

Chartsedge's South West Holiday Home Market Predictions for 2015

2014

Most agents at the beginning of the year were very positive about the market and were looking forward to a good year at last! The conversations I have had at the end of the year however seem to show that nearly all of them have had a similar year to 2013 selling around the same number of properties and have seen only slight price increases.

2015

A big boost for the holiday home market in 2015 will be the relaxing of the pension rules with regard to annuities and as a result we know we will see an increase demand from the retiree market. We have already seen a significant number of applicants registering with us looking to utilise these assets for a second home. These people will primarily be looking for a return on their investment but will also want to use their Holiday Home for themselves and their families.

As the average age of buyers for second homes is around 50+ this will inevitably increase the demand for second homes that produce some sort of an income.



Start Point Apartments South Hams Devon.

[Click on photo for more info.](#)



Gwel an Mor, Cornwall.

[Click on photo for more info.](#)

Some of our developer clients have already thought about this and will be providing a finance scheme which pays back a top up loan over a short period that would be covered by a guaranteed rent. This enables buyers to take money out of their pension, which will be the deposit, and if they need a top up that's when the developer step in. This means that they can earn an income while enjoying the use of the property. Charteroak Estates the award winning lodge developers are one of these forward thinking developer who will be launching their exciting new package in the New Year.



CharterOak's Lodges, Cornwall from £145,000



Please click on photos for further info

Demand

In the last quarter of 2014 we have already seen an increase in serious cash buyers registering with us looking for their ideal home for next year. We always see an increase in second home buyers registering in January (over 200 in 2013) and we know we will have a really solid database of buyers going into the new year. With the uncertainty of the general economy and the slowing of the London market we feel that the flight to bricks and mortar for long term investment will continue in 2015.

Prices

There is an array of predictions about the general market for next year from all the usual suspects making confusing reading. These range from; a falling market, to an increase of 6%.

In the holiday home sector in the South West we predict that prices will see a small increase of about 2.5% next year across the whole of the region with the more popular addresses like Rock, Padstow, and Salcombe seeing stronger growth of about 5%. Other areas to watch out for are Newquay and the south coast of Cornwall (see below).

Even though all the agents we talked to thought that a lot of Londoners would 'cash in' in 2014 and start buying second homes in the South West, we found that there was no significant rise in sales from this sector. We suspect that the London home owners felt they were making too much money on paper to release funds to purchase another property. As the London market is slowing somewhat many more lifestyle buyers from London and the South East will appear in 2015.

Holiday Lettings

With the vast majority of Holiday Home buyers wanting their second home to earn an income, to off-set running costs, the success of the Holiday Letting market is very important.

From talking to a number of holiday letting agents in the South West area we have deduced that demand has been in rude health in 2014 and forward bookings for 2015 are up 20% compared to December 2013, so holiday home owners can be assured of a good rental income for next season. The agencies that that are dealing with quality 4* and 5 * properties like [Helpful Holidays](#) and [Beach Retreats](#) are seeing the best demand.

New Trends

There is a trend at the moment for potential buyers, who are looking for a second home for their own use now, to then eventually relocate to permanently when they retire. This is a real case of forward planning by these buyers. They release the money from their own homes to fund the purchase with the intention of paying this off with holiday let income by the time they retire. They are therefore utilising their main home sale to fund their retirement which becomes very tax effective both for themselves and eventually their children.



Soldon Manor, Devon a 7 bedroom manor. Being bought by retiring Battersea couple upsizing from a 3 bedroom house.

Click on photo for more info.



Ware House, South Hams Devon. Edge of village 5 bedroom barn with holiday let history, getting interest from buyers throughout the UK.

Click on picture for more info.

One of our buyers who was asked what he was looking for said:

‘A holiday home for ourselves and an investment for our children’.

Second Homes in the press/The benefits of Second Homes

Surprise, surprise, second homes in the West Country have had adverse press recently with many local politicians jumping on the bandwagon. There is talk of banning second home buyers from purchasing new homes in certain areas such as St Ives and increasing Council Tax payments for second home owners. Going against this argument, [Una St Ives](#) a luxury ‘holiday home only’ resort at Carbis Bay has the planning restriction enforced by the local Cornwall Council which allows second home owners to buy properties without affecting the local property supply.

Strangely hardly any of the pieces mentioned how much self catering holiday lets of second homes brings into the local economy. A report published early in December by the London School of Economics, which has not been much quoted in the national press, has put the annual value of the UK’s holiday rental industry at £4.35bn a year creating over 95,000 jobs nationwide.

The report, produced in conjunction with a firm called HomeAway.Inc, says the self-catering holiday rental industry contributes £100m in tax and generates gross income for property owners of £950m. Kath Scanlon at LSE is quoted as saying “Most holiday rental owners support other local businesses. Our survey found that over 90% of rental hosts across the country highlight local community offerings when asked for recommendations by their guests, support is also in the form of employment, with over three-quarters of owners employing staff to assist with property maintenance.

Nationally, owners spend an average of about £1,600 per year per property on hiring employees.”

However, we at Chartsedge do agree that a holiday home owner that does not 'holiday let' their property and only uses it for themselves a few weeks a year is not contributing as much to the local economy and should therefore help by paying an increased Council Tax. Let's face it the people that can afford having a second home, and do not need to let it out, can afford the extra cost.

Newquay is a typical example of how the second home owners have improved the image of the town— No longer the scruffy destination of the £10 a night hostels. Large swathes of new build luxury apartments cater for the modern surfer with outdoor beach wash down areas, surfboard storage and private parking. The confidence in Newquay is growing with one of the most successful housing developments in the area being championed by Prince Charles.

We will be bringing a number of high specification new build luxury houses and apartments to the market next year with a development called Seascap. The London developer who is well known for his bespoke homes in Kensington and Fulham is bringing luxury specification and interior design to Cornwall. The popularity for high specification and good design has been proven by the recent sales at the iconic Fistril Blue development of luxury apartments where an ocean view home starts at £560,000.

NEW RELEASES FOR 2015



Fistril Blue, Fistril Beach, Newquay. Incredible ocean view apartments moments from the beach. [Click on picture for more info.](#)



To be released. Pentire Newquay. Beautiful sea view houses and apartments with a 'London' finish. [Click on picture to register interest.](#)



To be released. Close St Ives. Interior designed home in convenient location. [Click on Picture to register interest.](#)



To be released. On the beach in South Cornwall these contemporary houses will be complete by summer. [Click on Picture to register interest.](#)

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