

DTRVA 28

Senedd Cymru | Welsh Parliament

**Pwyllgor yr Economi, Masnach a Materion Gwledig |
Economy, Trade, and Rural Affairs Committee**

**Bil Datblygu Twristiaeth a Rheoleiddio Llety Ymwelwyr (Cymru) |
Development of Tourism and Regulation of Visitor Accommodation (Wales)
Bill**

Ymateb gan: Propertymark

Evidence from: Propertymark



Welsh Parliament - Economy, Trade, and Rural Affairs Committee
Consultation: Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill
Response from Propertymark
November 2025

Background

1. Propertymark is the UK’s leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 19,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents, and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.¹

Overview

2. The Chair of the Senedd Economy, Trade and Rural Affairs Committee, has requested information regarding the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill, which was introduced to the Senedd on 3 November 2025.
3. The Committee is particularly interested in the Bill’s potential impact particularly how aligning regulation of self-catering visitor accommodation with the private rented sector might:
 - Address concerns that some property owners find it easier or more profitable to operate short-term lets instead of long-term rentals; and
 - Help reduce the loss of long-term residential housing in certain communities.
4. The Committee also wants to know if these measures have affected the likelihood of landlords switching from the private rented sector to short-term letting. Additionally, the committee is interested in whether Welsh Government interventions introduced in recent years have influenced landlords’ behaviour, including:
 - Changes to non-domestic rates (NDR) for self-catering accommodation.
 - Introduction of new planning use classes for short-term lets.
 - Implementation of council tax premiums on second homes.

Benefits of Short-Term Lets

5. Short-term lets are properties that are rented out for shorter time periods than the private rented sector. These periods are usually between a few weeks and six months. Short term lets offer several advantages for different stakeholders:
 - **Property owners** - they can provide enhanced rental income, greater flexibility of letting their property for a term that suits them , reduced void periods and generating extra income while travelling or trying to sell a property.

¹ <https://www.propertymark.co.uk/>



- **People in the process of buying and selling** – short lets are used by people that are in the process of buying or selling a property and find themselves in need of temporary accommodation in order to meet the deadlines of their buyer or seller.
- **Estate and letting agents** - may benefit from business expansion opportunities associated with managing short-term holiday lets to help people boost their rental income and meet their needs without the risk or hassle of listing on sites like Airbnb.
- **Visitors or users of short term lets** - can get a home to stay in rather than a hotel or bed and breakfast accommodation or holiday park.
- **Tenants and people moving for work** – can gain access to temporary accommodation, flexibility in moving between locations, and the ability to trial new areas before committing to a longer-term lease.
- **Communities** - can also see benefits, as short-term lets can generate an economic boost through tourism and ensure that otherwise empty properties are occupied.

Drawbacks of Short-Term Lets

6. However, short-term lets also have drawbacks. These include:

- **Reduce the supply of housing in the private rented sector** - contributing to rental inflation and reduced affordability.
- **Neighbourhood issues** – local residents may experience antisocial behaviour, security concerns, pressure on parking and waste management.
- **Reduce housing supply for home buyers and sellers** - high-demand areas, in particular, face localised affordability pressures, which can make it more difficult for first-time buyers to access the housing market.
- **Inconsistent income for people letting their property on short term basis** – even holiday lets in the most popular locations will have off-peak seasons. Furthermore, people must consider running costs such as cleaning fees as well as pay utility bills on the property with potentially higher costs for water, electricity, gas and broadband based on usage.

