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Property Mail

With staycations set to stay, buying a holiday let could be a wise investment

COTTAGE INDUSTRY

THE idea of a UK holiday home never seems to lose its appeal. But in the past 18 months they have become more popular than ever — for good reason.

Staycations have boomed thanks to Covid, with tourist body VisitBritain anticipating over 50 per cent more domestic holidays this year than in 2020.

Using a holiday home not only as a personal bolthole, but as a nice little earner has also become fantastically popular.

In June, there were 10,290 active Airbnb listings just in Cornwall alone, as people flipped their properties to bag extra cash through so-called short lets. So if you want to join the holiday home craze, here are seven golden rules to follow.

LOCK DOWN A LOCATION

YOU may have your favourite locations: after all, you will be staying in the new home, as well as letting it out. But if you want to follow the 2021 Government statistics, the most popular places to holiday in the UK this summer were the South-West — way ahead on 24 per cent — with North-West England, Scotland, Yorkshire and East Anglia next up.

Or if you want to short-let your property, interiors firm Crafted Beds has worked out the average cost Airbnb hosts charge in different cities, which are more popular than rural locations for two or three-night breaks. Top comes Newcastle on an average £122 per night, followed by Leeds, York and Exeter, all about £120

SIZE MATTERS

YOUR budget may determine this, but if you can, look at the likely visitor market for your area. If the location is off the beaten track and quiet, a small property appeals for romantic weekend bookings or longer periods for walkers.

If you are looking at a beach holiday home, it's likely to attract families and groups of friends, so a larger property is the order of the day.

FIND THE FUNDING

INDEPENDENT finance service Moneyfacts says that just 74 holiday let mortgages were available in August 2020; now there are 186. However, there are many options.

'A holiday let mortgage is designed for those borrowing against a property let weekly or on a shorter basis such as Airbnb. It differs from a buy-to-let mortgage designed for properties let longer-term.

'And a holiday home mortgage is different again as it's for the owner's personal use,' says Mark Harris, chief executive of mortgage broker SPF Private Clients.

GOOD CREDENTIALS

JAMES Greenwood, of Stacks Property Search, says: 'Open-plan works well for holiday lets, but separate utility space is worth a lot. Storage allows the owner to keep their own stuff while renting out. Parking is a strong selling point.'

His Stacks colleague Clare Coode — who lives in Cornwall — adds: 'Think about your online appearance: property that's Instagrammable always helps.

'Location-relevant fixtures like marine

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colours and panelled walls in seaside locations are good.'

No matter how lovely the home, you'll need to equip it well; quality furniture and fittings that will take robust wear and tear (and pets if you allow them) add to the bill.

Schofield's Insurance, a specialist in holiday lets, suggests £15,000 to upgrade the interior of a two-bedroom cottage.

HIRE AN AGENT

THE likelihood is your holiday home is some way from your main residence, so being on the spot for every change of tenants is difficult.

Agents charge 20 to 25 per cent of the booking fee. It sounds a lot, but it covers cleaning, laundry and key handover. On top, the agent will advertise, answer enquiries, take the bookings, plus handle emergencies.

And agents' fees are tax deductible.

TAKE ON TAX

THE rules suggest the most efficient property is a furnished holiday let, rented out for no more than 31 consecutive days to one customer.

In addition, the furnished holiday let must also be available to the public for at least 210 days of the tax year and let out to paying customers for at least 105 days.

ADD ON INSURANCE

IT'S dull, but essential. Even if you've let your holiday home out for a few weeks, most insurers will not cover Airbnb-style short lets. So you may need separate cover. GoCompare is the first service of its type to ask insurance applicants if they want to host short-let tenants and if so, they have to pay for additional cover.

GRAHAM NORWOOD

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