



HOLIDAY LETTING

OUTLOOK REPORT 2022

An in-depth review of holiday
letting trends and opportunities
brought to you by

 | **SYKES HOLIDAY COTTAGES**



Welcome to the Holiday Letting Outlook Report 2022

Looking at the short and long-term trends shaping the staycation sector and an analysis of the opportunities on offer for second home owners and those with money to invest.

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Welcome

At Sykes Holiday Cottages, we're in a unique position to be able to paint a clear picture of the UK's holiday let market. Here we bring you our insight into the golden opportunities that await current and prospective holiday home owners.

In our inaugural Holiday Letting Outlook Report, we reveal the longer-term holiday letting trends and opportunities that all holiday home owners need to be aware of.

The staycation sector continues to go from strength to strength, with bookings for our UK holiday lets in 2022 currently up 35% compared to pre-pandemic levels.

UK holiday home owners will be bracing themselves for yet another record-breaking year after Brits discovered a newfound appreciation for holidaying closer to home during the pandemic.

Whether it's an apartment on the Cornish coastline, quintessentially English cottages in the Cotswolds or glamping

in the Lake District – the pandemic might have limited people's ability to travel elsewhere, but the lure of our beautiful isles and excellent holiday accommodation is what has persuaded them to stay now travelling abroad is an option.

At Sykes Holiday Cottages we're immensely proud to promote all that the UK has to offer. For more than 30 years we've developed a deep understanding of trends and travel developments and know not only what holidaymakers want from a holiday home today, but also how they're likely to holiday in the future.

We wanted to launch this report to help paint a picture of the staycation market, based on our bookings and revenue data, along with a third-party perspective from the short-term rental data and analytics company, AirDNA. Using this, we can reveal revenue hotspots and predict longer-term growth opportunities.

Our first report will also tell you about the most sought-after property types and features, as well as offering insight on the people fuelling the holiday let sector and a long-term view on the market. Where are house prices growing most? What regions offer the greatest investment potential?

Every year, we plan to review our data to deepen our understanding of what is happening in the market now, and provide predictions on where the best investment opportunities lie.

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Graham Donoghue,
CEO, Sykes Holiday Cottages

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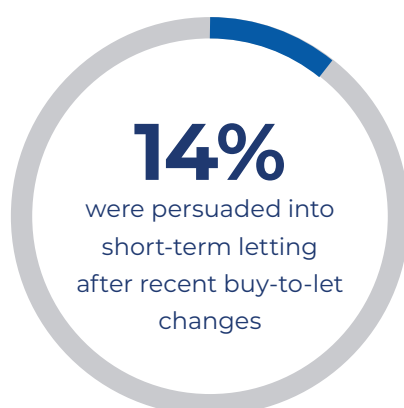
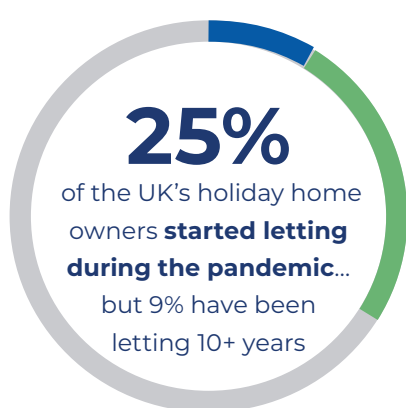


Meet the holiday let owners – a snapshot

Shining a spotlight on the hard-working holiday let owners that drive the market, as well as the flood of new entrants

Britain's staycation industry is booming. At the same time, we've witnessed record numbers wanting to find out more about the investment opportunity this brings.

We've analysed our revenue and booking data and have surveyed holiday let owners throughout the UK to truly understand those fuelling the sector.



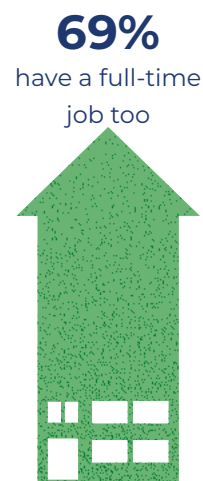
4 in 10 bought their holiday let with savings

1 in 4 inherited theirs from a friend or family member

18% turned part of their own home into a holiday let

Top three motivating factors for running a short-term let

1. "To supplement existing income"
2. "Having the property for personal use"
3. "Greater flexibility suits my lifestyle"





84% of owners say bookings are stronger than ever and expect this trend to continue over the next five years

85% of owners say a different mix of people are booking their holiday homes compared to before the pandemic

