



Market Report

A Snapshot of your Market Sector

Holiday Homes

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

This pack has been designed to provide information on setting up a business in the **Holiday Homes** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **August 2023**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Holiday Homes market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ In 2023, the **number of domestic holiday rental property stays** taken by British residents is expected to **increase by 1.1% compared to 2022**, reaching **8.3 million holidays**. Associated spending is estimated to grow by **3.2% to £3.3 billion**. The volume of domestic holiday rental property stays taken by British residents is expected to grow to **9.1 million in 2028** and associated spending is expected to reach around **£3.6 billion** that year. (Mintel, *Holiday Rental Property UK*, July 2023).
- ◆ The volume of all **domestic holidays**, estimated to have been just below pre-COVID-19 levels in 2022, is **expected to fall by 4% in 2023 to 57.7 million holidays**. The value of the domestic market is expected to decline by 2% in 2023 compared to 2022 to **£15.4 billion**. Although the domestic market is forecast to continue to outperform the overseas segment in 2023, it is not expected to benefit to the same extent as it did during the previous periods. This is because consumers have gained more confidence in travelling overseas since 2022. (Mintel, *Holiday Review UK*, January 2023).
- ◆ Disposable incomes are falling due to the cost-of-living crisis, hindering holiday accommodation demand. However, **self-catered cottages and chalets still account for 47% of industry revenue** which is expected to rise at a compound annual rate of 0.2% over the five years through **2022-23 to £2.6 billion**, expanding to **£3.2 billion through 2027-28**. (IBISWorld, *Holiday Accommodation in the UK*, March 2023).
- ◆ The South West was the leading destination for upcoming overnight domestic trips during summer in the United Kingdom, with 20% of respondents stating that this was the case. Meanwhile, **12% of respondents said that they intended to visit Scotland** during their summer holiday while only 3% stated that they would like to visit Northern Ireland. (Statista, *Leisure Travel*, June 2023).
- ◆ In the Self-Catering Sector, the Scottish Accommodation Occupancy Survey reported **46.89% average self-catering unit occupancy April 2023**, a 5.9% increase from 2022. 21% of respondents recorded reducing expenditure with concern expressed in respect to the cost of living. (Visit Scotland-*Scottish Accommodation Occupancy Survey Report*, April 2023 – tinyurl.com/3a7zrdv3).
- ◆ The national organisation for this industry is the [Association of Scotland's Self-Caterers](#). Other industry bodies include [Holiday Homes Association](#), [British Holiday & Home Parks Association](#) and the [UK Short Term Accommodation Association](#).



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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – Holiday Rental Property UK (July 2023).** Airbnb is the largest booking channel for holiday rental properties, accounting for 27% of consumers' most recent holiday rental property booking made in the three years ending April 2023. This compares to 22% in April 2019. When asking potential holiday rental property guests what they consider to be the main benefits compared to hotels, privacy ranked at the top (47%), followed by affordability (42%) and self-catering facilities (40%). 37% of those not interested in staying in a holiday rental property in the future say they are too expensive, making this the leading barrier. 18% are most put off by a lack of facilities, rising to 23% of 55–64 year-olds and 32% of over-65s.
- ◆ **Mintel – Travel Trends: Spring UK (May 2023).** 64% of Brits went on holiday between October 2022 and March 2023. 44% visited the UK, 22% visited Europe and 12% visited a destination outside of Europe. Within the UK, England was the most popular destination (37%), followed by Scotland (7%), Wales (6%) and Northern Ireland (1%). For holidays abroad, Spain was the most popular amongst consumers (8%), followed by France (5%) and the USA (3%). Despite the cost-of-living crisis impacting many in society, the group likely to take more holidays between April and September 2023, compared to the same period in 2022, is twice as large as those planning to take fewer holidays. Widespread disruption reported at airports and ports led to more Brits being wary of heading overseas.

There are also a number of online resources you may find helpful:

- ◆ **Scottish Government** – (tinyurl.com/ypkz6bfu) new legislation introducing a mandatory licensing scheme for all short-term lets in Scotland was approved in early 2022. A one-off, six-month extension for existing hosts to recognise the wider cost of living crisis that is placing pressure on existing short-term let hosts and businesses was approved by the Scottish Parliament on 1 March 2023. Existing hosts must apply for a licence before 1 October 2023 (previously 1 April 2023) and can continue operating while their application is being determined. The final deadline for all hosts and operators to have a licence is 1 July 2024.
- ◆ **Visit Scotland - Research and Insights** (tinyurl.com/yxu9lrt5) provide information and statistics on Scotland's tourism industry
- ◆ **Visit Scotland: what can Visit Scotland do for you?** (tinyurl.com/yhyf48rw) – this page offers an overview of how the organisation can help hospitality businesses grow and thrive, with links to further information across the website.
- ◆ **The Sykes Staycation Index 2023**, April 2023 (tinyurl.com/ycxukd6b). This report looks at the popularity of staycations in UK and reviews trending holiday hotspots and activities. According to the Index, Central Scotland and Highlands & Islands are in the top 10 fastest-growing regions for bookings for the summer. On average, Brits will spend £1,200 on their main UK break.

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#) ,[Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing. Publications are also available at [Statistics and Research](#).
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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