



# Industry insights

Where are you spending Christmas?  
Holiday Let rentals

*The ability for brokers to grow business in the UK holiday let space has never been stronger. Here are some of my recent observations.*

*Holiday let rentals are less and less limited to traditional summer months. Taking a break over Christmas for instance or throughout the winter months, is very much in vogue. With increasing numbers heading off for a Christmas holiday or low season staycation, demand for self-catering holiday accommodation is booming giving holiday let investors the opportunity for year round income.*

## HOLIDAY LET BOOKINGS UP

Sykes Holiday Cottages say Brits have been signing up in large numbers for UK based get-aways. Notably, there has been a year-on-year increase in bookings over Christmas and New Year as holidaymakers look to close out the year with a festive getaway. Bookings made for Christmas and New Year 2022 are up 15% compared to the same period in 2021.

## POPULAR HOLIDAY COTTAGE LOCATIONS

The top 10 most popular regions for autumn and winter 2022 breaks according to Sykes is, North Wales, Cornwall, Cumbria & The Lake District, North York Moors, Devon, Yorkshire Dales, Peak District, East Anglia, Heart of England and Northumberland – which concur with the holiday let hotspots most popular with our brokers' customers investing in the sector.

As well as holiday lets making a great option for families from the same household, they are a consideration for families spread around the country travelling to meet somewhere in the middle, adding to their popularity.

The top ranked holiday cottage locations for families travelling from different locations and meeting part way over Christmas 2022 are: Cumbria & The Lake District, North Wales, North York Moors, Peak District and the Yorkshire Dales according to Sykes. Unlike a stay at a hotel over Christmas, families can host their own festivities and spend time with each other in their own way.

As a longstanding provider of holiday let mortgages the Harpenden team sees sector trends and what new opportunities are emerging for brokers. Increasing, year round short term rental opportunities make a holiday let an attractive investment opportunity for brokers' customers.



## 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. As such, a Christmas get away for a holiday let owner can be a real option. We accept Airbnb rentals; 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 customer's financial circumstances.

## NEW OPPORTUNITIES

The future of UK holiday lets looks strong, year round. With 13% of Brits planning to take an overnight break in the UK over Christmas and New Year in 2022, holiday let owners have added opportunity to make good returns from their investments.

With the current holiday let market providing opportunities for both brokers and their investor customers, a specialist lender is uniquely placed to assist and make that opportunity happen.



*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.