

# Holiday Let Companies Proving a Popular Choice for UK Expat and Foreign National Investors

*The 'staycation boom' is prompting UK investors to establish holiday let companies leaving many UK expat investors asking 'holiday let or buy-to-let?'*

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EINPresswire.com/ -- At the end of summer 2021, 'staycation' is still the buzzword. 'What's really interesting about the staycation boom,' says Stuart Marshall 'is that it's inspiring a huge surge in the number of [holiday let](#) companies that are being established. This is a trend that UK expat and foreign national investors are taking note of, as an ever-growing number of lenders are offering competitive products to UK expats and Foreign Nationals!'



The current staycation boom began in 2021 when British holidaymakers who were unable to travel abroad because of Covid-19 started to take domestic holidays.

## What's Happening with Holiday Let Incorporations?

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Buy-to-let incorporations grew at half the rate of holiday let incorporations. This spectacular growth shows just how popular – and consequently, profitable – holiday lets are now.”

*Stuart Marshall*

Between January and June 2021, there were 1,404 new holiday let companies established in the UK. 'In the first six months of this year, the number of holiday let companies set up is already an 83% increase on the number in the whole of 2020, when the current staycation boom began. Compared to 2019, the number of 2021 holiday let incorporations is 119% higher.'

Where Should UK Expats and Foreign Nationals Be Looking?

'Contrary to long-term lets, cities are to be avoided when

looking for a holiday let property. One area of particular interest in both the buy-to-let and the holiday let market is Wales. Wales has seen the biggest regional increase in the number of holiday let companies established – up a massive 131% from the previous year. It's not surprising given the incredible accessibility of Welsh property prices and the growth of Welsh property in general. Not only is Wales blessed with idyllic landscapes and beaches, but the average price of property is also at an attractive £188,000 meaning that it is far more accessible for investors than other popular holiday let locations, such as the Southeast where the average price of a property is £379,000.'

#### Why are Holiday Lets Being Incorporated in Companies?

As we know, buy-to-let properties in the UK are extremely popular – and for good reason. They are one of the most solid investment decisions you can make as a UK expat or foreign national. The rental yields can make good monthly returns while capital growth contributes to the long-term profitability of your investment. However, recent tax changes have meant that purchasing a buy-to-let property for the individual investor is not as profitable as it once was. One of the factors is that mortgage interest can no longer be offset against tax. Because of this new legislation, many UK expat buy-to-let landlords are choosing to put their investment property in a limited company. This way, they can offset the mortgage interest payments as a legitimate business expense.

Holiday lets have found favour with UK expat and foreign national investors as they do not need to be incorporated into a limited company to offset the mortgage interest against tax. This is because a furnished holiday property is considered a business so does not fall under the same punitive legislation that buy-to-let properties do.



With the increased popularity of UK holidays, the national average rental yield for a holiday let is predicted to rise to 14% by 2022.



Holiday lets can command higher prices than long-term lets – so much so that a week of renting a holiday let can earn as much as a month of renting a long-term let.

So, if this is the case, why are holiday let owners still incorporating their properties in companies? The main reason to incorporate a holiday let in a company is because the owner will be taxed corporation tax of 19% instead of income tax of up to 45%. The other benefits of owning your holiday let in a company are [broadly similar to owning a buy-to-let property in a limited company](#). These include the chance to offset inheritance tax and the opportunity to build a larger investment portfolio by using the profits from one property to purchase more through the company.

#### Holiday Let or Buy-to-Let?

'The current strength of holiday lets is evident in the incredible growth of holiday let incorporations compared to buy-to-let incorporations. Buy-to-let incorporations grew at half the rate of holiday let incorporations. This spectacular growth shows just how popular – and consequently, profitable – holiday lets are now.'

'When it comes to choosing whether to opt for a buy-to-let property or a holiday let, it will really depend on your investment goals. Talking to an expert – like our team at Liquid Expat

Mortgages – will always be the best option in deciding which route to take on your investment journey as a UK expat or foreign national. The options available from lenders are broad and your personal circumstances will determine which products are best for your desired purchase.'

'Owning a holiday let could certainly be more profitable than a long-term let. This is because holiday lets can command higher prices – so much so that a week of renting a holiday let can earn as much as a month of renting a long-term let. At the minute, we're seeing block bookings of holiday lets throughout the spring and summer, not only through 2021 but well into 2022. Because of this, the national average rental yield for a holiday let is predicted to rise to 14% by



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2022. Any rental yield above 7% for a long-term let is incredibly strong, with rental yields typically struggling to reach more than 10%. So, if managed correctly, holiday lets are an incredibly strong investment option for UK expats and foreign nationals.'

'There are a few things to consider. Your holiday let must be available to let for 210 days a year and it must be let commercially as furnished holiday accommodation to the public for at least 105 days in the year. Holiday lets can require more work than a long-term let as you will need to furnish it and keep a high standard. However, you will avoid the issues associated with problem tenants who can be difficult and expensive to evict. Further, any bills in a holiday let can be offset against profits which is not the case with a long-term let.'

'There's a lot to consider, but the growing popularity of holiday lets is pushing many potential UK expat and foreign national investors towards this option, as a viable alternative to a long-term rental property.'

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