



Industry insights

Holiday Lets are here to stay



In a time when the UK staycation remains the holiday of choice for many Brits looking for convenience, safety and the great outdoors, holiday lets continue to provide a strong option for brokers and their investor customers as demand for holiday accommodation continues.

AN ONGOING OPPORTUNITY

With Christmas breaks being planned and 2022 holiday options under consideration or booked, there appears to be no let-up in the demand for holiday let staycation breaks.

As we all saw, the UK staycation was a popular holiday option for many during 2021 and a trend that is set to continue. Recent research commissioned by UK holiday firm Hoseasons showed 83% of those who took a staycation break this year hope to do so again next year, with 24% already planning their next trip.

Proactive initiatives to build domestic tourism like the recent National Lottery Days Out campaign, offering £25 off trips to hundreds of top attractions across the UK, alongside Britain's natural tourist assets and the international travel restrictions we all need to consider, are all fuelling staycation uptake.

WIDE APPEAL

There is demand from all age groups wanting to holiday in the UK including younger generations who may have opted for an overseas 'get away' in pre-pandemic times.

Chloe Ring (23) from Hertfordshire, where our Society is based told me: "I've always had the travel bug and been lucky to visit many different parts of the world. When Covid hit, my future plans had to change and I looked for holiday options closer to home in Britain. I explored Snowdonia this year staying in a series of really cool Airbnbs. North Wales is absolutely beautiful, I'd forgotten how much I love it there! It reminded me of childhood holidays, I explored new areas and the holiday accommodation had so much to offer. I'll be back again next year, 100%!"

The holiday let property market remains buoyant due to all the factors mentioned. As a specialist lender we envisage significant, continuing opportunities for mortgage brokers keen to meet the demand from investors wanting to purchase good quality, self-catering options and the additional income this affords.

A SPECIALIST LENDERS' APPROACH AND BENEFICIAL USP'S

With Harpenden's new and improved holiday let products, in regard to pricing and criteria (2 Year Discount Repayment 2.69% / 3.19%; 2 Year Discount Interest-Only 2.69% / 3.19%; Repayment 80% Max LTV; Interest only/Part & Part; 75% Max LTV), we're already seeing raised interest from brokers and their customers wanting to buy domestic, holiday let properties.

It's not just about price and criteria though, it's important to partner with a lender experienced in providing this multifaceted product and all it entails. As a specialist lender we are able to consider complex income streams for instance, which mainstream lenders may not, because we employ manual underwriting rather than a computer algorithm.

One of our unique selling points is that we will consider holiday lets that are adjacent to or above commercial premises. We will allow up to 4 applicants on a mortgage application and will use all 4 incomes. We will consider properties in city centres on a holiday let basis, and we allow for both Airbnb or short-term rentals.

Lastly, we allow customers to use the holiday let property themselves for up to 90 days per year giving owners a holiday home that they can use themselves and a property that provides an income option during the remaining, majority weeks of the year.

We require a minimum income of £30,000, and evidence of 3 months' mortgage payments and running costs for the client to qualify.

To establish maximum loan guidelines we take an average of the high, mid and low season weekly rental figure and multiply by 30. The rental stress rate is $135\% \times 5.5\%$, but please note that we accept unlimited top-slicing from earned income to make up the rental shortfall, providing the client can afford it as a monthly commitment.

GROW YOUR BUSINESS IN THE YEAR AHEAD

Having experienced myself what the UK has to offer as a tourist destination, particularly over the past few years, I'm reminded of the holiday let potential close to home. It's not surprising that holiday let enquiries from brokers have been at an all-time high over recent months and continues to be a busy time at the Society.

If you think your customer has a strong application for a holiday let property and is looking to capitalise on the increasing opportunities relating to this sector, we would be delighted to discuss the options further.



Jean Errington

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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.