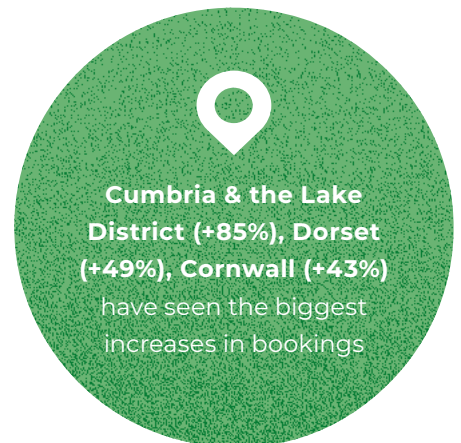
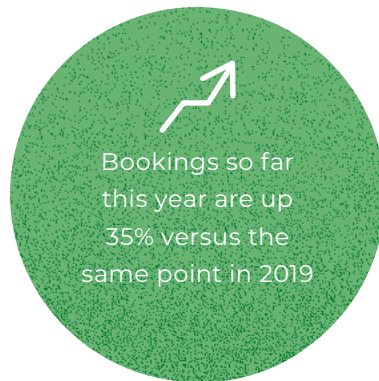
At Sykes, we've seen a **78% increase in owner enquiries** year to date in 2022 compared to the same period in 2020

39% of owner enquiries in 2022 so far have been from those completely new to holiday letting

(vs 34% in 2019), while 9% are already seasoned owners

In 2021, our new owners were most likely to run holiday lets in

1. North Wales
2. Cornwall
3. Lake District



Building a profitable holiday let business

The ingredients of a successful holiday home, including the highest-earning regions to own a holiday let in 2022

An analysis of our own data shows that the increase in demand for post-pandemic UK breaks is translating into revenue for property owners, with the average income up by 33% in just two years. But location, property type and features also play an important part in a holiday home's revenue prospects.

The top five earning regions in 2021 were

1



Cumbria & the Lake District

2 bedroom	£25,000	4 bedroom	£44,000
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Cumbria & the Lake District
regained the top-earning spot back from the Peak District



The average income of a holiday let owner was **£28,000 in 2021** up from £21,000 in 2019

2



Devon

2 bedroom	£20,000	4 bedroom	£35,000
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3



Dorset

2 bedroom	£20,000	4 bedroom	£32,000
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4



Peak District

2 bedroom	£17,000	4 bedroom	£34,000
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5



Cornwall

2 bedroom	£20,000	4 bedroom	£24,000
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Average annual revenue by property size



Quirky properties
£31,000*



Farm stay
£30,500*



Detached houses
£33,500*

*annual average for all property sizes

According to our research, the **average cost of running a holiday let is £11,500**

– including things like council tax, utilities, cleaning costs and property maintenance

A third (33%) of holiday let owners are planning to add eco-friendly features

such as electric vehicle charging points and heat pumps to their properties within the next five years



Most-searched features on the Sykes website include:

1. Pet-friendly
2. Hot tubs
3. Log cabin

Money-earning property features include:

1. Hot tub **49%**
2. Open Fire **19%**
3. Pet-friendly **9%**



Spotlight on glamping

Glamping is definitely the new camping



45% uplift in glamping bookings in 2021

compared to 2019, with owners earning an average of £17,000 annually – as much as a two-bed property



of glamping accommodation owners say they're happy with the income their property generates



The trend seems to be catching on, as almost a quarter (23%) of existing holiday home owners have plans to install glamping accommodation or pods on their land over the next five years

Long-term investment opportunities

Top holiday let investment hotspots and insight from owners across the sector

To drill even deeper into investment potential across the UK, we have analysed average gross income along with house prices and house price growth, according to Rightmove.

To compile the list, we have ranked destinations based on their long-term potential – taking into account the affordability of properties in the area and the average income these could generate as holiday lets, as well as recent house price growth.

Here are our top 10 picks for staycation accommodation investments

Location	Average house price & house price growth	Average gross annual holiday let income (for all property sizes)
1. Blaenau Gwent	£129,847 (+12% YoY)	£19,611
2. Denbighshire	£210,805 (+14% YoY)	£23,724
3. Rhondda Cynon Taf	£156,396 (+12% YoY)	£18,528
4. Bute	£159,479 (+12% YoY)	£16,373
5. Conwy county	£229,555 (+11% YoY)	£20,957
6. Gwynedd	£232,306 (+20% YoY)	£19,611
7. Carmarthenshire	£197,546 (+13% YoY)	£16,900
8. Tyne & Wear	£231,867 (+29% YoY)	£18,764
9. Lancashire	£198,824 (+7% YoY)	£22,931
10. Swansea county	£185,488 (+8% YoY)	£18,107

Areas in **North and South Wales** dominate the list when it comes to long-term investment potential, with Blaenau Gwent topping the rankings

