



## Helping clients with holiday let properties

By Chris Blewitt, Head of Mortgage Distribution, Darlington Building Society

There have been a lot of regulatory changes in the buy-to-let (BTL) mortgage market over the last few years, forcing landlords and property investors to seek out ways to diversify portfolios and increase yields.

The removal of mortgage interest tax relief, Energy Performance Certificate (EPC) requirements and the new Renters' Rights Reform Bill, combined with the higher interest rate environment, have hit profit margins hard. This is particularly true for those small-scale property investors and individual landlords who have one or two properties to their name.

On the back of these changing market dynamics, Darlington Building Society has seen a notable shift towards holiday let mortgages as investors seek out potentially higher yields in the short-term rental sector.

This area of the mortgage market has grown in recent years, with a number of new entrants and increased competition leading to a surge in the number of mortgage deals available in the market.

In fact, the domestic holiday let market has been in high demand since the Covid pandemic, with a growing number of people realising the ease and flexibility of opting for a staycation at home rather than travelling abroad.

Research from Mintel shows the number of people in the UK choosing to stay in holiday lets reached its highest level in 2024, with spending estimated to have reached £3bn over the course of the year.

In addition, the number of overseas visitors to the UK also rose to 38 million in 2023, up from 31.2 million the year before, according to the Office for National Statistics (ONS). Almost half (42%) of these visits were for holidays, which clearly demonstrates the ongoing demand for different types of holiday accommodation in the UK.

While the holiday let sector is also set to experience some changes this year, it still remains an attractive proposition for many investors, including expats living overseas. This is especially true in tourist hotspots such as the Lake District and the Cotswolds, coastal regions such as Devon and Cornwall and historic cities such as Cambridge, Bath and York.

Online platforms like Airbnb have made it easier for investors to access this market by offering a streamlined and efficient way to promote and manage short-term properties. It can also be a useful tool for landlords to block off personal visits to the property, as some holiday let mortgages will allow up to 90 days for personal use.

## 1. Brokers need to connect with lenders with holiday let knowledge

For brokers with clients looking to purchase or invest in a holiday let property, connecting with a lender who understands this niche area of the mortgage market is crucial. Unlike a standard residential mortgage, holiday let mortgages have been specifically designed to address the finer details of owning a holiday home.

This means that those looking to rent out a second property to guests for a short period of time will need the help of brokers to ensure they are taking out the right mortgage for their needs, as lending criteria for holiday let mortgages can vary widely across the market.

At Darlington, for example, our holiday let mortgages are available to all applicants looking to rent out a short-let holiday home, including first-time buyers, small-scale landlords and expats with fewer than three properties. Airbnb properties are also accepted as standard and there is no minimum income requirement.

When calculating risk and affordability, most holiday let mortgage lenders factor in the projected rental income and the investor's overall financial profile. These should be key considerations for brokers when discussing their clients' application with the lender, as it will help them to determine the borrower's suitability regarding the product.

Despite challenges in the wider economy, the mortgage industry remains optimistic that demand for holiday let mortgages is likely to continue as we head further into 2025. Working with lenders that understand the intricacies of this niche area of the mortgage market will enable brokers to ensure they meet the needs of those clients looking to invest in a holiday let property and capitalise on the growing demand for short-term rentals.

Discover how Darlington Building Society can support your mortgage needs today. Visit our website at <https://www.darlington.co.uk/>

For further information, or to arrange an interview, please contact the Press Office at [press@darlington.co.uk](mailto:press@darlington.co.uk)

### **Notes to Editors:**

Darlington Building Society's available products can be found here; [www.darlington.co.uk/darlington-intermediaries/products/](https://www.darlington.co.uk/darlington-intermediaries/products/)

### **About Darlington Intermediaries**

Darlington Intermediaries is Darlington Building Society's engagement service with brokers across England, Scotland and Wales.

The Society had assets of £923m at 31 December 2023 (£833m at 31 December 2022), securing its place among the top 20 largest building societies in the UK. The Society's head office is in Darlington, where it has been based since 1856.

An award-winning lender, The Society was named *Building Society of the Year* at the 2024 MoneyAge Mortgage Awards, and *Best Building Society* at the 2024 British Bank Awards (as voted for by consumers).

More information can be found on the Darlington Intermediaries website: [Intermediaries - Darlington Building Society](#)

### **Making a difference to the local community**

Each year Darlington Building Society makes a tangible difference to its local communities by donating 5% of its profits to a variety of local and regional charities and good causes. Since launch, the *5% Pledge* has donated more than £818,000 to help combat poverty, isolation, inequality and climate change, whilst promoting health and wellbeing, and stronger communities

To further support this action, the Society's *Local 5* campaign enables all nine branches, plus head office, to partner with up to 50 charities.

### **Company information**

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Darlington Building Society is a member of the Building Societies Association.

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