

 | SYKES HOLIDAY COTTAGES

HOLIDAY LETTING OUTLOOK REPORT 2023

An in-depth review of the UK's short-term accommodation industry



Welcome to the Holiday Letting Outlook Report 2023

An analysis of holiday letting trends and opportunities, alongside a look at what lies ahead for the UK's holiday let owners

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Welcome

Our Holiday Letting Outlook report is back for a second year, providing an insightful and honest look into the current sector and beyond.

In recent years, Britain has enjoyed a staycation boom, with travel restrictions causing many to opt for a holiday at home over going abroad.

In our first Holiday Letting Outlook report, we revealed how holiday let owners were fairing as a result of this heightened demand, alongside analysing longer-term trends and opportunities that lay ahead.

But of course, no two years are the same – and this latest report reflects how holiday let owners are feeling amid growing cost-of-living pressures and rumours of regulatory changes.

We're still seeing a significant number of new holiday home owners join us despite the rising cost of living, and positively for owners, bookings and income levels are continuing to grow.

The government's impending review into the sector can't be ignored in this report, and our research would suggest that this does appear to be on the radar of holiday let owners too.

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, but also how to run a successful holiday letting business.

We hope with our second report to bring you an in-depth review of how the sector is performing, as well as offering insight and predictions of what's to come.

“This latest report reflects how holiday let owners are feeling amid growing cost-of-living pressures and rumours of regulatory changes”

Graham Donoghue,
CEO, Sykes Holiday Cottages





The state of the UK staycation market

A look at the current demand and revenue potential of owning a holiday let in the UK

Despite the lifting of all travel restrictions that were put in place during the pandemic, the holiday-let market remains highly active with increasing numbers choosing to holiday in the UK.

We've analysed our own booking data and income data to dig into how the market performed last year and how things are shaping up for 2023 and beyond.



Bookings for our UK holiday lets were up 48% in 2022 versus 2019

Bookings made year to date for 2023 are up a further 9% versus the same point in 2022

Last year, enquiries from new owners were up 173% compared to 2019

The average annual turnover of a UK holiday let was £24,000 in 2022, which is up 59% versus 2019

63% of owner enquiries in 2022 were related to new holiday lets

Most popular property types amongst new Sykes owners in 2022:

1. Holiday cabins up 155% YoY
2. Huts, pods and yurts up 116% YoY
3. Farm stays up 42% YoY





**Most popular regions
amongst new Sykes
owners in 2022:**

1. North Wales
2. Cornwall
3. Cumbria & The Lake District

Hearing from current owners

Shining a spotlight on the UK's holiday let owners and the changes they're seeing

As the driving forces behind the success of the market, we wanted to hear from the holiday let owners first-hand to see how they're doing. From who they are and what motivates them, to how the cost-of-living crisis has changed things, we surveyed 500 UK holiday let owners from across the market and here's what they said.



Profile of a UK holiday let owner:

The average age of a holiday let owner is **43**

93% have a full or part-time job alongside running a holiday let

55% only started letting within the past 3 years

Top reasons for owning a holiday let:

1. To use for personal use as well – **52%**
2. To supplement existing income – **43%**
3. An investment for future finances – **38%**

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

63% of owners plan to extend their holiday let portfolio in the next five years

24% of owners used to run their property as a long-term let but decided to switch to holiday letting

How is the cost-of-living crisis impacting owners?

28% are seeing more bookings for shorter breaks

1 in 5 are planning to take on more jobs to cut costs (i.e. cleaning and maintenance)

16% are letting their property out for more weeks in 2023

What changes have owners witnessed post-pandemic?

50% witnessed an increased demand for UK holidays since the pandemic

27% say holidaymakers are now more likely to rebook properties

21% have seen more group bookings, while **17%** report an uplift in younger groups





Hearing from our owners

Located on a family farm in Snowdonia, Nant y Garnedd and Nant y Esgair are run and owned by brothers Dylan and Gwion Jones, alongside their partners Mared Jones and Catrin Owen.

“We decided to diversify our farm with the addition of eco-friendly holiday accommodation back in 2020, spending two years creating our luxury lets before opening them to holidaymakers in May 2022. We were thrilled with the immediate popularity of the lets and, although it was hard work to get to that point, the end result could not have turned out better.

