Welcome to our 2017 edition of the Holiday Complex Magazine

A very warm welcome from the Holiday Complexes team at Stags.

We have teamed up with a number of industry experts to compile an informative, and hopefully, useful guide to the general market and the specialist niches which are crucial to the success of your business.

This edition includes:
- A look back at the market in 2016 and some of our sales highlights
- Advice on how to ‘Unlock the potential in your holiday property’, by Stuart Walkden from cottages.com
- Ben Stephens, Partner of Stags, discusses Cornish holiday businesses and the pros and cons of a coast or country location
- The importance of digital marketing by Sophy Norris from Flagship Consulting
- ‘Tax efficient structuring of your Holiday Complex’, by Dominic Crilly from Albert Goodman

Office Directory

Specialist Departments
- Holiday Complexes 01392 680058
- Waterside 01872 264488
- Equestrian 01404 458885
- Farm Agency 01392 680059
- Residential Lettings 01404 42553
- Professional Services 01392 439046
- On Site Sales 01769 572042

21 West Country Offices
- Barnstaple
  - 01271 322833
- Bideford
  - 01237 425030
- Bridport
  - 01308 428000
- Dartmouth
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- Dulverton
  - 01398 323174
- Exeter
  - 01392 255202
- Honiton
  - 01404 45885
- Kingsbridge
  - 01548 853131
- Launceston
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- Okehampton
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- South Molton
  - 01769 572263
- Tavistock
  - 01822 612458
- Taunton
  - 01823 256625
- Tiverton
  - 01884 256331
- Torquay
  - 01803 200160
- Tides
  - 01803 865454
- Turo
  - 01803 864488
- Wadebridge
  - 01208 222333
- Wellington
  - 01823 662822
- Yeovil
  - 01935 475000
- London
  - 020 78390888

Holiday Complexes
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Reflecting on 2016

The year saw a considerable change in political direction and potentially significant changes in the priorities of many buyers.

I reported, in the Western Morning News back in February 2016, on the comments from RBS to their clients. Their recommendation was to “sell everything except high quality bonds” suggesting a return of capital rather than a return on capital. Our 2016 figures suggest a movement of that capital into property in the South West.

2016 was a stellar year with Stags reporting a record number of sales. As with all good sales years, the performance was underpinned by the number of applicants searching for holiday complexes, whether for lifestyle or investment, which increased by 22% and the conversion of those applicants into viewings which increased by 35%. However, of most interest is the 25% increase in properties sold to those coming from the South East.

Early indicators suggest that confidence has been carried over from 2016 into the New Year. Viewing figures are again setting new records and our expectation is for a very strong year ahead.

Whether you would like advice on the general market or are considering selling in the next few years, Stags, with its dedicated Holiday Complex department and 21 key regional offices, are best positioned to help.

Nick Smith
Manager and Valuer

We have no hesitation in recommending Stags Holiday Complexes Department.

Nick Smith and his team gave a realistic valuation and were very professional throughout the whole process. They also gave us helpful advice and were always on hand to answer queries.

Mr and Mrs G, Vendor

Generate more income for your holiday complex

- Personal service from a letting expert based in your area
- 23 million website visits each year
- Trusted by thousands of property owners

0345 268 1834
cottages.com/let-your-property

North Devon | £2.3 million
South West Cornwall | £800,000

cottages.com
Sale highlights 2016

Liskeard, South East Cornwall
Surrounded by 115 acres of land, this historic small estate in Cornwall had been in the same family ownership for over 400 years.

The handsome south-facing Georgian style residence was rebuilt in 1938 following a fire and looks out over formal gardens, a Grade II Listed 16th Century Clock tower and the parkland beyond. There are 5 spacious holiday cottages created from the conversion of the 18th Century coaching yard and guests enjoy the swimming pool and tennis court.

This property was perfect for a buyer from the South East and they purchased it in autumn 2016 off a guide price of £2.25m

Marldon, South Devon
In a popular South Hams village, this period farmhouse with annexe, ancillary accommodation and four 4* holiday cottages was sold in summer 2016 when the owners decided to retire. The property has a south facing garden with outdoor pool and there are outbuildings with potential for conversion. Marketed at a guide price of £995,000, the property was under offer within a week to a buyer from the South West.

Luccombe, Exmoor
This caught the eye of two entrepreneurs from the South East who had sold their business and were looking for a new direction.

