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Top UK Holiday Homes Still Proving Profitable Amid Tax Changes

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Despite recent tax reforms making second home ownership more expensive, holiday properties across the UK are continuing to deliver solid returns for investors, with key locations maintaining strong demand throughout the year.

While changes such as increased Stamp Duty Land Tax (SDLT) rates and the abolition of the Furnished Holiday Lettings (FHL) tax regime have added financial pressure, the holiday lettings sector remains resilient. Data from Sykes Holiday Cottages, a leading holiday rental agency, shows that the average gross income for a holiday let owner reached £24,700 in 2024, an increase on the previous year, even after regulatory changes.

James Shaw, Managing Director at Sykes Holiday Cottages, emphasised that demand for UK-based getaways remains robust. “Staycation bookings are strong, particularly in regions like the Lake District and the Cotswolds, which are appealing for short breaks all year round, translating into higher earnings,” he said.

Location remains a critical factor in a holiday property’s earning potential, but the report also highlights how small enhancements can significantly increase rental income. Shaw notes that features such as hot tubs, pet-friendly policies, and the flexibility to allow short mid-week bookings can boost occupancy and returns.

Investors looking for stable rental yields continue to view well-established holiday lets as a sound option, especially when paired with management support or guaranteed yield arrangements. Properties with proven rental history or those managed by experienced operators offer an added layer of security, appealing to buyers who value peace of mind.

Despite the changing tax landscape, Britain’s domestic tourism sector shows no signs of slowing. Savvy buyers who focus on desirable, year-round destinations and who adapt their offerings to meet evolving holidaymaker preferences are still finding attractive opportunities in the market.