



HOLIDAY LET INDEX

Summer 2026

Our holiday let market research

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FOREWORD

Grant Seaton - Head of Intermediary Lending

Welcome to Cumberland Building Society's Holiday Let Index.

Holiday lets have long been an important part of what we do. Over the years, we've worked alongside brokers and borrowers across the country, supporting people with very different goals, from purchasing their first holiday let to growing established portfolios. Those conversations have given us a real appreciation of how varied this market is and how quickly it can change. That's exactly why we wanted to produce this report.

Rather than relying on assumptions or headlines, we wanted to hear directly from the people who know the market best. By bringing together the views of brokers, landlords and homeowners, we've been able to build a clearer picture of what's happening across the sector today, how recent changes are shaping decisions and where opportunities continue to exist.

There has been no shortage of change over the past 12 months. The abolition of Furnished Holiday Let tax advantages, the prospect of further regulation and higher operating costs have all prompted plenty of discussion about where the holiday let market is heading. Understandably, many have questioned what those changes might mean for the sector as a whole.

What the findings reveal is a market that has responded in a much more measured way than many expected. Rather than stepping back, investors are adjusting the way they operate, brokers continue to report healthy levels of enquiry and many holiday let owners are finding new ways to strengthen the performance of their properties.

Holiday lets have always attracted people who are prepared to think differently. Increasingly, we're seeing investors treat them as long-term businesses, placing greater emphasis on occupancy, guest experience and sustainable income rather than relying solely on rising property values. It's a thoughtful approach and, in many ways, a sign of a market that's becoming more established.

Broker feedback tells a similar story. Attractive yields remain an important reason people continue to invest, but advisers also spoke about the growing importance of specialist knowledge. Holiday lets are different to traditional buy-to-let, which means borrowers increasingly value lenders who understand the way these properties generate income and are prepared to look beyond a standard lending approach.

Of course, that doesn't mean the market is without its challenges. Taxation, regulation and borrowing costs all influence decision-making, while guest expectations continue to change. Successful holiday let owners are having to work harder than ever to keep their properties competitive throughout the year.

As a mutual, listening has always been an important part of how we work. Every conversation with a broker or borrower helps us better understand the market and the people we support, and this research is simply another extension of that approach. We hope it not only shares what we've learned, but also encourages further discussion about where the holiday let market goes next.

There will undoubtedly be more change ahead, but if this report demonstrates anything, it's that this is a market shaped by knowledgeable people who are prepared to adjust, spot opportunities and take a long-term view.

Thank you for taking the time to read our inaugural Holiday Let Index. We hope you find it useful, informative and that it becomes a valuable point of reference for brokers, investors and anyone with an interest in the holiday let market.



The holiday let market is changing, but the research shows it remains resilient, active and increasingly professional.

METHODOLOGY

The Cumberland Building Society's Holiday Let Index was commissioned in June 2026 to provide a detailed picture of the UK's holiday let market, bringing together the views of mortgage brokers and holiday let owners to understand how the sector is changing.

The research explores:

- Current trends across the holiday let market
- Confidence in the sector and expectations for the future
- The impact of recent tax, regulatory and economic changes on investor behaviour
- Broker experiences, lending trends and market demand

The research was conducted by Pegasus Insight, in partnership with Fineline Research, using a 10-minute online quantitative survey carried out in May 2026.

Respondent profile

The survey included 125 respondents, comprising:

- **25 mortgage brokers**, each of whom had arranged six or more holiday let mortgages during the previous 12 months.
- **50 private landlords**, all of whom operated as landlords in the residential market and owned at least one holiday let property with a mortgage.
- **50 homeowners**, all of whom owned their own home as well as at least one holiday let property with a mortgage.

The questionnaire was tailored to each audience.

Mortgage brokers were asked about market demand, lending activity, investor behaviour and the impact of regulatory change.

Holiday let owners were asked about profitability, the abolition of Furnished Holiday Let (FHL) tax advantages, policy changes, guest behaviour and future investment intentions.

Where appropriate, survey findings are presented alongside market activity data supplied by Twenty7tec, a leading mortgage sourcing platform used by advisers across the UK. This provides additional context on holiday let product availability and mortgage search activity.

A bright, modern bedroom with a wooden bed, a white wardrobe, a fireplace, and a desk. The room has light-colored walls, a wooden floor, and a large window. A dark green banner with white text is overlaid on the top left. The text reads: "WHY HOLIDAY LETS REMAIN RESILIENT".

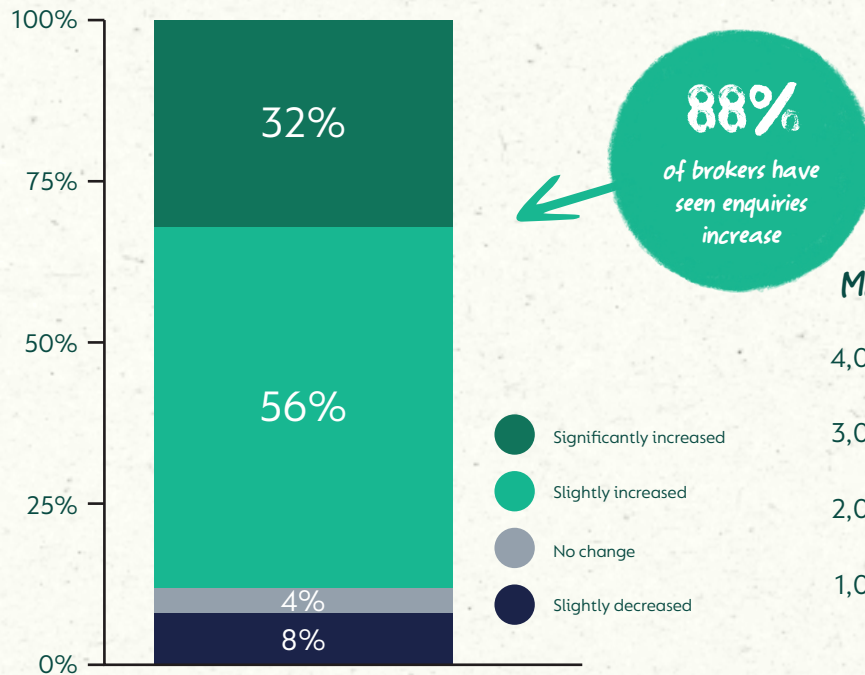
WHY HOLIDAY LETS REMAIN RESILIENT

The holiday let market has been tested by tax changes, regulation and changing guest behaviour. Yet the research points to continued demand, healthy enquiry levels and strong investor confidence.