Set in 3.5 acres of parkland gardens within Exmoor National Park, this beautifully presented, substantial former Rectory, 2-bed annexe and pair of delightful separate cottages, were perfect for them and a sale was agreed in autumn 2016 off a guide price of £1.15m.

Beaworthy, West Devon
This purpose built holiday business set in 11.5 acres includes a 3 bedroom barn conversion with annexe, 8 lodges, heated indoor pool and a bar/restaurant. Through hard work and determination the sellers had reinstated the previously closed business and built up the turnover to an impressive level. The new owners, who have relocated from the South East, plan to continue with this development and further improve the facilities for guests.

Sold off a guide price of £1m in autumn 2016.
Unlock the potential in your holiday property

According to research by the UK's largest holiday cottage website, cottages.com, a majority 76 per cent of UK residents are planning a staycation in 2017. The market for quality accommodation, particularly in the South West, is booming and there is a huge opportunity for owners of holiday lets to maximise their return on investment.

Here, cottages.com shares advice on how to achieve bumper bookings this year:

- **Be open to off-peak bookings:** Dynamic pricing technology online facilitates a responsive marketplace, and for many holidaymakers the off-peak months offer an attractive time to visit the South West, when towns and beaches are quieter and accommodation is at a lower price point. What's more, online bookings, especially via mobile, enable more people to make bookings just a few days before they intend to travel. Accepting last-minute bookings can be extra work (with tight cleaning turnarounds!) but can be very profitable and keeps income coming in throughout the year.

- **Know what your customer wants:** cottages.com booking figures have revealed the most searched property features are hot tubs, WiFi, luxury and pet-friendly properties. Owners looking to create a property which has 12-month appeal should consider investing in these facilities as well as real log fires and indoor swimming pools. Remember to offer water and food bowls in the property if accepting pets, as well as ensuring the garden or courtyard is enclosed.

- **Small gestures make a big impact:** In a world heavily influenced by online reviews, taking a small step to welcome guests to the holiday property can make a big impression and impact the likelihood of a future recommendation. For example, consider offering a simple breakfast starter pack including locally-sourced bread, milk, coffee and eggs, as well as a bottle of wine to celebrate the start of the holiday.

- **Photography is key:** Brilliant photography, both inside and out, is essential. In the summer, people want to see the location and the outside space but in the winter, people are looking for cozy living areas and well-appointed kitchens. Seek advice on how to capture the visuals that will convert website visits to bookings.

- **Partner with a reputable agency:** The criteria for selection should be based on finding an agency that can offer great terms and has significant marketing and web presence. Property owners should be completely confident their property will be seen and achieve the right number of bookings. In fact, many cottages.com properties achieve more than 40 bookings each year and have over 90% occupancy!

cottages.com has been helping property owners increase their bookings for more than 35 years, providing expert guidance and support.

For advice on making the most of a holiday property, or if you are interested in partnering with cottages.com, simply visit www.cottages.com/let-your-property.

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*Cottages.com* is the largest holiday cottage website in the UK, connecting owners and guests for over 35 years. For advice on how to maximise your holiday property, or if you would like to list on the website, visit www.cottages.com/

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**North Devon | 16.7 Acres**

A self-catering complex and smallholding in an ideal location bordering the Exmoor National Park.


Offers in excess of £1,050,000

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**Mid Devon | 2.8 Acres**

A peaceful, rural location for this 3/4 bedroom Grade II Listed Devon longhouse with 3-bed annexe.

3 self-catering holiday cottages. Workshop, substantial cob barn with potential (stp), paddock and tennis court. Web Find: 83712

Offers in excess of £950,000

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**North Devon**

In a peaceful wooded valley in the North Devon AONB.

8 stone-built apartments and cottages set around a pleasant courtyard. Moments from Watermouth Cove and superbly located for exploring the stunning North Devon coast, South West Coastal Path and nearby Exmoor. EPC Band G. Web Find: 79272

Offers in excess of £925,000

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**North Somerset | 4.5 Acres**

16th Century Grade II Listed 6 bedroom manor house on the edge of Exmoor National Park.

