

Holiday Lets Growing in Popularity for UK Expat Investors

With the staycation trend here to stay this summer, UK Expat holiday lets remain one of the most attractive investment options when using a UK Expat Mortgage.

MANCHESTER, GREATER MANCHESTER, UK, June 29, 2022 /EINPresswire.com/ -- With June underway, the holiday season is coming into full swing and many British travellers are turning their minds to sun, relaxation, and trips away. However, an increasing number of holidaymakers are looking towards UK stays or 'staycations' as the effects of the Covid-19 pandemic continue to influence behaviours in everyday life.



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Why Holiday Lets?

'There are many contributing factors to people's increased desires to holiday closer to home' says Stuart Marshall. 'A combination of Covid, Brexit, passport delays and a general reluctance to

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travel abroad because of the increased overall difficulty, is contributing to more and more people holidaying in the UK. With the increased strain on the cost of living there are many deterrents for people planning foreign holidays, including a comparatively weak pound and increasing flight prices. Further, there is a growing contingent of environmentally conscious holidaymakers who are reluctant to take flights for foreign holidays in a bid to combat climate change. The increased numbers holidaying in this way means that UK investors are looking to take advantage of this growing marketplace and invest in UK

holiday lets.'

Investors Noticing Staycations.

The increased desire of holidaymakers to take staycations is being noticed in the buy-to-let world too. In fact, according to research from Suffolk Building Society, 17% of the UK's adult population considered becoming a holiday let landlord in the last two years. This is driven, in particular, by the younger population. As younger people look to the potential of holiday lets as a moneymaking device, it's clear that they are also acknowledging an increased willingness to holiday domestically themselves. This indicates the emergence of an interesting new market group as younger people increasingly choose staycations over foreign holidays. The numbers of domestic investors looking to holiday lets should not be ignored by savvy UK expat and foreign national investors keeping track of a competitive investment market.

Of those looking to become holiday let landlords, there were certain features that were attractive when choosing a property. 31% of respondents noted proximity to beautiful scenery as the most important attribute for a holiday let while 30% of respondents said that proximity to the beach or coast was the most important.

[Rightmove's report](#) on the ten property hotspots for 2022 also seems to indicate an increasing trend toward holiday lets. Topping Rightmove's list was Brixham, in the Devon borough of Torbay, which has seen the highest annual rise in asking prices in the UK – an increase of 25% in the last year. 'Other areas like Brixham are bound to emerge as existing and prospective UK expat and foreign national holiday let landlords look for 'the next big thing'. Brixham is one such area, situated in a prized 22-mile stretch of coastline ('The English Riviera'), but boasting considerably cheaper asking prices than neighbouring Dartmouth. A price increase of this sort can only be the result of a highly inflated interest in property in that area, as investors increasingly look to get involved in the holiday let market.'



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Holiday Lets for UK Expats and Foreign Nationals.

Increasingly, UK expat and foreign national investors utilising UK expat and foreign national mortgage products are looking for new ways to invest in the lucrative UK property market, or for ways to diversify an existing property portfolio. With buy-to-lets often targeted by punitive legislation, holiday let properties have become more competitive for UK expat and foreign national investors. This is especially true with the recent changes to rules surrounding mortgage interest relief and the incoming rules for EPC ratings on rental properties. Claiming tax relief on mortgage interest is now not allowed for landlords, however owners of holiday lets are afforded this tax relief, provided the property meets a certain set of criteria. Further, recent rule changes mean that by 2025, any rental property with an EPC rating below a C will not be allowed to accept new tenants. Existing tenants will also no longer be allowed to stay in energy deficient properties by 2028.



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‘Even without these legislative changes, staycations should be very attractive for UK expat and foreign national investors’ says Stuart Marshall. ‘In a well-managed holiday let property, a week of renting can provide the equivalent of a month’s rental income in a long-term let. These high yields coupled with the increased interest in holiday lets – often resulting in block bookings throughout spring and summer, sometimes years in advance – makes for a potent investment combination. This is supported by a report from [consumer choice group, Which?](#), that predicted holiday let yields would reach 14% by 2022 – an incredible figure when compared to even the best performing long-term lets.’

‘A very popular trend that we’ve seen emerging over the last few years in the UK expat and foreign national mortgage community is the [rise of holiday let incorporations](#). This allows UK expat and foreign national investors to be taxed with corporation tax at 19% instead of with income tax at up to 45%. Further, UK expat and foreign national investors who incorporate holiday lets in a limited company also have the potential to offset the effects of inheritance tax and are able to more easily build a larger portfolio by using the profits from one property to purchase more through the company. An expert UK expat and foreign national mortgage broker can help with deciding how best to invest in a holiday let. It’s a complex and competitive marketplace so finding the right location and investing using the best UK expat or foreign

national mortgage deal really makes all the difference to the quality of the investment.'

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