We love welcoming guests and sharing this picturesque area where Dylan and Gwion grew up, and we remain passionate about ensuring our lets are as sustainable as possible so not to harm the area.”

Catrin Owen

Thomas James, a priest from Surrey, is the owner of Burrow House, a holiday let that he plans to make his family home one day.

“Tourism is a huge part of the economy in Cornwall, and the many holiday cottages in the region play a major part of this.

It's no secret that scrutiny around holiday homes is increasing, both from the Government and local authorities, but I believe it is important to create a balance between affordable housing for locals, while keeping the tourism alive to help drive the economy in the area and create employment.

While I currently travel a lot for work, the plan is to one day make this property a family home to return to. In the meantime, we are opening its doors to holidaymakers year-round so they too can enjoy the area – making use of the local restaurants and amenities during their stay.”

Thomas James

After Dylan and Catrin Jones bought Pantcefn Farm in the popular Welsh village of Llanarth in 2019, they decided to turn part of it into a first-class, luxury glamping destination.

“As keen travellers ourselves, we had plenty of inspiration for the glamping accommodation at Pantcefn Farm and knew to attract bookings we needed to make the pods as unique as possible.

We wanted the farm surroundings to be a part of the pods, positioning them amongst the picturesque setting and next to a natural pond, even using the fleece from our alpacas as insulation!

Last year we secured over 130 bookings for the two pods and earned just shy of £70,000. The money generated will enable us to extend our holiday let portfolio at Pantcefn Farm.”

Dylan and Catrin Jones

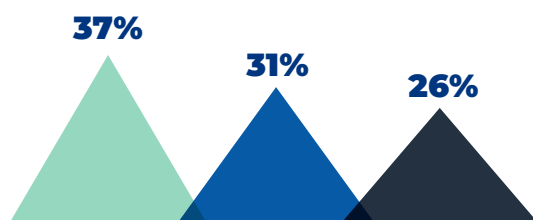
Building a profitable holiday let business

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

An analysis of our income data shows that the unwavering demand for Britain's staycation market is clearly benefiting owners. Since prior to the pandemic, revenue for property owners has increased by 59%, but our insights suggest location and extra features could boost income potential even higher.

The top five earning regions in 2022 were

no 1	Cumbria & The Lake District - £28,000 per year	
	2 bedroom £22,000	4 bedroom £44,000
no 2	Cotswolds - £28,000 per year	
	2 bedroom £24,000	4 bedroom £36,000
no 3	Peak District - £27,500 per year	
	2 bedroom £20,000	4 bedroom £42,000
no 4	Cornwall - £27,000 per year	
	2 bedroom £23,000	4 bedroom £36,000
no 5	Dorset - £26,000 per year	
	2 bedroom £23,000	4 bedroom £37,000



Features to consider to maximise income

- Hot tubs earn 37% more
- Pet-friendly earn 31% more
- Properties with wifi earn 26% more



The Cotswolds

features in our top five
for the first year, jumping
right up to 2nd place



In the top earning regions, the highest earning locations are:

1

Cumbria & The Lake District

Sedbergh, Cumbria

Grasmere, Cumbria

Bowness-On-Windermere, Cumbria

2

Cotswolds

Stow-on-the-Wold, Gloucestershire

Burford, Oxfordshire

Bourton-on-the-Water, Gloucestershire

65%

28%

18%

According to owners, the most highly regarded features of a holiday let in guest feedback are

Wifi Hot tubs Large outdoor spaces





2i3

Peak District

Leek, Staffordshire

Cromford, Derbyshire

● Castleton, Derbyshire

2i4

Cornwall

Daymer Bay, Cornwall

Carbis Bay, Cornwall

● St Ives, Cornwall



2i5

Dorset

Swanage, Dorset

Burton Bradstock, Dorset

● Bridport, Dorset

Average costs of running a holiday let

A review of the costs involved with running and maintaining a holiday let

Amid the cost-of-living crisis, holiday homeowners may be looking for ways to reduce the costs of running a holiday let to ensure a profitable return.



