



Industry insights

Holiday Lets – a great way to build business in 2023

The domestic travel market is a growing sector, with spending estimated at over £15 billion last year, considerably higher than the pre-pandemic level*. Alongside this surge in spending and the general popularity of holidaying closer to home, the UK holiday let market continues to thrive. As a result, mortgage brokers have a great opportunity to build business as investors look to buy suitable properties and capitalise on the trend.

UK HOLIDAYS - A FIRM FAVOURITE

Holiday company, Away Resorts is forecasting another bumper year for staycations after recording increased demand for holidays here in the UK. Year-on-year bookings reportedly climbed by 30% in 2022 with the trend set to continue in 2023.

The reasons why staycations remain popular are many. The cost of living crisis is one factor as inflation levels continue to leave a damaging effect on the value of incomes. Holidaying closer to home can significantly reduce travel costs and a self-catering option gives further cost saving opportunities, avoiding the expense of eating out.

Commentary from Mintel indicates that many families missed out on important family celebrations during COVID-19 – due to lockdowns and social restrictions, a factor no doubt boosting current domestic holiday bookings. Their findings also indicates that the staycation trend is here to stay, leading to further investment in accommodation and family-focused experiences.

In general, the demand for staycation holiday options is strong. Bookings for UK based, holiday let accommodation is no different with healthy rental yields continuing to provide a solid return for many investors.



SOURCING THE RIGHT HOLIDAY LET MORTGAGE

As a leading holiday let mortgage provider, both in regard to pricing and criteria, we're seeing high levels of interest from brokers working on behalf of customers who want to buy a holiday let property for investment purposes.

As well as standard features, 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; there are 90 days personal usage allowance per annum; Airbnb is considered; we lend in town and city centres as well as coastal areas and on properties above commercial units. Other features include: top slicing; up to 3 properties on one title considered; Holiday Let/Second Home - Max LTV 80% Repayment / 75% IO with a minimum income of £30,000 required.

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.

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 within England and Wales our experienced team will be delighted to discuss the options further.



Vanessa Hunt

Vanessa Hunt, Key Account 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.