This section looks at the evidence behind that resilience.

DEMAND REMAINS STRONG

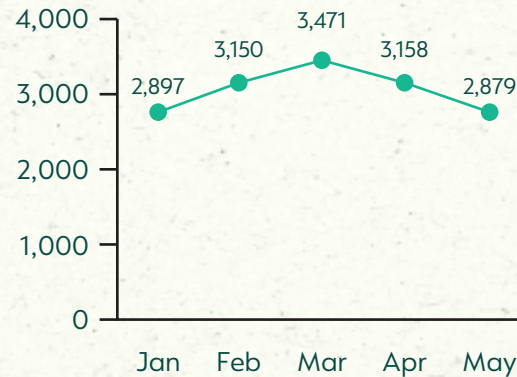
Broker enquiry growth



3,471

holiday let searches recorded on Twenty7tec in March 2026

Mortgage searches (on Twenty7tec)

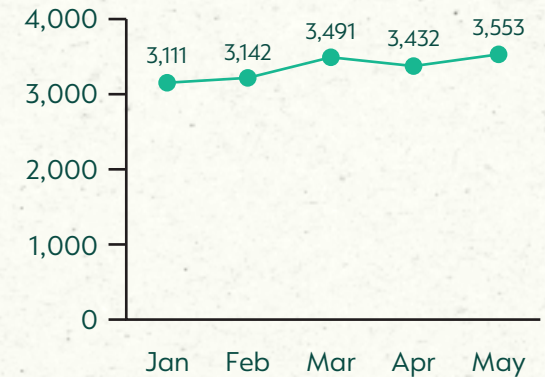


Source: Pegasus Insight (May 2026)

3,553

holiday let products available on Twenty7tec in May 2026

Product availability (on Twenty7tec)



Source: Twenty7tec (May 2026)

What this means

Demand is being supported by more than one indicator. Broker feedback, mortgage search activity and product availability on Twenty7tec all point to a market that continues to attract interest.

This is important because it suggests demand is not being driven by one short-term factor. Instead, the data points to a market where brokers, lenders and investors remain active despite wider pressure across the property investment sector.

WHY INVESTORS CONTINUE TO CHOOSE HOLIDAY LETS

Drivers of investment

Higher yields compared to standard buy to let

Regulatory changes impacting BTL market

Portfolio diversification

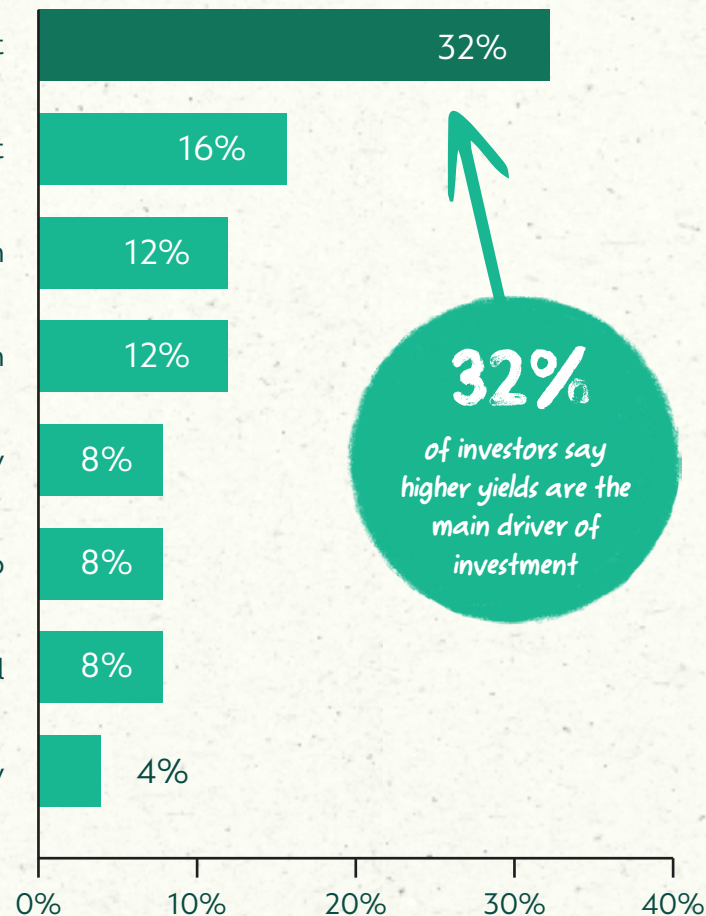
Short term rental demand growth

Personal use of property

Diversification of existing property portfolio

Capital growth potential

Location specific opportunity



Source: Pegasus Insight (May 2026)

Market insight

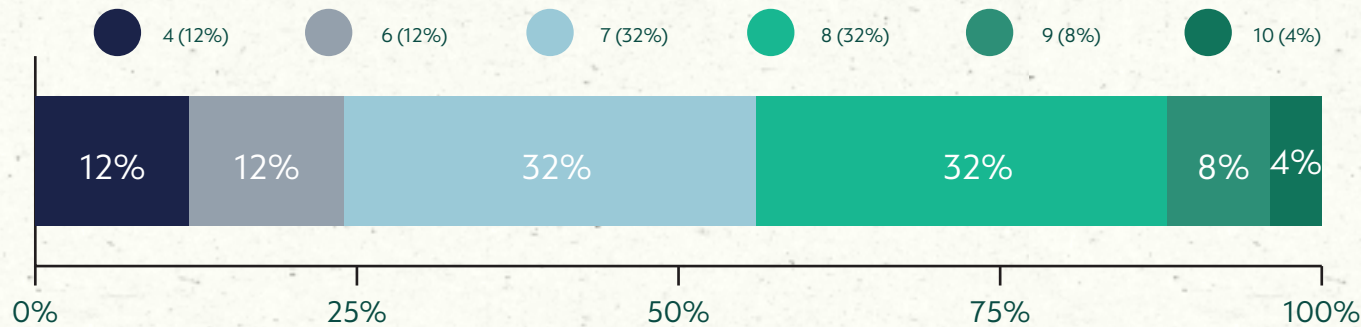
Higher yields remain the main reason investors are drawn to holiday lets, but the decision is rarely based on yield alone.

