



Fiducia Commercial Solutions' Monthly Newsletter For Introducers, Network ARs and Partners



COMMERCIAL FINANCE IS HERE TO STAYCATION!

The boom in the UK Staycation and Holiday Let sector is not forecast to fall away with the re-opening of foreign travel – and international travel brings tourists into the UK needing short term holiday accommodation.

Through holiday let agencies, AirBnB, direct advertising and other platforms owners of holiday homes have benefitted from the boom of the last two years' demand during the pandemic.

But there are several reasons why Holiday Lets could be an ongoing investment opportunity for buyers, owners and BTL landlords:

- Renewed interest and awareness of holidaying within the UK
- Reduced costs and convenience of a Staycation vs. holiday abroad
- Awareness of 'green' holidays and reducing carbon footprint could increase demand domestically
- Lenders are adapting to 'types' of income – with more including AirBnB bookings and comparable long term let rates in their affordability calculations

Landlords are recognising that Holiday Lets are a way of diversifying their portfolio, with an asset that remains in demand, with a fall back of re-sale or long term let both plausible given current market demand for both.

Why not book your client's holiday (let property purchase or refinance) with us in 2022?

THIS MONTH:

- Commercial Finance Is Here To Staycation!

Commercial View - InterBay Commercial And The Holiday Let sector

Simon Ward, Specialist Finance Account Manager at InterBay

- Holiday Lets, Staycations and Short-Term Lets Come In All Shapes And Sizes

- Short-Term Let Stays Are Booming

- Fixing Your Client's Commercial Mortgage Rate

- Holiday Lets And Lenders' Affordability Assessment

COMMERCIAL VIEW: HOW INTERBAY COULD HELP LANDLORDS LOOKING TO TAKE ADVANTAGE OF HOLIDAY LET OPPORTUNITIES

Simon Ward, Specialist Finance Account Manager, InterBay

What do Norfolk, the Isle of Wight, Northamptonshire, Greater Manchester and the Scottish Highlands all have in common?

At first glance, there doesn't seem to be anything to connect them. Some have beaches, others are known for their historical sights, a few are famous for their striking scenery and they're scattered all around the country. But the areas mentioned have all featured in Country Living's UK holiday destinations: 13 best places for a staycation in 2022*.

Whether it's a week relaxing in sandy surroundings or taking in some of those stunning historical city sights, staycations have seen a huge increase in demand with the pandemic enticing individuals and families to holiday closer to home.

Not surprisingly, the sharp increase in the number of people thinking of holidaying in the UK has piqued the interest of investors looking to benefit from short-term rental properties. A holiday let property could earn as much rental income in a single week during peak season as a standard buy to let property would in a whole month.

However, landlords dreaming of buying a holiday let property could find it difficult to secure the mortgage they need.

Many mainstream lenders are reluctant to lend on holiday let properties because of the way they calculate affordability. With most buy to let mortgages, affordability is worked out using the annual rental figure for a property being let for 12 months of the year. This can cause problems when it comes to holiday lets, which are rented out for weeks rather than months, with income often fluctuating depending on the season.

Some lenders will also ask to see evidence of previous holiday let experience, or that a target property has been used as a holiday rental in the past.

Fortunately, specialist lenders such as InterBay are here to help. We have a vast amount of experience in providing solutions and our flexible process is designed to meet the needs of investors looking to make the move into holiday lets.

Take our holiday let proposition aimed at personal ownership and limited company landlords. Investors can choose from a range of products and we'll calculate rent based on a letting period of 30 weeks a year which is based at an average of the low, mid and high season rates.

At InterBay we're also happy with bookings made by popular holiday letting websites such as [AirBnB.co.uk](https://www.airbnb.co.uk) and [Booking.com](https://www.booking.com) which can fall outside of other lenders criteria.

With hundreds of thousands of people planning to take their holidays in the UK this year and a landlords hoping to meet the demand, it's reassuring to know there are lenders you can turn to wherever landlords decide to purchase their properties.

[*UK holiday destinations: Best UK holiday ideas for 2022 \(countryliving.com\)](https://www.countryliving.com)

HOLIDAY LETS, STAYCATIONS AND SHORT-TERM LETS COME IN ALL SHAPES AND SIZES

A Bit Like The Luggage That We Jam In The Car To Go On Them!

And the last 2 years hasn't just significantly expanded the sector, it has completely shaken up how the sector works.

We no longer only rent a holiday cottage from Saturday to Saturday:

- We book weekend breaks Friday to Monday, and midweek from Monday to Friday
- We book short term stays from 1 night upwards

What does a short term 'rental' look like in 2022?

- Of course it can still be a holiday cottage, bungalow, house or flat!
- A city or town centre house or flat for work or leisure stays
- A room in any of the above for when there's just you, or two, and you don't need the whole pad

And that's not an exhaustive list!

How we make bookings is changed - and improved we'd suggest?

- Traditional holiday companies and agencies
- Short-term let booking sites or your own direct website
- Major market players like AirBnB or Booking.com

Again, by no means the limit of ways to book!

Our lending partners have evolved and take all of the above into account when looking at how to support you.

