



Holiday Let Explained

Webinar



Today's agenda

- What is a Holiday Let?
- Market overview
- Current market demand
- Market challenges
- How do we (Hodge) stand out?
- Property Criteria
- Support



Holiday Let

What?

A Holiday Let is a property that is:

- let out to holiday makers, visitors and tourists for short durations
- for no more than 3 months duration
- in mostly seaside, countryside and city locations.

Why?

- Favourable tax benefits until April 2025
- Supplement income
- Family retreat
- Future retirement planning



A guide to the market with Mintel

Holiday rental property has the highest level of future growth potential of any holiday accommodation type

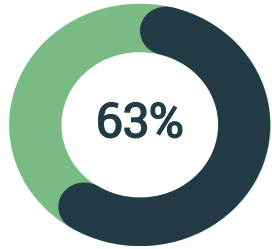
UK market is expected to grow above pre-pandemic levels until 2026

Revival in overseas holiday forecasts saw domestic rental volumes to dip slightly throughout 2022 with the recovery beginning from 2023

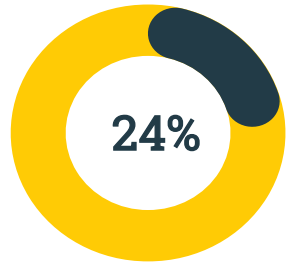
Volume of domestic holiday rentals will be £8.4 million in 2026

Associated spending on these domestic holidays of around £3.4 billion

What does a Sykes Holiday Let look like?



63% of owners plan to extend their holiday let portfolio in the next 5 years



24% of owners used to run their property as long-term let but decided to switch to holiday letting

Who?

- The average age of a holiday let owner is 43
- 93% have a full or part-time job alongside a holiday let
- 55% only started letting within the past 3 years

Why?

- To use for personal use as well – 52%
 - To supplement existing income – 43%
 - An investment for the future – 38%
-

Holiday Let demand

- Pandemic
- Brexit effect
- Climate change
- Market changes



Market challenges in the three nations

England

April 23' – Minimum 70 days per year rental to access small business rate relief, rather than council tax

May 22' – Councils empowered to impose higher rates of council tax on empty and second homes that don't meet the above

Wales

Small business tax relief

Available for letting minimum 140 days current and previous tax year

Let minimum 70 days in the last 12 months

Scotland

2021 controlled area STL licensing scheme

'Secondary letting license' to prevent Airbnb type lettings

Deadline extended in October 2023

Despite all the challenges... the future looks bright

Mintel's forecast

- Continue performing above pre-pandemic levels 2022-26
- Volume of domestic holiday rentals will be £8.4 million in 2026 with associated spending on those holidays reaching around £3.4 billion

Holiday Let owners remain positive

- 16% let more property out for more weeks in 2023
 - 84% say bookings are stronger than ever and expect the next five years to grow
 - 63% intend to grow their portfolio in the next five years
-



The future

Long-term investment opportunities


| Location | Avg. House Price | House price growth YoY | Average revenue of 4-bed holiday let |
|--------------------------|------------------|------------------------|--------------------------------------|
| 1. Cheshire | £256,526 | 2% | £45,549 |
| 2. Anglesey | £249,169 | 10% | £37,867 |
| 3. Lake District | £295,307 | 8% | £43,789 |
| 4. Lincolnshire | £241,092 | 4% | £41,655 |
| 5. Angus | £182,628 | 4% | £30,318 |
| 6. Peak District | £285,734 | 5% | £41,752 |
| 7. Dumfries and Galloway | £177,625 | 2% | £21,445 |
| 8. Norfolk | £303,139 | 4% | £32,579 |
| 9. North Yorkshire | £228,346 | 2% | £33,529 |
| 10. Pembrokeshire | £254,675 | 7% | £28,567 |


To find the top 10, several factors were analysed such as the average annual income and revenue growth, the cost of investing in such properties and house price growth, as well as occupancy levels and the return of investment.

Holiday home wish-list

 **36%**
would like to own a
holiday let property

 **74%** were not aware
of the tax breaks
of owning a holiday
let property

 **38%** said an ideal
holiday let would
have WiFi

 **49%** said an ideal
holiday is
by the sea

Top staycation destinations

 **36%** Lake District

 **33%** Cornwall

 **33%** Other

Source: Hodge Study October 2019

 **Over 1 in 4**
of UK rentals are
in the **South West**



- Hot tub
- Garden area
- Pet friendly
- Large rentals
- BBQ
- Log burner
- Access to tourist hotspots

How do we stand out?

- 75% LTV Purchases and Remortgages
- England, Scotland and Wales
- 21 – 95 years of age
- No minimum income required
- First time buyers & landlords accepted
- Airbnb acceptable
- Holiday let to buy
- Enhanced stress rates
- Multiple capital raising at 75% LTV – consolidation, purchase of further investment property, family gift
- 90 days personal occupancy
- Day 1 remortgage
- Portfolio landlords max 10 mortgaged HL/BTL's
- Rental calculation based over 30 weeks occupancy



Our property criteria

- In-house property team
- Min value £120k/max value £1.5 million @ 75% LTV
- Flats/apartments above 6 storeys (England/Wales)
- Maximum 6 bedrooms
- Maximum 3 acres of land
- Properties that are not deemed lettable – three months grace
- Properties with two kitchens
- Properties with shared party walls



How do we stand out? (Part two)



Early Repayment Charge

We understand the unexpected can happen. If the loan is repaid because your client needs to sell up and vacate the property permanently then we will waive the early repayment charge.



Have any questions? *Get in touch!*

- Telephone BDMs
 - Web-chat
 - Field BDMs



0800 138 9109



lendingssupport@hodge.co.uk



hodgebank.co.uk/intermediaries