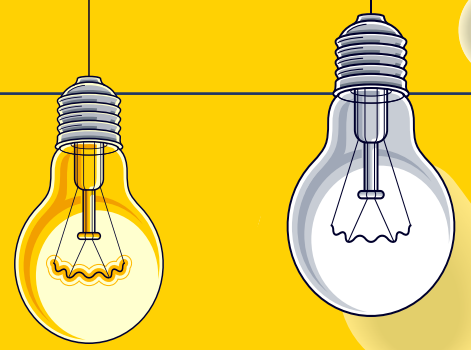


# Industry insights

Home is where the heart is...



## HOW WILL CLIMATE CHANGE AFFECT UK HOLIDAY LET INVESTMENT?

The wild-fires and intense temperatures impacting holiday destinations in the Mediterranean have created a worrying situation. If expert predictions are correct, climate change, the root cause of these issues, will affect future holiday planning and create extra demand for holiday accommodation in more moderate climates like our own.

For this and a variety of other reasons, the already booming UK holiday let market is likely to grow further giving additional opportunity for mortgage brokers arranging finance in this space. So what's behind this situation?

### Changing weather

Global warming is leading to changes in weather, including the record breaking heat seen in southern Europe. As a result, some popular holiday destinations are becoming less attractive in peak summer months due to concerns over extreme temperatures and the associated dangers. (According to the Daily Mail, excessively high temperatures in Europe have already led to ten per cent of tourists choosing cooler holiday destinations this year).

The UK, which benefits from more stable, moderate weather, is becoming an increasingly attractive long-term holiday option as a result. With milder winters also predicted, the UK tourism season could extend creating more opportunities for those wishing to holiday here.

### Ongoing factors

Climate change may be a long term cause for an uptick in UK holidays but immediate factors like disruption to overseas travel, post Brexit affects and the cost of living crisis are all reasons for the current interest in domestic holidays. As a result suitable accommodation is in high demand.

### UK Holiday lets

Holiday Lets are a popular option to fulfil this need with the numbers of properties assigned to this purpose set to grow. The Statista Market Outlook, says 15 million people used a holiday rental in the UK in 2022, and that will rise to 16.5 million in 2023. Research from Sykes Holiday Cottages also states 84% of owners say bookings are stronger than ever, and expect this to continue over the next 5 years. With such buoyant figures, it's hardly surprising that investors looking for a strong return are investing in holiday let property.



# SOURCING THE RIGHT HOLIDAY LET MORTGAGE

As a specialist holiday let mortgage provider, Harpenden Building Society continues to see high levels of interest from brokers working on behalf of their customers in this category.

Our holiday let mortgages include:

- **90 days personal usage allowance per annum**
- **Airbnb considered**
- **We lend in town and city centres as well as coastal areas**
- **We lend on properties above commercial units**
- **Top slicing**
- **Minimum income of £30,000 required**
- **Up to 3 properties on one title considered**
- **75% LTV available on IO and 80% available on repayment**

## HOLIDAY HOME / 2ND HOME

- **We consider a range of incomes, including pension, trust, investment and maintenance as well as 100% of bonuses, overtime and commission (2 years proof required)**
- **We consider latest years income for self-employed applicants**
- **No maximum age**
- **75% LTV available on IO and 80% available on repayment**

Our manual underwriting provides an 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 rental fees when a lending decision is made.

### The future

The demand for holiday let properties looks set to rise in the UK due to a range of environmental, economic and social factors determining the way holidays will be taken in the future. We'll be pleased to hear about your customers' holiday let mortgage needs for those considering this option. Details of this and our wider specialist lending products can be found at [harpendenbs.co.uk/intermediaries](http://harpendenbs.co.uk/intermediaries) or by contacting the team at [brokerteam@harpendenbs.co.uk](mailto:brokerteam@harpendenbs.co.uk)

*Vanessa Hunt*

Vanessa Hunt, Key Account Manager, Harpenden Building Society



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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.