hometrack

Research and Insights
December 2025

UK Rental Market Index

+2.2%
Annual rental inflation for new lets, UK

-20%
Decline in demand for rented homes (YoY)

+15%
Increase in number of homes for rent (YoY)

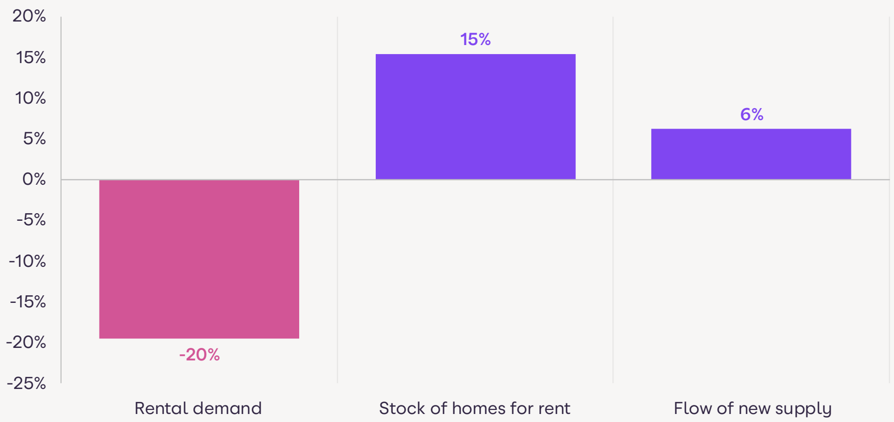
Executive summary

- UK rent inflation slows to 2.2% - demand drops 20%, supply up 15%
- Sharp decline in migration and more first-time buyers reduce demand for renting
- Rental supply is higher across the country, but lower in London due to weak landlord economics - low yields and high costs
- Homes are taking longer to let, signaling easing market pressure
- Rental inflation is strongest in more affordable areas where rents are lower, with slowdown in higher rental value markets
- Rents are expected to rise modestly by 2.5% in 2026 amid limited new investment in rental supply

“The rental market is stabilising after a period of rapid rental growth. Renters can expect more choice of homes, slower rent increases and a less competitive market as demand eases and supply improves.

Richard Donnell
Executive Director

Demand for rented homes falls - lower migration and more first-time buyers



Source: Zoopla Research
% change - 4 weeks to 30 November 2025 compared to the same period in 2024

78%

Decline in net migration into the UK since 2023

Rental inflation lowest for 4 years

Rents for new lets are increasing at their lowest level for more than 4 years. Demand for rented homes has fallen by a fifth over the last year, while the number of homes available for rent is 15% higher. UK rents increased by 2.2% over the last 12 months[1], down from 3.3% a year ago. The average monthly rent is £1,320 (or £15,840 a year).

Lower migration and more first-time buyers hit demand

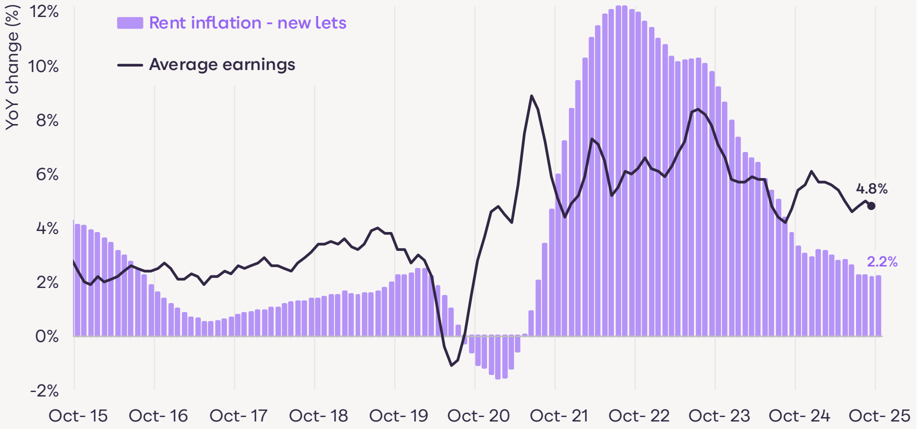
The drop in rental demand is down to two factors. A large decline in net migration into the UK is the most significant. Many people coming to the UK to work and study will look to the rental market to meet their housing needs. New ONS estimates[2] for net migration show a 78% decline from 924,000 people in the year to June 2023 to 204,000 in the year to June 2025, in line with pre-pandemic levels.