Ways to make your holiday let more cost-effective

Here are our top three tips for cost effective changes that won't compromise on guest experience

Remind guests to save energy

We all know that turning off lights not in use or switching off the heating when you're heading out can help save energy and keep costs down. However, when you're on holiday these daily habits can be easy to forget so don't be afraid to remind people in the welcome pack.

You could also consider installing a smart meter to your property – allowing you to control the temperature remotely dependent on the weather or if you have visitors staying.

Ensure your property is well insulated

Draught-proofing your property can be an affordable way to ensure it is well insulated and not losing heat unnecessarily.

The Energy Saving Trust estimates that insulating a roof or loft on a detached house typically costs around £395 and can help to save you hundreds in your energy bills for the foreseeable.

Partner up with an agent

Partnering up with a holiday letting agent, like Sykes Holiday Cottages, can help to ensure your holiday home is booked year-round.

As well as helping you maintain your property to a high standard, agencies like Sykes have years of experience to maximise bookings to ensure your property doesn't sit unused.

Long-term investment opportunities

A review of the locations to keep an eye on if you have money to invest

Our latest analysis reveals which of the nation's holiday let rental markets provide the best investment opportunity in the longer-term.

To find our top 10, we analysed several factors of holiday lets in more than 50 holiday hotspots across the UK. That included the average annual income and revenue growth, the cost of investing in such properties and house price growth, as well as occupancy levels and the return of investment.

Location	Average house price	House price growth YoY	Average revenue of 4-bed holiday let
1. Cheshire	£256,526	2%	£45,549
2. Anglesey	£249,169	10%	£37,867
3. Lake District	£295,307	8%	£43,789
4. Lincolnshire	£241,092	4%	£41,655
5. Angus	£182,628	4%	£30,318
6. Peak District	£285,734	5%	£41,752
7. Dumfries and Galloway	£177,625	2%	£21,445
8. Norfolk	£303,139	4%	£32,579
9. North Yorkshire	£228,346	2%	£33,529
10. Pembrokeshire	£254,675	7%	£28,567



1

Cheshire

The first hotspot happens to be the home of Sykes Holiday Cottages. Our beautiful county offers tourists everything from vibrant towns and family friendly attractions to our historic city of Chester, with bookings and income figures going through the roof post-pandemic. Looking further ahead, the region has a fantastic destination offering to develop for the future too, which will attract even more domestic visitors.

2

Anglesey

Home to beautiful landscapes and stunning beaches, it is little surprise that Anglesey is growing in popularity when it comes to the UK staycation market. House prices average £249,000, while holiday lets have seen major revenue growth over the past five years. Moving forward, promoting sustainable tourism amongst owners and holidaymakers will be critical to its success.



3

Lake District

Regularly featuring in our revenue rankings, the Lake District also offers great long-term investment opportunities. With average house prices of around £295,000, the region has also seen a huge uplift in bookings as more and more people opt for active getaways over beach breaks in the post-pandemic world. Its year-round appeal strengthens the region further as a strong investment pick.



Challenging perceptions of holiday letting

A look at the positive impact of the short-term letting sector on the UK economy

There is currently a gap in evidence of our industry's positive economic impact. However, at the same time, concerns have emerged as to its potential effect on the housing market, prompting a recent Call to Evidence by the UK government.

To help fill this gap, last year we commissioned Oxford Economics to undertake an independent quantitative analysis to understand the sector's true impact– from the spending of tourists to the job opportunities created.

The share of visitor spending linked to short term rental activity versus all other tourism activity has increased dramatically in recent years and was incredibly resilient throughout the pandemic – **accounting for 23% of total spending by tourists in 2021**, compared to 14% in 2019.

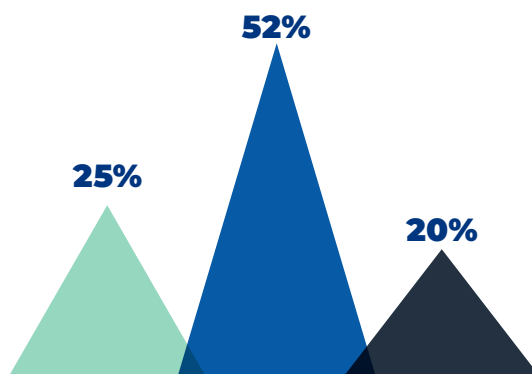
In 2021, the short term rental industry contributed £27.7 billion to UK GDP, sustained nearly half a million jobs across the country, and boosted the UK Exchequer to the tune of £4.6 billion.

