Cornwall, Devon and Blackpool among the favourite destinations. Such demand will only fuel the holiday let market and increase business opportunities for mortgage brokers.



SOURCING THE RIGHT HOLIDAY LET MORTGAGE

With Harpenden's new, improved holiday let products, both in regard to pricing and criteria, we're seeing high levels of interest from brokers and their customers wanting to buy holiday let properties as an investment. The new revamped product includes: 2.99% - 2 year discount – ERC; 3.49% - 2 year discount – No ERC; Repayment 75% Max LTV; Interest only/Part & Part 70% Max LTV and a personal usage allowance introduced up to 90 days. Additionally, there are no restrictions on location for the property purchase giving wider buying options within England and Wales.

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.

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.

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



Jean Errington

Jean Errington, Business Development Manager,
Harpenden Building Society



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.