



# Industry insights

New holiday let opportunities – thinking outside the box

*As a longstanding provider of holiday let mortgages the Harpenden team sees sector trends and what new opportunities are emerging for brokers. So what's new?*

*With the market booming in recent years in traditional holiday areas such as Cornwall and Devon, quality holiday let stock has become harder to find - pushing up prices. The average house price in Cornwall rose by 15.3% in the year to March, according to figures from the Office for National Statistics.*

*Harpenden provides mortgage financing options in popular locations such as the South-West but our willingness to lend against holiday let options in less traditional locations is an area we anticipate seeing increasing growth.*

*Cities renowned for history, culture and sport such as Liverpool or Manchester, amongst many others, provide 'alternative' UK based city-break destinations. According to onthemarket.com the average price paid for properties in Liverpool was £196,000 in September 2022, providing an affordable holiday let option. With recent news that Liverpool, already a musical hotspot, is to host the 2023 Eurovision Song Contest, will no doubt make it an increasingly popular location for short breaks through the publicity and hype of Eurovision.*

*Considering a less obvious holiday location could pay dividends for would-be investors. We are pleased to consider holiday let applications relating to a wide range of English and Welsh holiday locations, currently up to a mortgage value of £1M.*



# A SPECIALIST LENDERS' APPROACH

We recommend that any 'would be' holiday let owners consider a specialist lender to finance their purchase, a lender with expertise in and best suited to dealing with the unique aspects of buying a holiday let.

In our experience, holiday let purchases are often made by customers with multiple forms of income from a range of financial sources. Mortgage applications assessed by a mainstream lender can't always accommodate customers with a complex income. Applications assessed on mass by an algorithm, a popular assessment tool used in isolation by many larger lenders, can be rejected at the first step for those customers with a non-standard financial profile. At Harpenden we, and some other specialist lenders, manually underwrite every mortgage application helping us to take a considered view; to assess the risk in more detail and to look at the wider picture. We want to say 'yes' – with in-depth scrutiny from manual underwriting a complex holiday let mortgage application can often proceed.

We also recognise that investing in a holiday let is not just about the money. As such we have included an additional feature which allows the owner to enjoy their holiday let property themselves for up to 90 days per year. Airbnb rentals are accepted; personal income can be used if required to support the loan (top slicing); up to 3 properties on one title will be considered; as are properties above commercial premises; with 75% LTV available on IO and 80% available on repayment.

Our experience in this sector and the refined criteria, developed as a result, provides additional safeguards benefitting all those involved in the purchasing process – lender, broker and customer. We use rental income projections when considering applications, as well as taking a holistic view of a client's financial circumstances.

# NEW OPPORTUNITIES

The future of UK holiday lets looks strong due to a variety of economic and social factors. With the current market providing opportunities for both brokers and their investor customers, a specialist lender is uniquely placed to assist and make that opportunity become a reality.



*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.