The research suggests investors are also looking for income diversity, long-term growth and an alternative to standard buy-to-let. This is particularly relevant at a time when parts of the buy-to-let market continue to face tax and regulatory pressure.

For some investors, holiday lets now represent a distinct investment route rather than a simple extension of buy-to-let.

CONFIDENCE REMAINS HIGH

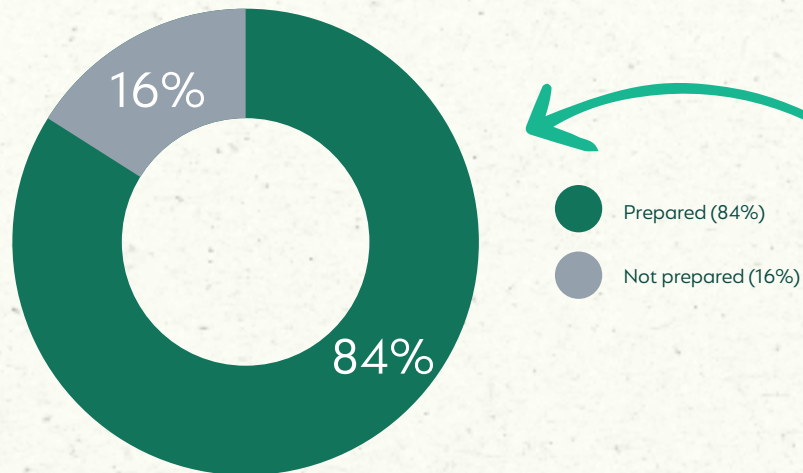
Long-term confidence (with 10 being extremely confident)



44%

very confident with
a score of 8
to 10

Preparedness for National Registration Scheme



84%

are prepared for
the National
Registration
Scheme

Source: Pegasus Insight (May 2026)

Why it matters

Confidence in the holiday let market should be viewed in the context of recent change.

Investors are not operating in a static market. They are dealing with new tax rules, the prospect of further regulation and changing local authority policies. The fact that confidence remains positive suggests many investors believe holiday lets can continue to perform, provided they are well-managed and properly planned.

The high level of preparation for the National Registration Scheme also suggests operators are taking regulation seriously rather than treating it as a reason to leave the market.

HOW INVESTORS ARE ADAPTING

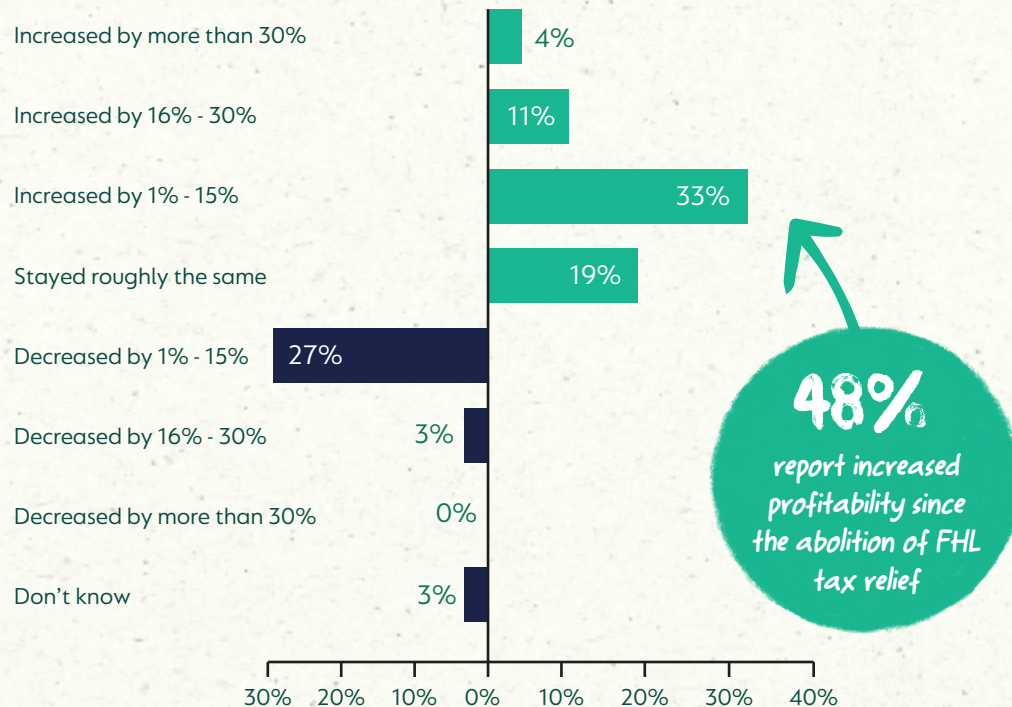
The removal of Furnished Holiday Let tax advantages was expected to have a major effect on the market.

The research suggests many investors have responded by adapting their businesses rather than leaving the sector.

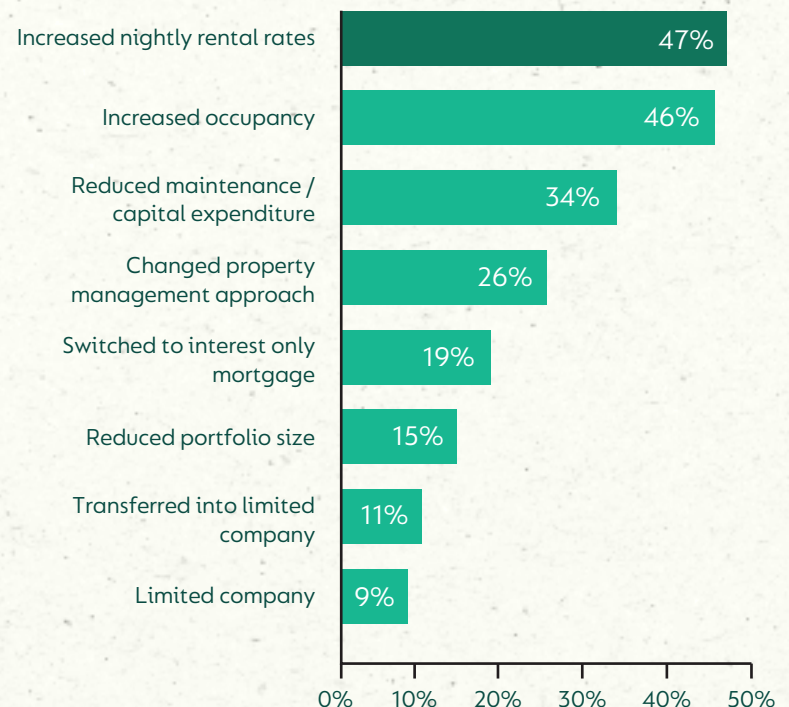
LIFE AFTER FURNISHED HOLIDAY LETS (FHL)

How investors have responded following the abolition of
Furnished Holiday Let (FHL) tax advantages.

