



Holiday lets: are they worth it?

If you've ever considered investing in a second property, you may have already thought about holiday lets. With the popularity of staycations on the rise, now could be a better time than ever to get into the game. The ability to make some extra cash while also maintaining the possibility of enjoying the property yourself is an attractive prospect for many – and with summer just around the corner, we thought now would be a great time to start the conversation.

Generally, a holiday let is a property that is let out to tourists for short periods of time as accommodation for their trips. Whether you let out the property for a weekend or a month – holiday lets can command a much higher price than a standard buy to let. As long as the property is available to holidaymakers for a minimum of 210 days of the year, you are free to use it yourself for the remainder of the 12-month period. Shorter term lets can offer an easier role as a landlord too – as you're not responsible for maintaining a tenant's primary home.

Some recent predictions suggest that the appetite for staycations will continue to rise post-pandemic after regulations caused a surge in people choosing to holiday domestically. This trend has led to investors looking to make holiday lets a lucrative safe haven for their money. At peak times, some holiday lets in popular tourist destinations can earn as much in a week as a standard buy to let does in a month. Although holiday lets in popular destinations can be more expensive to purchase initially, the return on investment is typically more than a buy to let.

As long as your property meets the furnished holiday let criteria, holiday lets are eligible for full mortgage interest tax relief. As holiday lets are officially categorised as businesses, there's no limit on the mortgage interest amount incurred that you're able to offset against your profits. This can be a great way for taxpayers on a higher rate to reduce their income tax bill. Holiday lets are also subject to business rates as opposed to council tax, while there's also a possibility you'll be able to claim 100% relief on business rates should your property have a rateable value of less than £12,000.



While the primary reason for moving into the world of holiday lets is to generate income, they also offer the chance for landlords to enjoy them as well. Unlike a standard buy to let, landlords are able to utilise their properties for a certain period throughout the year – creating a happy medium between a second income and a second home.

If you'd like to discuss the options available to you, contact your adviser today.