Potential impact of the Bill on regulatory alignment



7. Propertymark cautiously supports the Bill's aim to better align the regulation of self-catering visitor accommodation with that of the private rented sector, recognising the importance of addressing concerns about the loss of long-term rental housing to short-term lets.
8. Our joint research as an independent partner with the Welsh Tourism Alliance², indicates that growth in short-term lets is highly localised, with 76% of agents in tourist hotspots reporting increases over the past four years, compared to just 33% in non-tourist areas. Coastal versus non-coastal differences were less pronounced, but local market factors remained critical. The report also highlights that, in many tourism-intensive areas, the types of properties entering the short-term let market are often larger homes, high-end apartments, or properties located in prime coastal or scenic locations. These are typically outside the price range of local residents seeking affordable, long-term housing. As a result, while regulatory alignment between the short-term let sector and the private rented sector is an important step towards ensuring consistency and accountability, it may not, on its own, be sufficient to protect or increase the supply of affordable homes for local communities. Broader measures that address housing mix, local affordability, and investment in new housing stock will likely be required to achieve a sustainable balance between tourism growth and residential housing needs.
9. Furthermore, a substantial proportion of the growth in the short-term let market has resulted from the reallocation of existing housing stock rather than new development. Evidence suggests that around 38% of short-term lets originate from properties previously used within the private rented sector, highlighting a significant movement of homes away from long-term residential use. A further 34% of growth has come from new property purchases made specifically for entry into the short-term letting market, reflecting the increasing commercialisation of this sector. Additionally, 23% of short-term lets are drawn from second homes, where owners are seeking to generate income during periods of non-occupancy. Collectively, these trends demonstrate how the expansion of short-term letting has implications for local housing availability and affordability, particularly in high-demand areas where rental supply is already constrained.
10. Looking at the impact tourism has on a wider UK perspective, our research report into the impact of short-term/ holiday lets on UK housing³, focused on academic research by Dunning and Moore which notes that short-term lets can represent an efficient use of under-utilised dwellings, defined as homes unoccupied for significant portions of the year. Their work recognises that, in some contexts, converting such properties into short-term accommodation helps improve utilisation of housing stock. However, the same research remains alert to the wider risks and highlights concerns around antisocial behaviour, disruption to local communities, and the depletion of the private rented sector in areas where long-term residential housing is displaced. Thus, while the potential efficiency of short-term lets is

² [Preliminary-Report-for-the-Cabinet-Secretary-for-Housing.pdf](#)

³ <https://www.propertymark.co.uk/static/34007f53-b156-47e6-98dca90b51ab87e8/Impact-of-short-term-holiday-lets-on-UK-housing.pdf>

acknowledged, the study emphasises that regulatory safeguards and community protections are still critically needed.

11. Overall, while the Bill has the potential to improve regulatory clarity and strengthen incentives for landlords to maintain properties within the long-term rental sector, its effectiveness will depend on robust implementation, monitoring, and enforcement. This will be particularly critical in tourism-concentrated communities, where housing demand is elevated and pressures on local affordability, availability, and community cohesion are most pronounced.

Impact of recent policy and legislative interventions

12. We understand the Committee is particularly interested in the effects of recent policy interventions, specifically changes to self-catering non-domestic rates, planning reforms, and council tax premiums on second homes, on landlord behaviour and the private rental sector. Available evidence suggests that these measures have influenced decisions in some areas, though the impact has been highly variable and context specific.
13. Some letting agents report that short-term lets have a negative impact on the private rental sector, primarily through reduced housing supply and upward pressure on rents, with 69% of agents indicating a negative effect and 41% expressing concern. Estate agents generally see less impact on property sales, although they do note localised issues in popular tourist hotspots where holiday lets are concentrated. The situation is further complicated by the fact that some agents specialise in holiday let management and therefore operate within both the short-term and long-term rental markets. In certain areas, particularly those with a larger housing stock or less intensive tourism, holiday lets appear to have a more limited impact on rents and availability. This variation suggests that a one-size-fits-all approach to regulating short term lets in Wales is unlikely to be effective; instead, locally tailored solutions that reflect the intensity of tourism and housing pressures in specific communities are required.