Profitability after abolition of FHL tax relief



Adaptation strategies



ADAPTATION

rather than exit

One of the clearest findings in the research is that many holiday let investors have responded to the abolition of Furnished Holiday Let tax advantages by changing how they operate rather than leaving the market.

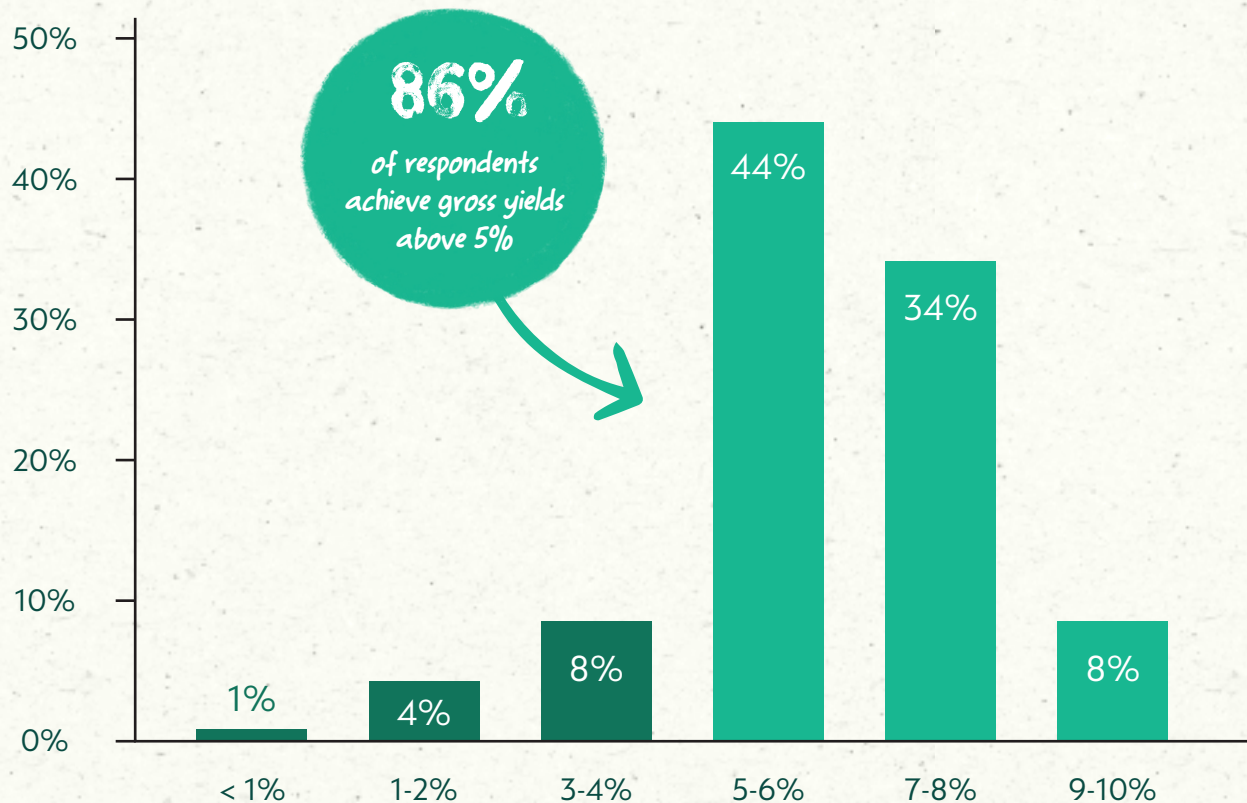
The changes have taken several forms. Some owners have reviewed nightly rates, others have focused on increasing occupancy, while some have reduced costs or changed their management approach. Together, these responses suggest a sector that is becoming more commercially focused as operators adapt to a different tax environment.

The fact that almost half of respondents report increased profitability since the abolition of FHL tax relief is notable. It suggests experienced operators have been able to absorb the changes by improving performance elsewhere in the business. The research also shows that some owners may be spending less on maintenance and property improvements than they would have previously. That may simply reflect a more measured approach to expenditure rather than unnecessary spending. However, higher operating costs may also mean some owners are delaying investment in their properties, which could become more challenging over time if maintenance standards begin to slip.



YIELDS REMAIN ATTRACTIVE

Gross rental yields



Source: Pegasus Insight (May 2026)

Market insight

Yields remain central to the appeal of holiday lets.

While performance will vary by location, property type and management quality, the research shows that attractive returns are still being achieved across much of the market.

This helps explain why many investors continue to view holiday lets positively despite tax and regulatory change. Strong income potential remains a key reason why the sector continues to attract interest.

A MORE PROFESSIONAL HOLIDAY LET MARKET

Investors are paying closer attention to income, borrowing, guest expectations and long-term business planning.