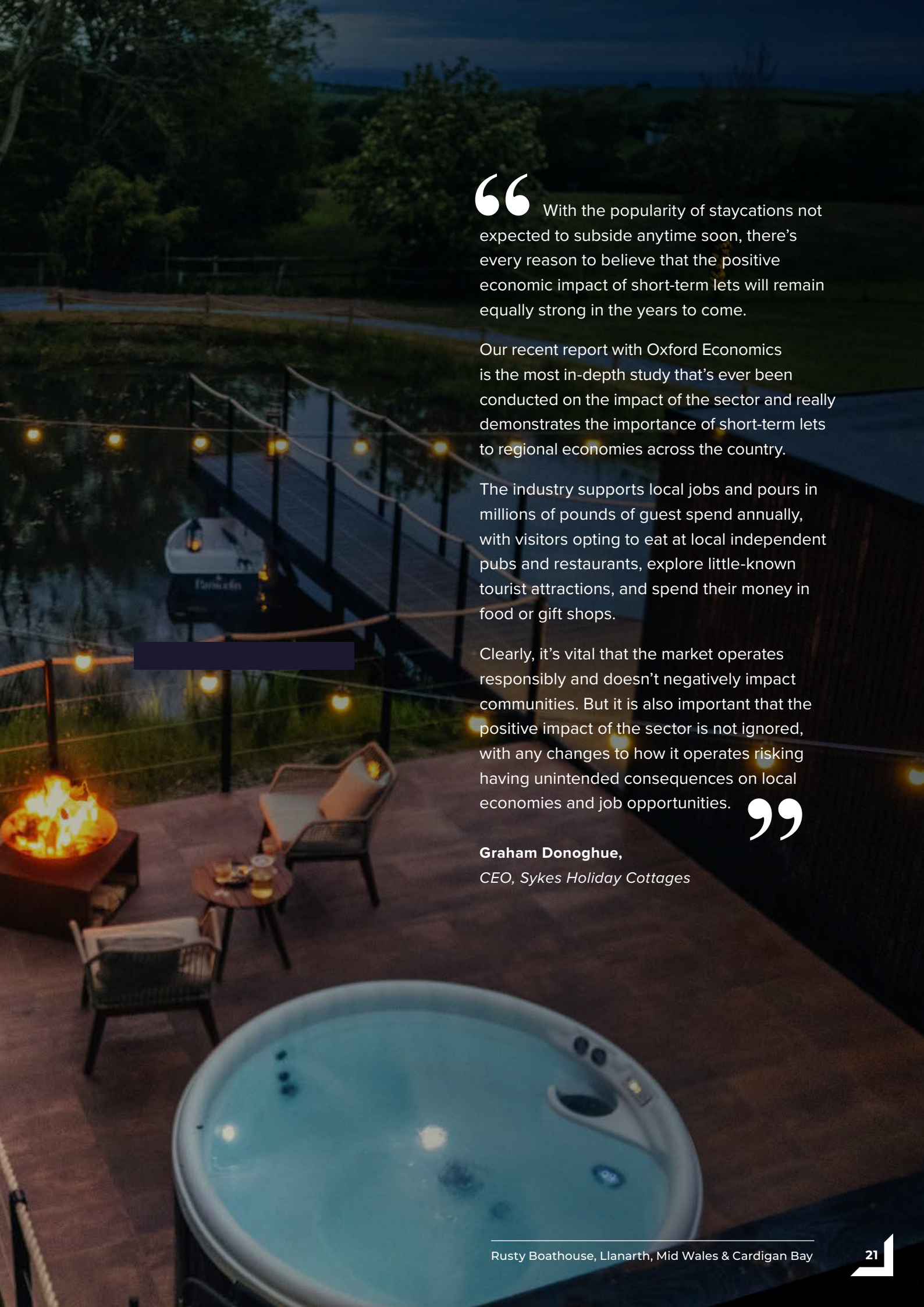
These figures testify that the short term rental market is now a material engine of the UK economy, **with its impact equivalent to 1.4% of UK GDP in 2021 and the same share of total employment.**

That share of GDP increases significantly for certain UK regions, such as the North East and Scotland, and is upwards of 4% of GDP for some – including the South West and Wales.