Non-domestic rates policy

14. Adjustments to the self-catering non-domestic rating system in Wales have changed the financial calculations for landlords operating short-term holiday accommodation. Under the current rules, a property must be available for letting for at least 252 days per year and actually let for at least 182 days per year to qualify as non-domestic and be liable for business rates. Smaller properties or those in less tourism-intensive areas may fall below these thresholds and remain classified as domestic, meaning they continue to pay council tax, resulting in a relatively limited financial impact. In contrast, larger or higher-value properties in popular tourist destinations are more likely to meet the thresholds and therefore may experience a greater effect due to business rates liability.



15. Our recent response to the Welsh Government’s consultation on proposed refinements to the classification of self-catering properties for local tax purposes⁴, supported the Welsh Government’s proposal to allow days let to be averaged over multiple years as evidence of compliance with the 182-day letting requirement for self-catering properties. This flexibility acknowledges the seasonal nature of the self-catering market and recognises that occasional shortfalls in occupancy should not lead to immediate reclassification and financial uncertainty for operators. However, we also highlighted that achieving the current 182-day letting threshold can be challenging for many operators, especially in areas with variable demand or outside peak seasons. We suggested that the Welsh Government consider reducing this threshold to around 120 days, which would better reflect realistic occupancy patterns while still supporting the policy intent of classifying properties operating as genuine businesses.

Planning Use Classes & Occupancy Restrictions

16. The introduction of new planning use classes and adjustments to permitted development rights in Wales, for example, local authority Article 4 directions, has increased oversight of short-term holiday lets, particularly in tourist hotspots. One such example is Gwynedd Council who implemented an Article 4 Direction in the Gwynedd Local Planning Authority area (outside Eryri National Park) which came into effect from 1 September 2024⁵ Under this direction, properties which are main residences (Use Class C3) cannot be changed to second homes (C5) or short-term holiday lets (C6) without first obtaining planning permission⁶. We responded to Gwynedd Council’s consultation and reported that agents report that these new administrative burdens may discourage some landlords from switching to short-term lets because of the extra compliance step. However, they should also consider their use carefully as there is a synergy in their use in restricting holiday lets and the knock-on impact in reducing property values⁷.

Council tax premiums

17. Council tax premiums on second homes in Wales serve as a partial disincentive to ownership, but they are generally less effective in high-demand tourist areas where buyers are relatively insensitive to additional costs. Some agents reported that these premiums negatively affected local residents in tourism hotspots, such as Gwynedd, who could not afford the higher charges, while having little deterrent effect on investors from nearby areas in England, such as Cheshire. Both the 2022 PropertyMark survey and the 2024 Wales Tourism Alliance report highlight the highly localised nature of second-home ownership and note the difficulty of measuring the true impact of these premiums without robust, property-level data.

Conclusion

⁴ [Proposed-refinements-to-the-classification-of-self-catering-properties-for-local-tax-purposes-PDF-response.pdf](#)

⁵ [Article 4 Direction](#)

⁶ [Article 4: What is it and how will it affect property in Gwynedd? | Darwin Gray](#)

⁷ [Council calamity as second home penalties trigger price falls](#)



18. Propertymark supports the Bill's objective of aligning regulation between self-catering visitor accommodation and the private rented sector. The evidence, however, underscores that meaningful preservation of long-term housing stock will require more than legislation alone. Effective implementation and enforcement, accurate localised data, integration with broader housing supply and fiscal policies, and targeted approaches in tourism-intensive communities are all essential. Our research highlights that one-size-fits-all approaches are unlikely to work, and policies must be tailored to reflect local housing pressures, property types, and labour market dynamics.
19. In addition to regulatory measures, increasing the supply of social and affordable homes is critical to addressing long-term housing needs. Policies that support growth in the private rented sector, such as reducing the 4% surcharge on Land Transaction Tax for additional homes—which is predominantly taken up by private landlords—can also help expand the housing supply available to local residents.
20. Propertymark would be pleased to provide further evidence or briefings as the Bill progresses to support the development of policies that balance tourism, business interests, and the housing needs of local communities.