Fabulous landscaped gardens. Heated outdoor swimming pool. 4 self-catering holiday cottages, excellent outbuildings and 3 garages with potential (stp) Web Find: 58296

Guide Price £1,450,000

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**Available properties**

**South East Cornwall | 1 Acre**
An impressive holiday cottage complex in a glorious rural setting.
Superb 4 bedroom farmhouse with heated swimming pool.
1 bedroom residential cottage, 3 quality holiday cottages, outbuildings and fabulous pastoral views. EPC Band F.
Web Find: 79649

**Guide Price £1,350,000**

**South East Cornwall | 2 Acres**
A beautiful Grade II Listed country residence with 3 quality holiday cottages, privately positioned within landscaped gardens amidst unspoilt countryside.
Opportunity to develop the business further by converting the double garage to provide a 2-bed annexe (subject to relevant consents). Additional traditional outbuilding with potential (stp).
Web Find: 58929

**Guide Price £995,000**

**East Cornwall | 2 Acres**
An established lifestyle business in a delightful valley setting.

**Guide Price £950,000**

**North Cornwall | 7 Acres**
An attractive character holiday cottage complex set just inland from the north Cornish coast.
Thoughtfully updated with a delightful 3 bedroom farmhouse.
4 holiday cottages accommodating between 2 and 4 guests.
Outbuildings with potential (stp). Pasture and surrounding grounds. EPC Band D. Web Find: 82446

**Guide Price £825,000**

**Cornwall – Coast or Country?**

Cornwall has been named the Best UK Holiday Destination in the British Travel Awards for the eighth year in a row. An accolade that was first secured back in 2009, paying testament to the diverse attractions that this wonderful County has to offer. It is therefore no surprise that many holiday complex buyers see the Duchy as the first choice for their lifestyle business.

With approaching 300 miles of coastline and some of the most picturesque beaches and harbour villages in the Country, many of my initial phone conversations with potential buyers start with “we are looking for a holiday cottage complex on the coast”.

Complexes near the coast tend to be in shorter supply than their inland counterparts and whilst they prove attractive to holidaymakers who wish to take full advantage of the water and beaches, they can come at a premium. If you are considering a sale, you can perhaps anticipate an early flush of activity which in the case of The Old Sunday School at St Gennys in North Cornwall resulted in two buyers who wished to purchase.

A significant proportion of the properties that we are asked to sell are however inland from the coast, typically a former farmstead with converted barns. These characterful complexes hold their own charm and are often situated in areas with easy access to wonderful walks, riding out and dramatic scenery. Local knowledge is paramount when handling the sale of any property however an understanding of these businesses and the locality is essential. For instance, Hendrifton Farm on Bodmin Moor which has recently sold, is close to Siblyback Lake, home to an activity centre which offers sailing, windsurfing, wakeboarding and fishing.

These complexes will also typically be set within land that can offer diversification opportunities such as camping or glamping – extremely popular at the moment. Those that accept pets can also expect a longer season – albeit with additional maintenance and cleaning liabilities. Many forward-thinking operators are specifically promoting their ‘pet-friendly’ approach.

Whatever type of complex you either decide to buy or currently operate, the importance of quality accommodation, a well-configured website, an active social media ‘heartbeat’ and in-depth knowledge of your marketplace is essential to ensure that you maximise the business return and, in turn, capital value.

Stags expert team are on hand if you wish to discuss any aspect of buying or selling a complex in the West Country.

**Stags.co.uk**

[Ben Stephens]
Partner and Valuer
Surfing the online wave is the key to success for holiday cottage businesses

Location, quality, amenities, facilities are all crucial to a great holiday lettings business, but they are only part of the picture. Guests, occupancy, rates and bookings are the true indicators of success. The most spectacular holiday unit is nothing without effective yield and yield management.

Holiday letting, particularly in the South West, is a fiercely competitive environment and those businesses that understand their customers and invest in marketing are going to steal a march on the competition and win out in the long run.

In an increasingly digital, multi-device world where savvy travellers are more empowered than ever to go into detailed online research, the path to purchase is becoming an ever more complex landscape for holiday brands looking to market themselves. When researching, holidaymakers vacillate between a need for inspirational “that could be me” content, which showcases lifestyle and experiences, and practical “I can do that” content, which highlights logistics such as room dimensions, price, location and so on.

This need for inspirational and practical information is the same whether seeking a holiday cottage break in Devon or a tropical villa in the Seychelles. People are information hungry and the more content they are fed, the better equipped they are to book. Research from Google shows the average holiday hunter spends 1 hour 43 minutes researching a trip and visits 17.6 different websites to help them come to a decision.

With all of the possible on and offline sources of influence, from adverts to websites, emails to blogs, word of mouth recommendation to booking sites, holiday brands are faced with a bewildering array of possible customer touch points that may or may not tip them into booking.