Commercial Finance is here to Staycation - why not ask us how we can help your client fund or refinance their first or next Holiday Let?

SHORT-TERM LET STAYS ARE BOOMING

Alongside Traditional Holiday Breaks, In A Broad Range Of Property Types

There's a boom in the Holiday Let sector, and much of the post-pandemic Staycation demand will remain. But what do you think of when you think of Holiday Lets?

Short-Term Lets are changing the face of the way that we holiday, take a break or just stay somewhere that we don't call home!

You might also call this Serviced Accommodation, and we use it to:

- Weekend break Friday to Monday
- Midweek break Monday to Friday – or just to Wednesday if you like!
- Take a whole studio, flat or house
- Take a room for just you, or could be for two..

Short-Term Let accommodation doesn't have to be a cottage on the coast, it can be in any setting, from built up to remote:

- Family break or re-charge the grey matter solo trip
- City break or country retreat
- Business and not always pleasure stays

'Short-Term' doesn't have to be a one off stay – a client recently took an 18 week Sunday to Thursday booking for a Studio in his portfolio.

You can be a BTL Landlord who lets your property to a short term accommodation provider – tempting, no gaps in rental income! Or do the letting legwork yourself, or via the likes of AirBnB or Booking.com.

FIXING YOUR CLIENT'S COMMERCIAL MORTGAGE RATE

Even With The February Rate Hike, The Ship Hasn't Sailed

Without a fixed interest rate on a Commercial Mortgage what is it? You could say it's 'variable', or a margin to wherever the current Bank of England base rate is?

Both true, but it is also: **Changeable | Uncertain | Left to chance | A question mark | A toss of a coin | Out of your control**

It is likely to be one of, if not THE biggest, fixed overhead to a business – and if your clients don't currently have a fixed rate Commercial Mortgage then their repayments could increase if interest rates go up – at a time when so many other business costs are increasing out of their control.

Even beyond the rate hike by the Bank Of England MPC in February, the ship has NOT sailed on fixing a commercial mortgage rate in advance of any future interest rate rises.

Clients will likely spend so much time planning for their business in 2022 and beyond, and not leaving the way forward to chance. Why leave the cost of one of their biggest overheads to chance when you can do something about it for them – source a fixed interest rate for their Commercial Mortgage today.

HOLIDAY LETS AND LENDERS' AFFORDABILITY ASSESSMENT

The last 2 years has seen a significant expansion in the Holiday Let, Staycation and Short-Term Let market, accompanied by a total shake up in how the market works.

There's a far broader range of types of property, and Short-Term let stays are booming alongside traditional holiday breaks.

How we make and pay for bookings has evolved from the traditional brochures and UK agency websites; there's been a major shift towards:

- Short-term let / Serviced accommodation businesses and booking sites or your own website
- Major market players like AirBnB and Booking.com

And these by no means the limit of ways to book and pay!

Our lending partners have to evaluate the affordability of a Holiday Let mortgage – and there are as many different ways that lenders do that as there types of booking method:

- Estimate future bookings on previous average occupancy and rates
- Agency estimates of rates and occupancy levels
- Projections from current AirBnB or Booking.com (major player) bookings
- The standard Buy-To-Let rental value of the property

And that's not an exhaustive list!

We can source a suitable lender for the way your client takes customer bookings.



THE FIDUCIA COMMERCIAL NETWORK OUR COMMERCIAL FINANCE APPOINTED REPRESENTATIVE NETWORK

A PARTNERSHIP WITH YOU THAT ENABLES YOU TO DELIVER SUITABLE
COMMERCIAL FUNDING SOLUTIONS - AND SO MUCH MORE

THE CORE COMMERCIAL NETWORK PROPOSITION

- FCA authorisation, including all regulatory reporting
- PI Insurance - a significant saving on its own
- NACFB membership - unlocks a whole of market panel of commercial finance lenders
- NO UPFRONT FEES to join the Fiducia Commercial Network

AND SO MUCH MORE!

- Training and set up support while your application is authorised
- Compliance, Admin and Finance support
- System support with a CRM and sourcing system plus white label documentation
- Full direct access to BDMs at our entire 'whole of market' lender panel
- Direct access to the internal Fiducia broking team for business support with your cases
- Access to the Fiducia brokers can include jointly working cases - ask for more details
- Monthly lender webinars for the network
- Monthly newsletter, and frequent news and product / rate updates from lenders

E-Mail Mark Grant at mark@fiduciagroup.co.uk, and start a conversation about how we can work together in commercial finance.

WWW.FIDUCIAGROUP.CO.UK/BUSINESS-FINANCE | INFO@FIDUCIACOMMERCIALSOLUTIONS.CO.UK | 01636 614 014

FIDUCIA COMMERCIAL SOLUTIONS LLP IS AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY AS A CREDIT BROKER AND NOT A LENDER, FCA NO. 682460. REGISTERED IN ENGLAND AND WALES UNDER REGISTERED COMPANY NO. OC395302. REGISTERED OFFICE: AURA, MANNERS ROAD, NEWARK, NOTTINGHAMSHIRE NG24 1BS.