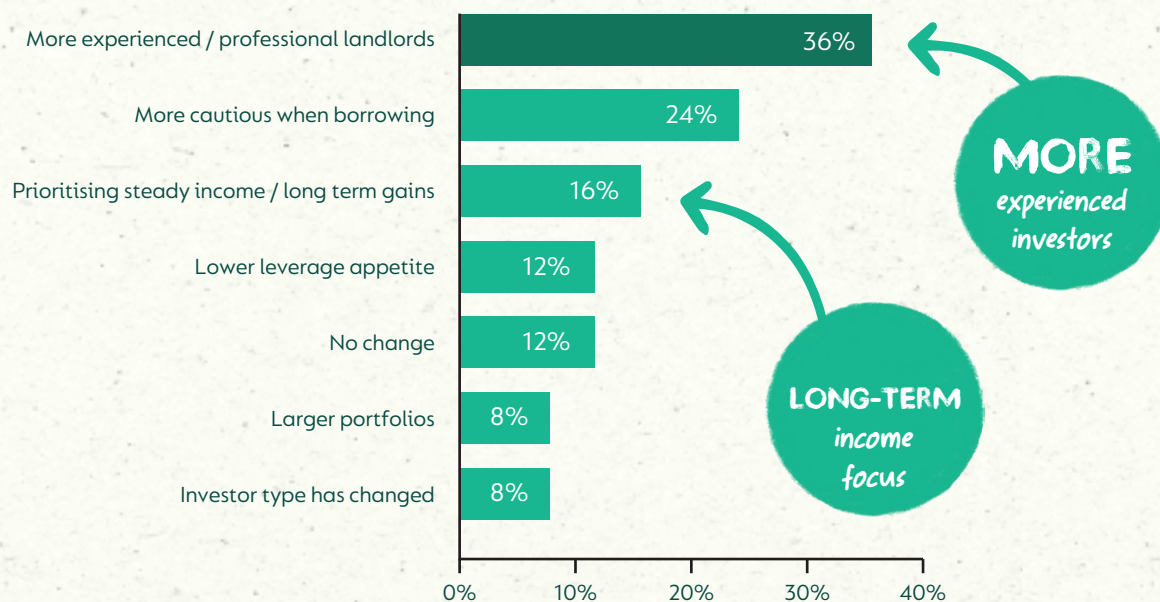
This is changing both the profile of investors and the type of support they need from brokers and lenders.



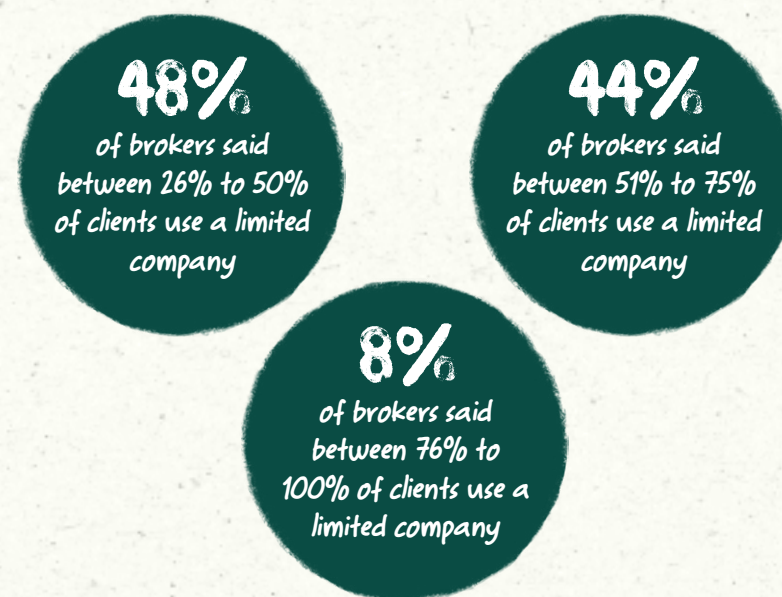
THE CHANGING INVESTOR PROFILE

Mortgage brokers were asked what proportion of their holiday let clients use a limited company structure. Most brokers said this applied to between a quarter and three quarters of their holiday let clients, suggesting limited company ownership is now well established across the sector.

Changing investor profile



Among mortgage brokers, what proportion of holiday let clients use a limited company?



The Cumberland's view

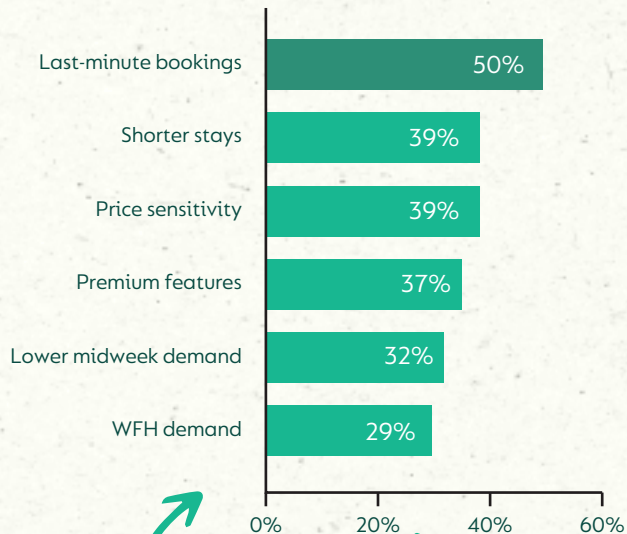
The research points to a clear change in the type of investor active in the holiday let market.

More experienced landlords, more cautious borrowing behaviour and greater use of limited company structures all suggest the sector is becoming more professional. Investors appear to be placing more emphasis on steady income and long-term value than on rapid growth.

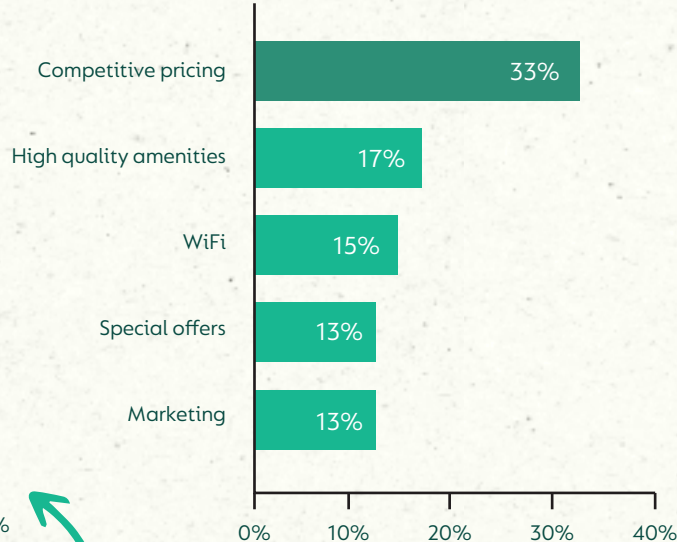
That does not mean the market is less attractive. It means investors are being more selective. Location, income potential, management quality and borrowing structure are likely to play a greater role in future decisions.