The key to riding this endless wave of choices is to focus in on who your customers are and what resonates with them. Businesses need to think tactically: “Who is my customer? What do they like doing? Who or what influences them?” and then invest in, and test, touch points that provide them with “moments that matter”.

“Moments that matter” are critical in digital marketing. These are the moments in our online lives that stand out from the noise, the moments when we make decisions.

For travel brands, tapping into them can mark the difference between success and failure. Understanding these moments requires in-depth customer knowledge; knowledge small customer-centric businesses can easily capitalise upon.

A smart marketing approach will enable small businesses to play head-to-head with bigger organisations. A deep understanding of customers, moments that matter and touch points can enable brands to show up in the right place (on social channels, in Google, in press articles), at the right time (during the research process), with the right content (appealing to the target audience) in a format that resonates with them (blogs, video, graphics).

By putting customers first – long before they book – and taking the time to understand who they are and what inspires them during their 1 hour and 43 mins of holiday planning, you can concentrate on developing and positioning content you know will satisfy and inspire.
Available properties

**East Devon** | **8 Acres**
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Glorious Georgian Grade II Listed 5 bedroom house in a stunning rural setting. 5 holiday / guest cottages set away from the main house, heated outdoor swimming pool, mature gardens and 3 paddocks. Web Find: 52981
Offers in excess of £1,500,000

**Bodmin Moor** | **4.5 Acres**
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A charming holiday cottage complex standing in an Area of Outstanding Natural Beauty on Bodmin Moor. Character three bedroom farmhouse, 5 well-appointed holiday cottages sleeping between 3 and 6 guests. Stables, outbuildings and paddocks. EPC Band E. Web Find: 67679
Guide Price £1,000,000

**Mid Cornwall** | **7.5 Acres**
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Guide Price £1,450,000

**North Dorset**
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A charming 3 bedroom family home with 3 single storey holiday cottages rated 4* by Visit Britain. Barn with planning permission for a further holiday cottage, indoor heated splash pool, therapy room and meeting/recreation room. Gardens with far reaching countryside views. EPC Band C. Web Find: 81295
Guide Price £850,000

Are you pet friendly?

Every year the PFMA (The Pet Food Manufacturer's Association) commissions the Pet Population Report which looks at pet ownership trends. They estimate that in 2016 40% (11m) of UK households have pets and the pet population as a whole is a significant 57 million. Of this number there are about 8.5 million dogs and 7.5 million cats with the balance made up with hamsters, guinea pigs and fish etc.

Countless people consider their pet an integral part of the family and have no intention of leaving them to be looked after at home or putting them in kennels whilst they go on holiday. Many holiday cottage owners have tapped into this ethos and will accept 1 or 2 well-behaved pets in their properties. Others have gone further and place no limits on the number of pets they will accept.

In a rural location in North Devon and surrounded by 23 acres of its own land (perfect for dog walking), Stags sold a Listed farmhouse with 3 holiday cottages. The owners built a substantial business focusing on 'dog-friendly' holidays with no restrictions on the number or size of dogs guests could bring with them. With high levels of repeat business and great Trip Advisor reviews they proved that there is a demand for this type of holiday with some guests bringing up to 13 dogs! This great business attracted a buyer from Bristol and the property was sold off a guide price of £895,000.

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Catherine Barnes
Property Sales Negotiator
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Tax efficient structuring for Holiday Complexes

Taxes are one of life’s certainties, and can amount to a major cost for owners of a holiday complex. Just as with any other business expense, owners need to consider ways in which their tax costs can be minimised. The good news is that there are a number of ways in which this can be done.

One item which looms large in the life of many holiday complex owners is VAT. As soon as annual turnover exceeds £83,000, VAT registration becomes compulsory, and owners are faced with charging VAT on property rentals. A 20% increase in the rent charge is hardly ever a realistic possibility, so if VAT must be charged then net rental income suffers accordingly.

There are a number of possible ways to tackle the VAT problem:

One option might be to consider using the “Tour Operators’ Margin Scheme”, under which it is sometimes possible to reduce the turnover subject to VAT to an amount net of the ordinary long term rental value of the property concerned. In some other circumstances it might be possible to split the business in two, thus doubling the potential turnover before VAT is chargeable.

But I find that one of the favourite options adopted is to ensure turnover remains below the magical £83,000 per annum by closing for a period, perhaps a couple of months in the winter. What better than saving tax and having an easier life as well?