What do the holiday let owners think about the UK Government's Call to Evidence?

- 25% of owners are very worried about the potential of new regulations or fees being enforced
- 52% are somewhat worried
- 20% aren't worried at all





“ With the popularity of staycations not expected to subside anytime soon, there’s every reason to believe that the positive economic impact of short-term lets will remain equally strong in the years to come.

Our recent report with Oxford Economics is the most in-depth study that’s ever been conducted on the impact of the sector and really demonstrates the importance of short-term lets to regional economies across the country.

The industry supports local jobs and pours in millions of pounds of guest spend annually, with visitors opting to eat at local independent pubs and restaurants, explore little-known tourist attractions, and spend their money in food or gift shops.

Clearly, it’s vital that the market operates responsibly and doesn’t negatively impact communities. But it is also important that the positive impact of the sector is not ignored, with any changes to how it operates risking having unintended consequences on local economies and job opportunities.

”

Graham Donoghue,
CEO, Sykes Holiday Cottages

Promoting sustainable travel

What changes can be made to let your property in a more sustainable way?

We've made it our mission to ensure the sustainable growth of the sector.

This includes working closely with holiday let owners to ensure properties are let in a responsible way that benefits local communities.

The most common things holiday let owners do to support local communities includes:

1. Encourage guests to **spend local** by recommending local restaurants and attractions
2. Ask guests to **recycle and reduce energy consumption**
3. Ask holidaymakers to be **respectful of neighbours**
4. Have **connections with local businesses** to offer guests discounts or guaranteed bookings
5. Open property to **bookings year-round** to avoid it being empty

22% of owners have made sustainable changes to their property to reduce its impact on the environment.

For example...

- **Installing heat pumps**
- **Adding electric charging points**
- **Better insulating the property**

A further one in five (21%)

plan to add eco-friendly features to their property as a priority in the next few years



Our conclusion

Sunny outlook for the UK staycation market as owners prepare for busy year ahead

At Sykes Holiday Cottages, we're immensely proud to promote more than 22,500 holiday lets and, based on the findings of our Holiday Let Outlook report, it would seem they've all got a busy year ahead.