HOW GUEST BEHAVIOUR IS CHANGING

Guest behaviour trends



Occupancy strategies

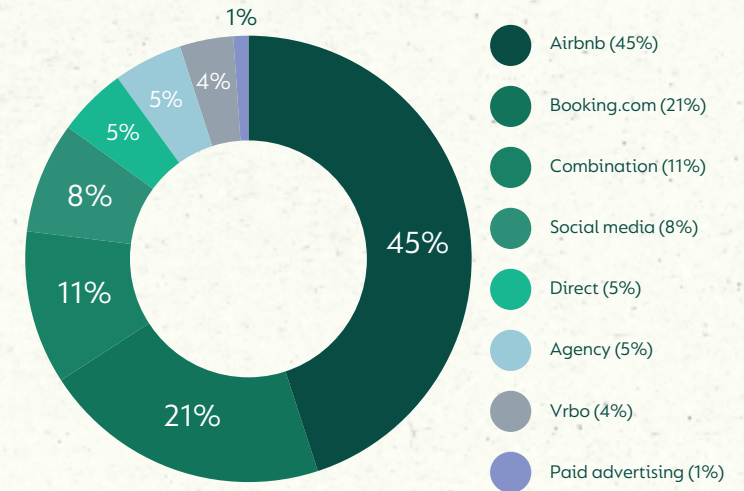


MORE
last minute
bookings

SHORTER
duration of
bookings

GREATER
price
sensitivity

Marketing channels



Source: Pegasus Insight (May 2026)

What we're seeing

Guest expectations continue to change.

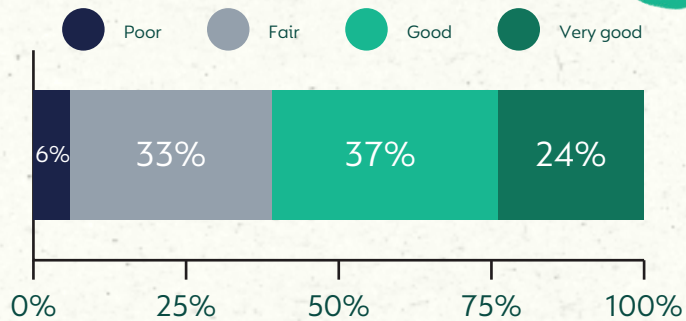
Last-minute bookings, shorter stays and greater price sensitivity all create a more demanding operating environment for holiday let owners. At the same time, guests continue to expect quality, good service and strong amenities.

This means operators need to manage their properties more actively. Pricing, marketing, occupancy and guest experience are becoming central to performance.

The findings suggest that successful holiday let owners are not just relying on demand. They are working harder to win and retain bookings.

FUTURE OPPORTUNITIES FOR THE SECTOR

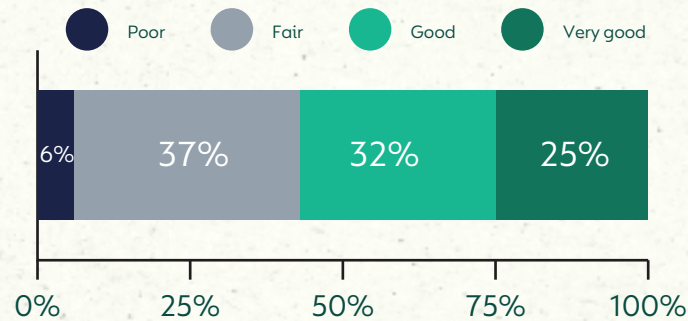
Future yield expectations



61%

are feeling positive on future yields

Future capital growth expectations



57%

positive on future capital growth

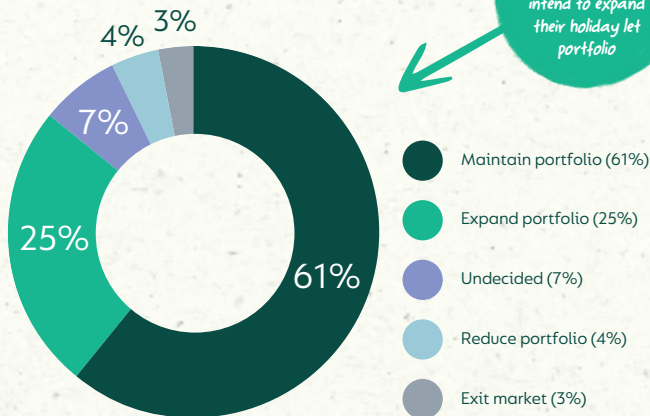
Looking ahead

The findings suggest investors remain positive about future opportunities, but optimism is measured rather than unchecked.

Many investors expect yields and capital growth to remain attractive, while a meaningful number still intend to purchase another holiday let within the next 12 months.

At the same time, the data suggests investors are thinking carefully about expansion. The market is likely to favour those with clear plans, strong locations and a realistic view of costs, regulation and income.

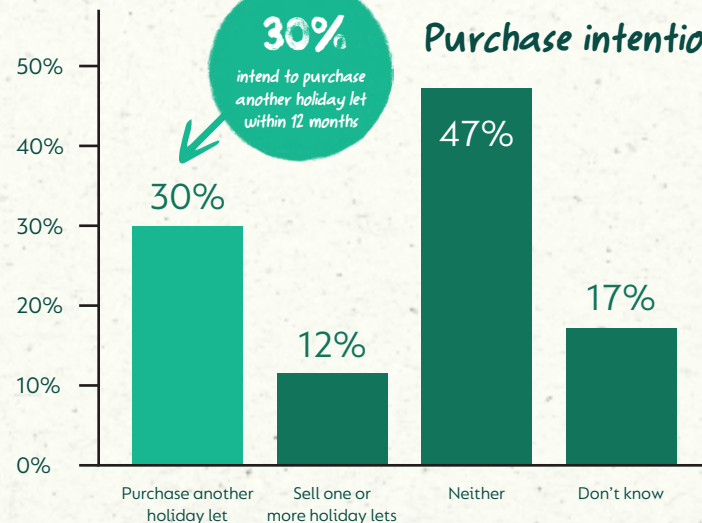
holiday let Portfolio intentions



25%

intend to expand their holiday let portfolio

Purchase intentions



30%

intend to purchase another holiday let within 12 months

Holiday let owners could select more than one intended action (for example, both buying and selling), so the percentages exceed 100%.