Location is one of the most important factors in a holiday home's success. So, within these regions, any property purchased should be in a desirable location to attract holidaymakers

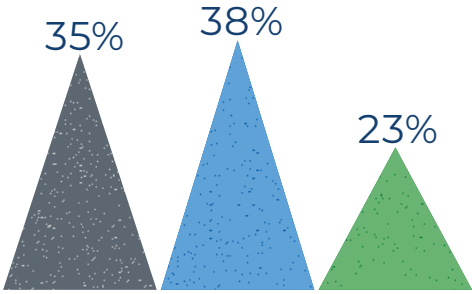
The top 3 investment areas in Scotland

1. Bute
2. Fife
3. Dumfriesshire

The top 3 investment areas in England

1. Tyne & Wear
2. Lancashire
3. Shropshire

Holiday home owners' five-year plans



- Intend to buy another holiday home
- Want to install new features to their current holiday let
- Want to build glamping accommodation on existing land

Here are our top 10 picks for staycation accommodation investment

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2. Denbighshire
3. Rhondda Cynon Taf
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6. Gwynedd
7. Carmarthenshire
8. Tyne & Wear
9. Lancashire
10. Swansea County



An average property in Blaenau Gwent costs nearly £130,000 and a holiday let there earns almost £20,000 p/a on average

Couple celebrate success of Southwest Wales holiday lets

After leaving behind their 9-5 office routines back in 2015, Adrian Jennings and his wife, Anita, now aged 56 and 58, entered into the world of holiday letting – and they haven't looked back since

Having worked for many years as a technical writer for an engineering firm and an advisory teacher, Adrian and Anita decided it was time for a change of lifestyle in 2015.

Finding their dream pair of holiday homes online, located in a wooded valley in Carmarthenshire on the site of a former water mill, the pair wasted no time in selling their home in Suffolk and making the move to Wales.

The two cottages in the hamlet of Cwmbach, Kingfisher and Red Kite, consist of a semi-detached annex, formerly a village post office, plus an additional converted outbuilding. The properties offer five-acres of woodland garden and their proximity to the coastlines of Pembrokeshire, Carmarthenshire and Ceredigion put them in an enviable location.

With an abundance of historical landmarks close by, including the picturesque town of Laugharne, which inspired much of the work of poet Dylan Thomas, as well as scenic spots such as Tenby and the Preseli Hills, it's easy to see why an increasing number of visitors are drawn to the area every year.

The welcoming and cosy cottages, each sleeping up to five guests, have continued to attract a steady flow of guests over the years, with summer being the peak season for bookings. Visitors come from across the UK, and even further afield from the USA and Europe, with the properties generating a healthy combined annual revenue of over £30,000.

Meanwhile, house prices in Carmarthenshire continue to go from strength to strength, particularly throughout the pandemic, up 13% over the last year compared to 2020 and 21% up on the 2019 level.

With the couple purchasing the original site for £340,000 back in 2015, spending around £25,000 converting it into two holiday lets plus a third property for them, the original investment is likely to have grown substantially in value since.

“Holiday letting has proved to be a great lifestyle for us, as well as a strong income provider and investment opportunity. It was a little daunting at first, especially when we decided to take on some of the renovations ourselves, but Sykes took the stress of first-time letting away from us and have been on hand every step of the way.”

Adrian Jennings,
Home Owner



An outlook on the market

A look at holiday let demand in 2022 and beyond, from AirDNA

Jamie Lane, Vice President of Research at short-term rental data and analytics company, AirDNA, shares his view on the UK market in the short and longer term – including what the sector looks like after the return of international travel.

What to expect from the UK short-term rental market in 2022

The return of international travel – In 2019, international travellers made up about 37% of holiday let guests in the UK. As of the end of 2021, international travel only accounted for about 15% of UK demand. Following the lifting of travel restrictions, this year we will see an influx of inbound travel from both Europe and the United States, although other markets from further afield may take a bit longer to get back.

Pent-up demand – 2022 got off to great start for short-term rental bookings as travellers got a head-start on booking spring and summer travel. AirDNA tracked more than 4.2 million UK nights booked in January, more than double the number booked in January 2021 and 5% higher than in January 2019. With pandemic uncertainty mostly alleviating, guests are booking earlier to secure the perfect spot for their holidays.

Rates push higher – Average daily rates (ADRs) increased by 12% in 2021, with the strong increase being largely driven by a shift in the types of homes being booked. In 2021, there was a propensity to book larger homes and villas along the coast and in rural regions and also higher-quality homes where guests had access to more amenities, instead of smaller townhouses and city centre apartments.