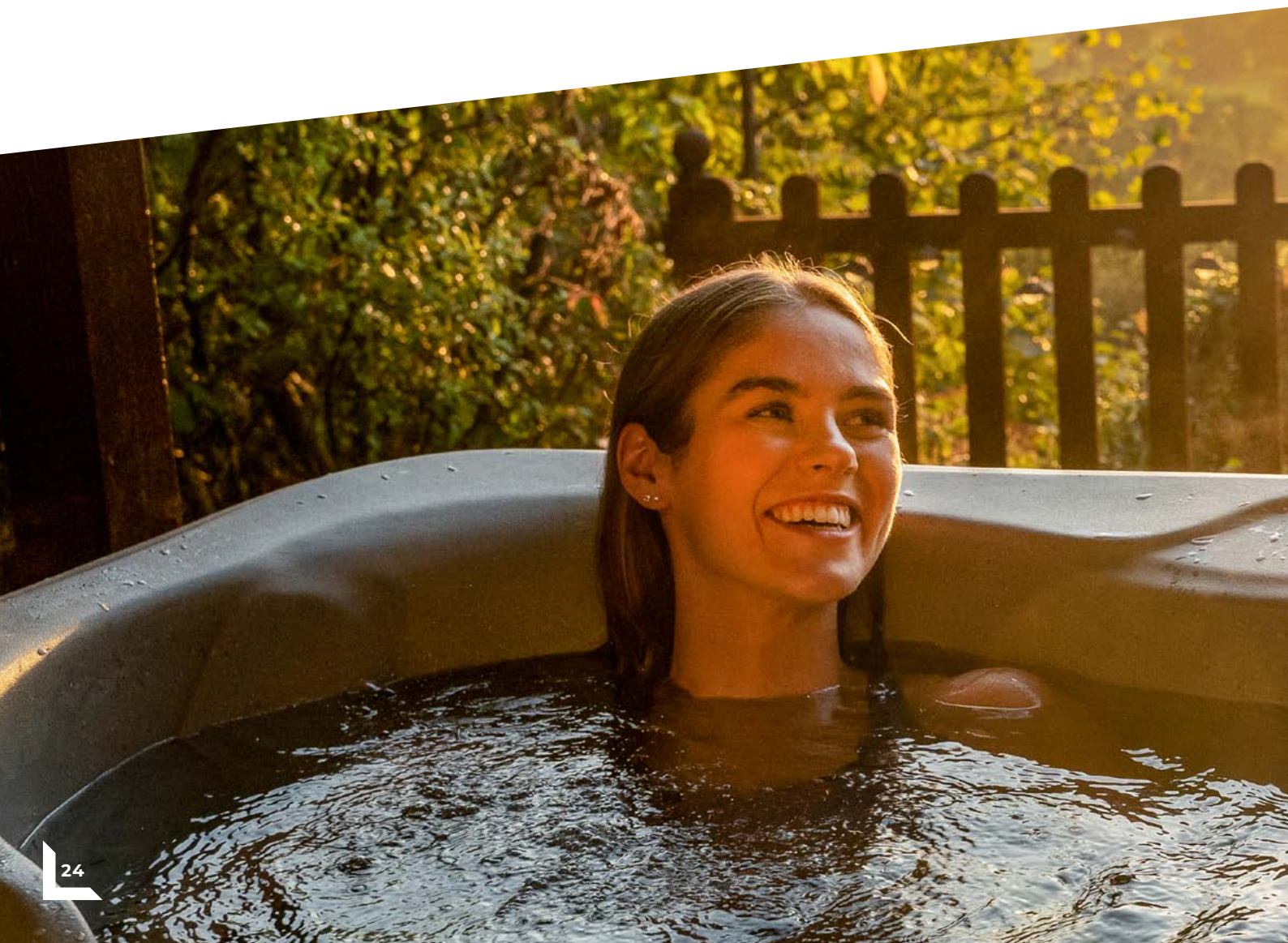
Our analysis shows demand and income of holiday lets has held strong, demonstrating the resilience of the market in what are undeniably challenging times.

Staycations often offer a more affordable alternative for holidaymakers across the UK and, combined with the fact that our country has such incredible places to discover, it appears demand for UK holiday lets is going nowhere.

Throughout this report, we've heard from people at the heart of the sector – the holiday let owners - who are clearly seeing changes, but there's still a lot of confidence and optimism across the board.

As many are clearly aware, the UK Government is currently looking into concerns from some quarters about the impact of holiday letting on the housing market, but at this stage our view is that any immediate changes for the sector are quite unlikely amid other priorities in government.

Our research with Oxford Economics has also presented compelling evidence that the industry matters for the UK economy, and our focus as



a business in the year ahead will be continuing to demonstrate this while playing our part in supporting the sustainable growth of the sector.

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.

Here's to 2023 – a year that I hope will bring plenty of hope, happiness, and most importantly, holidays!



Graham Donoghue,
CEO, Sykes Holiday Cottages

A stylized, handwritten signature in dark ink, reading 'Graham Donoghue'.







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 22,500 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 nine consecutive 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.

Explanation of methodology:

Based on Sykes Holiday Cottages' internal bookings, revenue, website and owner data from January 2019 to February 2023.

Supporting consumer research of 500 holiday let owners was carried out by 3Gem in February 2023.

And our investment hotspot analysis was conducted using revenue, revenue growth and occupancy figures - alongside house price and house price growth figures from Rightmove.

Analysis of the short-term letting industry's impact on local economies was undertaken in summer 2022 by Oxford Economics on behalf of Sykes Holiday Cottages. For more information, see <https://www.sykescottages.co.uk/blog/short-term-lets-economic-impact-report/>.

Contact us:

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



www.sykescottages.co.uk