THE BROKER PERSPECTIVE

Mortgage brokers remain one of the clearest indicators of activity in the holiday let market.

Working directly with borrowers across multiple lenders, brokers are often the first to identify changes in investor sentiment, funding needs and lending trends.

The Broker PERSPECTIVE

Mortgage brokers remain one of the clearest indicators of activity in the holiday let market.

According to the research, 88% of brokers interviewed reported an increase in holiday let enquiries over the past 12 months. Higher yields compared with standard buy-to-let remain the leading reason investors are entering the sector, while regulatory changes affecting buy-to-let are also influencing demand.

Brokers also remain positive about the long-term outlook, with 44% saying they are very confident in the long-term viability of the holiday let sector.

However, brokers also identified clear areas of concern. The removal of Furnished Holiday Let tax advantages is seen as the biggest deterrent for new investors, followed by council tax rises and second home premiums.

What this means

Broker feedback suggests demand remains strong, but advice and lender support are becoming more important. Investors need to understand both the income potential and the policy risks before entering the market.

88%

*of brokers have
seen enquiries
increase*

44%

*of brokers are
confident in the
long-term viability
of the HTL sector*



WHAT BROKERS WANT FROM LENDERS

How holiday let lending could evolve...

INCOME

assessments based on short-term rental performance

EASIER SWITCHING

between holiday lets and long-term residential lettings

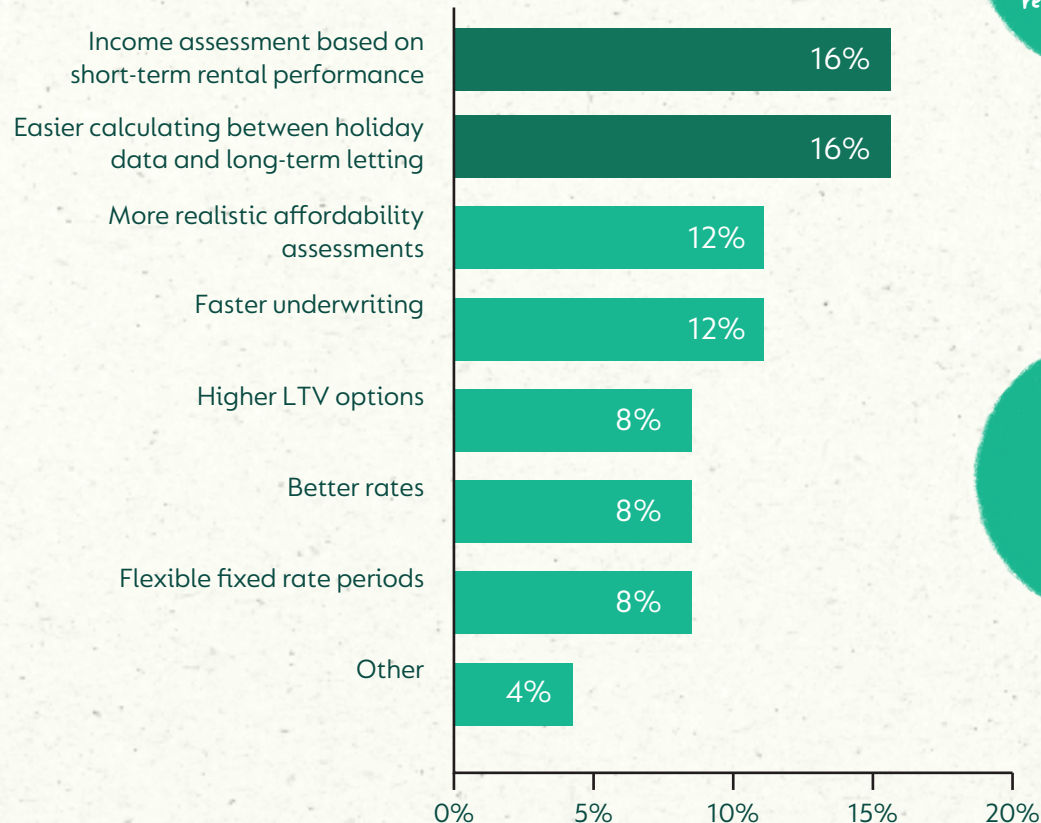
MORE

realistic affordability assessments

FASTER

underwriting

Desired product features



Source: Pegasus Insight (May 2026)

THE CUMBERLAND'S VIEW

What these findings mean for holiday let lending.

A more specialist market

As the holiday let market becomes more specialist, brokers are looking for lenders that understand how these properties operate.

Affordability that reflects reality

Income can vary by season, location and booking pattern. For that reason, brokers want assessment methods that reflect short-term rental performance rather than relying too heavily on standard buy-to-let assumptions.

Greater flexibility

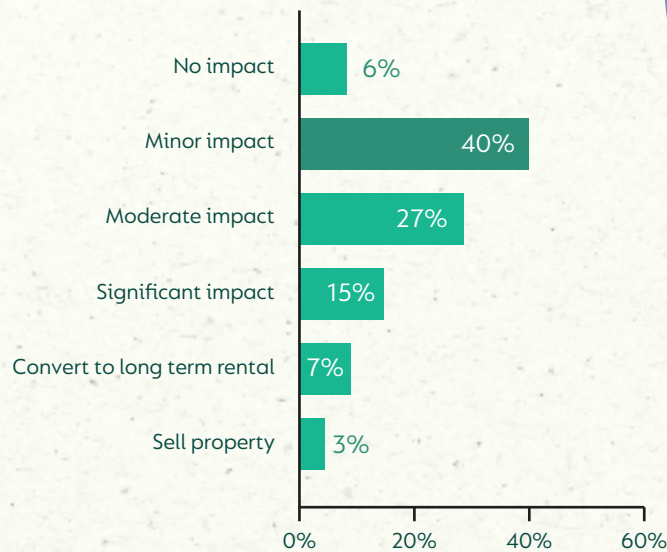
The demand for easier switching between holiday let and assured shorthold tenancy use also reflects the need for flexibility. Investors want options if their plans change or local market conditions alter.