Income tax is another issue, often charged at 40% on profits. This contrasts with the corporation tax rate, currently 20% and set to fall further in the years ahead. Therefore it is sometimes possible to halve the tax bill associated with a holiday complex simply by running the complex through a company rather than as an individual. There are of course other matters to consider when structuring the business, but this is certainly an option which should be explored.

Another way to reduce tax is to ensure that claims to “capital allowances” are maximised.

These are tax allowances which can be claimed on the purchase of capital items, and often enough the very generous tax allowances available are overlooked. Did you know, for example, that it is sometimes possible to claim an allowance against tax for the full value of a central heating system when a furnished holiday let is first purchased?

Overall, there are often significant tax savings to be made by reviewing the way your business operates. There is certainly no obligation on anyone to pay HMRC more than is strictly necessary.
The great outdoors

People are becoming ever conscious of the need to look after both their physical and mental health and ‘Wellness Breaks’ are in demand. Most people would welcome the chance to slow down, relax and perhaps reconnect with their family and friends. A few nights under canvas in the countryside, cooking your dinner outside and limiting the time spent on smart phones and tablets can be hugely beneficial. According to Mintel’s Camping and Caravanning UK report (April 2016), “camping and caravanning is gradually repositioning itself. Rather than just being the default option for those looking for an affordable way of holidaying, it is starting to be seen as an activity which offers people a high standard and wide choice of accommodation, while at the same time allowing them to reconnect with nature and switch off from their busy day-to-day lives.”

Properties with campsites, SCL sites and caravan sites remain popular and in early 2017 Stags sold a camping and static caravan site just a mile from the picturesque seaside resort of Lyme Regis. A leafy, well-kept site with a licence for 100 pitches set over a number of terraces with shower, toilet and utility blocks. Open between March and October each year, the business produces a substantial turnover and was sold to a buyer from the South East off a guide price of OIEO £1.9m.

In recent years glamping, a form of camping involving accommodation and facilities more luxurious than those associated with traditional camping, has caught the imagination of the public. Usually in a rural location the tipi, yurt, safari tent, shepherd’s hut or treehouse is already set up, so there is no arguing over how to put up the tent! Many people we speak to are keen to purchase a property with land where they can explore this potential additional revenue stream.

South Devon | 7.6 Acres

Excellent business with annual turnover of circa £440k. Open year round with PP for 44 static caravans and 87 touring caravans. Hire fleet of 16 static caravans and site reception/shop. Outline PP for manager’s accommodation, shop and office. Web Find: 63526

Guide Price £2,500,000

Dartmoor

A 6 bedroom country house with 2 self-catering apartments and owner’s accommodation on the edge of Dartmoor. Opportunity to continue with the current successful operation or reconfigure the accommodation. EPC Band D

Web Find: 79442

Guide Price £735,000

Other Departments

In every corner of the West Country there is a Stags presence, which is not surprising given that Stags has been around since 1874. When you use Stags you are getting over 140 years of West Country experience, combined with a level of expertise and regional knowledge that is second to none.

If you are looking for a firm of estate agents that can offer exceptional service across all aspects of property then you have come to the right place.

Stags Residential Sales

Whether you are looking to upsize, downsize, or move to a different part of the West Country, Stags can help you. Our extensive network of offices, local knowledge and unrivalled experience, ensure we are best placed to find your new home.

To see all our properties for sale and to set up email alerts for new properties visit stags.co.uk or call your local Stags office.

Stags Residential Lettings

Stags let and manage over 3,000 properties throughout its established network of 21 offices across the South West.

There is a Stags office in every major West Country town and city, ensuring all serious applicants come into contact with us. We pride ourselves on the service we provide whether a first time landlord or seasoned Buy-to-Let investor.

Stags Professional Services

Our team consists of qualified Chartered Surveyors, valuers and land agents, who adhere to strict codes of conduct, guaranteeing professionalism at all times.

The team has in-depth knowledge across all sectors of property and our surveyors’ combined experience means they are able to advise on all property issues in any given situation.

T: 01392 439046 | E: professional@stags.co.uk

The London Office

The central position of this well-known property marketing office ensures that all properties marketed by Stags reach a widespread target audience, not only in London and the South East but international buyers around the globe.

40 St James Place, London, SW1A 1NS

T: 020 7839 0800

E: enquiries@tlo.co.uk