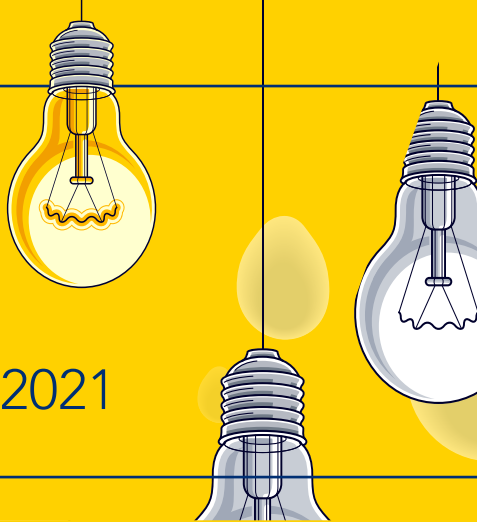


Industry insights

Holiday Lets – hot property for Summer 2021



UK HOLIDAY RENTALS – DEMAND OUTSTRIPPING AVAILABILITY

*Such news has understandably seen a surge in UK holiday bookings – no one wants to miss out. The owner of UK-based holiday firms Hoseasons and Cottages.com said it sold a record 10,000 breaks** immediately after the announcement was made.*

However, thousands could still be disappointed as demand for self-catering, holiday let accommodation, outstrips availability. Sue Kemp, from Hoylake in the Wirral, told us:

“I rent holiday cottages in Wales a couple of times a year, usually in Pembrokeshire and Anglesey. Once Covid is under control I’m keen to get back to this tradition. We’re looking forward to our first break, a postponed and rescheduled cottage from 2020, but when I came to making a further booking for this summer, it wasn’t good news. I was told there wasn’t a holiday cottage rental to meet my chosen spec and location until November 2021!”

With holiday lets in desirable locations already snapped up, those marketing their rental accommodation in the next few months look to make significant gains.

As we look ahead to the summer with the hope of reduced pandemic restrictions, Holiday Lets continue to provide a profitable income stream for owners as ‘staycation’ business booms.

Although UK holidays won’t be allowed until April 12th at the earliest, at least the nation has the prospect of a well-earned summer holiday – it’s almost in touching distance. This is, of course, subject to the ongoing vaccine rollout going well and no further spikes in Covid cases, but many remain hopeful that the traditional British summer holiday will soon return.*

SURGE IN DEMAND FOR HOLIDAY LET MORTGAGES

With such demand for staycation breaks in the UK, investors are seizing the opportunity to acquire holiday let property to rent out. This demand continues to provide a stream of financing opportunities for both lenders and brokers. We have many years of experience to compare and contrast, this is a bumper year for holiday let mortgage applications!

HARPENDEN'S APPROACH

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 main stream retail 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.

As well as using rental income projections when considering applications, we also take a holistic view of a client's financial circumstances to ensure they have surplus income and funds available to afford, for instance, the mortgage and running costs for up to 3 months – safeguarding the ability to repay the loan if the property is unexpectedly without visitors for short periods.

Specialist lenders will vary in their income requirements. At Harpenden, a minimum income of £30k is required alongside the additional financial requirements mentioned above.

If you think your client has a strong application for a holiday let property, a specialist lender like ourselves will be delighted to discuss the options further.

Jean Errington

Jean Errington, Business Development Manager,
Harpenden Building Society



We individually assess and approach applications.



We offer a manual underwriting process, no credit score involved.



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.

Sources

*<https://www.bbc.co.uk/news/explainers-52646738>

** https://www.travelmole.com/news_feature.php?news_id=2046194



www.harpendenbs.co.uk