THE FACTORS SHAPING FUTURE PARTICIPATION

94%

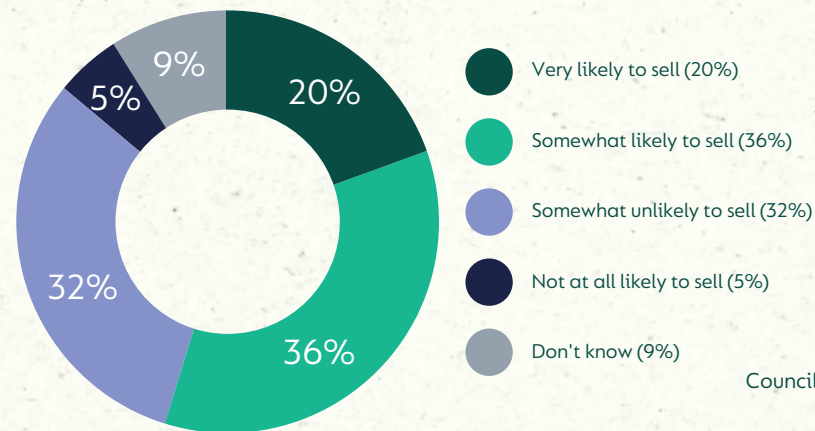
of landlords would be affected by a 1% mortgage rate rise

Impact of 1% mortgage rate rise



Impact of C5 Planning Restrictions

The proposed C5 planning use class would create a separate planning category for short-term holiday lets, giving local authorities greater control over where new holiday let properties can be established and helping them manage the impact on local housing markets.



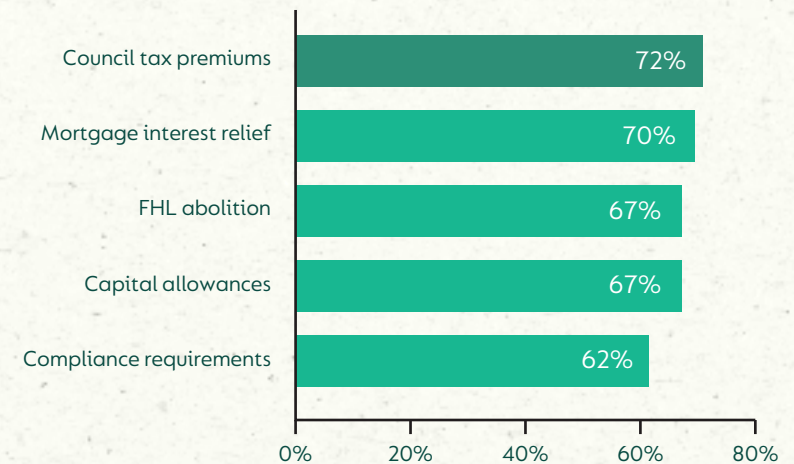
56%

of landlords would consider selling their holiday let if a C5 planning class was introduced.

72%

of landlords say council tax premiums have influenced investment decisions

Most influential policy changes



CONCLUSION

The Cumberland's view on the future

Having spent time with the findings in this report, I keep coming back to one thought. The holiday let market has always rewarded people who are prepared to think carefully, adapt when circumstances change and take a long-term view. Reading the experiences shared by brokers, landlords and homeowners only reinforces that belief.

It's easy for any market to become defined by headlines, particularly during periods of change. The conversations behind this research tell a more rounded story. They show that investment decisions are influenced by a whole range of factors, from personal circumstances and local knowledge to long-term plans and the advice people receive along the way. That's one of the reasons I believe listening to the people closest to the market is so important.

Holiday lets have never been a one-size-fits-all market, and I don't believe they ever will be. Every investor comes with different ambitions, every property has its own characteristics and every location offers something unique.

For some, success is about creating a reliable long-term income, while for others it's about building something that can be enjoyed by family as well as providing a financial return. That's why we've always believed holiday let lending deserves a considered approach.

Looking beyond the figures to understand the individual circumstances behind each application has always been part of how we work at Cumberland Building Society, and I believe that approach will become even more valuable as borrowers' needs become more varied.

One thing this report has reminded me is that the best outcomes are rarely driven by one person alone. Brokers, borrowers, lenders and other trusted professional services all have a part to play, and when those relationships work well, everyone benefits. That's something we've always valued as a mutual, and it's a principle that continues to shape the way we support brokers and their clients.

Looking ahead, I don't think the future of the holiday let market will be determined by any single piece of legislation or economic event. More likely, it will be shaped by the everyday decisions people make: brokers helping clients weigh up their options, investors choosing the right opportunities for their circumstances and lenders taking the time to understand each case properly rather than relying on standard assumptions.

This is the first Holiday Let Index we've produced, and I hope it won't be the last. Returning to this research over the coming years will allow us to build a deeper understanding of the market, track how attitudes change over time and continue contributing to the conversations that matter most.

My hope is that this first Holiday Let Index becomes something people return to, not simply because it captures a moment in time, but because it reflects the experiences of the people at the centre of the market. They're the reason this sector continues to find new opportunities, and they're the reason we remain optimistic about what lies ahead.



The holiday let market is becoming more professional, more selective and more focused on long-term

Grant Seaton
Head of Intermediary Lending

KEY FINDINGS AT A GLANCE

88%

of brokers have
seen enquiries
increase

48%

report increased
profitability
following the
abolition of the
Furnished Holiday
Let (FHL) tax
regime.

84%

prepared for the
National
Registration
Scheme

30%

plan to purchase
another holiday let
within 12 months

86%

achieve gross yields
above 5%

94%

would be impacted
by a 1% mortgage
rate rise

61%

feel positive on
future yields

25%

plan to expand
their holiday let
portfolio

57%

expect capital
growth to increase

56%

would consider selling if
C5 planning restrictions
introduced

A summary of key findings.

- Demand remains resilient despite tax and regulatory change.
- Investors have adapted rather than exited the market.
- Attractive yields continue to support investment. Confidence remains positive.
- The market is becoming increasingly professional.
- Broker demand remains healthy. Regulation and taxation will influence future participation without removing demand.
- Specialist lending will become increasingly important as the market continues to mature.

The Cumberland

HOLIDAY LET INDEX

Summer 2026