Demand is sky high

Short-term rental demand for 2022 is pacing well above previous years and we expect it to be a record year for staycations. Relative to 2021, demand is about 42% higher, and if we look further back, demand is already 20% higher than that already on the books at the same point in 2019



Longer-term predictions for the UK short-term stay market:

Demand returns to cities – Over the past two years, demand for staycations in rural and seaside destinations has exceeded pre-pandemic levels, with areas including the Peak District, Dorset, Gwynedd in Wales, Lancaster and Blackpool seeing record bookings. However, in 2022 and beyond, it is expected that a return to larger cities will also contribute to this growth, with city breaks and trips to major sporting events or festivals returning.

Changing demographics – A wide variety of new travellers were introduced to holiday lets during the pandemic, looking for a self-sufficient space to enjoy their holidays. This was a pattern especially at the upper end of the income spectrum, with luxury rentals seeing the greatest boost in demand. Not only this, but younger guests working remotely and travelling for longer periods will also increasingly drive the market forward.

Can supply keep up? – A factor that has the potential to hold the sector back is a lack of available supply. There are about 340,000 units listed for rent in the UK, but the growth rate is not in line with heightened demand for staycations. Bucking the trend are unique property types, like tiny homes, castles, and teepees, which have seen a large increase in bookings over the past few years and have gained 32% more listings within the last 12 months. Apartment and loft properties have actually lost listings over the same period, with supply down by about 15%.





Our conclusion

A bright future ahead for British breaks and the UK's regional tourism economies

Over the last few years, we've established our annual Staycation Index, but wanted to drill deeper into the industry outlook and longer-term opportunities. Through a robust analysis of our own and external data, and by sourcing the views of the country's holiday let owners, we've done just that.

Throughout this report, we've heard from people across the holiday let sector, including the experts and those on the ground, and we all agree – there's a bright future ahead for the industry and each and every property owner in it.

The shift towards staycations had already begun pre-pandemic, Covid has just accelerated this trend. And although international travel is becoming easier, we now have new types of staycationers that are here to stay.

The figures speak for themselves – bookings so far this year are up 35% compared with 2019 and the average income of a holiday let owner grew by almost the same amount last year versus 2019.

Supply is the only watch out as we need new properties in all shapes and sizes to come on board to meet demand – whether that's renting a second property already owned,

making the most of existing land with glamping accommodation or transforming part of your own home.

For those considering whether to take the leap, I hope this report has provided some useful insight on where and what to invest in to reap the biggest rewards.

With the UK travel sector flourishing, this will continue to have a positive impact on the economies throughout the country that rely on tourism, particularly in coastal and countryside regions. In fact, nine in 10 holiday let owners we surveyed think that tourism strongly benefits the local areas around their holiday homes.

I'd like to take this opportunity to thank our hard-working team, property owners, and the two million guests who trust us with their family holidays each year.

I very much look forward to what's to come for UK travel in the years ahead opportunity by the day.

My thanks go to all of our hard-working property owners, guests, and the full Sykes Holiday Cottages family who have worked incredibly hard over the past year. We look forward to enjoying a summer of staycations with you all by our side.

Graham Donoghue,
CEO, Sykes Holiday Cottages





About Sykes Holiday Cottages

Sykes Holiday Cottages is a holiday cottage rental agency with over 30 years' experience in the industry

We now have more than 22,000 properties available across the UK, Ireland and New Zealand and have been awarded 'Best Large UK Holiday Cottage Booking Company' at the British Travel Awards for eight consecutive years.

While the business has grown significantly over the years, our commitment to offering quality accommodation to travellers – and being the best choice for holiday homeowners – remains unchanged.

Headquartered in Chester and with regional offices around the country, our team of over 1,000 employees work with customers and owners to deliver the best British breaks available.

Each and every property has been handpicked, personally inspected and approved by us – whether that's cosy cottages for two or larger properties that sleep 20 or more.

AirDNA

AirDNA helps hosts, property managers, and investors succeed in the short-term rental market by turning rental data into actionable analytics.

It has tracked the daily performance of 10 million holiday lets in 120,000 global markets since 2014 to provide real-time market insights.

From individual hosts to tourism boards, they offer software and exportable reports to empower industry participants with the data they need to thrive.

Data

Based on Sykes Holiday Cottages' internal bookings, revenue, website and owner data from January 2019 to February 2022.

Supporting consumer research of 350 holiday let owners was carried out by 3Gem in February 2022.

And our investment hotspot analysis was conducted using house price and house price growth (between February 2022 and February 2021) figures from Rightmove.

For further information on the report findings, methodology or press enquiries please contact sykescottages@citypress.co.uk

To find out more about becoming a holiday let owner, please visit www.sykescottages.co.uk/letyourcottage



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