A secondary factor is improved mortgage affordability for first-time buyers (FTB). Data from UK Finance shows a 20% increase in the number of FTB mortgages over the nine months to September[3]. The UK is on track for more than 350,000 FTBs in 2025, many of whom were renters. This helps release more homes for rent, which is one reason behind 15% increase in the number of homes to rent. While this trend is helping 'better off' renters to buy, most households on lower incomes have private renting as their main housing option.

Rents rising more slowly than earnings

Rents rise in line with earnings over the long run. However, the rapid increase in rents over 2022/23, running faster than the growth in average earnings, has stretched rental affordability. Together with a narrowing supply/demand imbalance, this explains why rents are rising more slowly than the growth in earnings - a trend that we expect to run into 2026, which will help repair rental affordability.

Rental inflation slows to 2.2% - half the level of earnings growth



Source: Zoopla Rental Index, ONS AWE

1. 4 weeks to 30 November 2025 compared to the same period in 2024

2 Long-term international migration, provisional: year ending June 2025, ONS

3 YoY change in FTB loans – Jan to Sept 205 vs same period in 2024. Source: UK Finance

31%

Proportion of homes for sale in London that were formerly rented

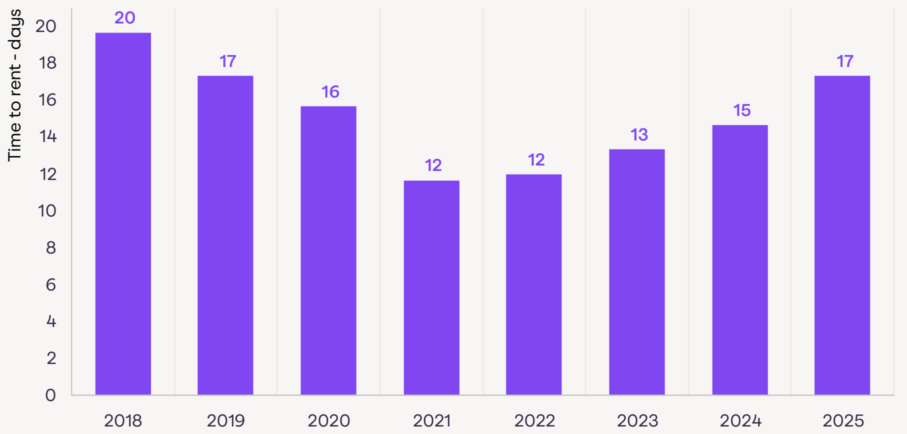
Supply of homes for rent 15% higher than last year

A shortage of homes for rent has defined the market in recent years, helping push rents higher. The average estate agency branch now has 14 homes for rent, up from a low of just 8 in 2022, though still lower than the pre-pandemic average of 17.

National rental supply is 15% higher than a year ago[1], but growth has been slower in London (6%) and Scotland (9%). In London, weak landlord economics - low rental yields and high purchase costs - are prompting continued sales of rented homes. Nearly a third of homes for sale in the capital (31%) are former rentals, almost three times the average across the rest of the country (12%)[4].

Elsewhere, rental supply has grown more rapidly, with availability up by more than 20% in the North West, North East, South West and Wales. This reflects stronger first-time buyer demand and homes that fail to sell being placed on the rental market. We expect rental availability to return to pre-pandemic levels, improving choice for tenants and helping to contain rental inflation over the year ahead.

Time to rent a property 18% longer than a year ago



Source: Zoopla Research

November average each year

Homes taking longer to rent

The time it takes for a property to rent is a key barometer of rental market health. It shows how supply and demand are shifting in real time. The time to rent has been increasing, with homes staying on the market for 17 days before being rented[5]. This is almost 20% more than a year ago and 42% longer than during the boom in the demand for rented homes during the pandemic.

The time to rent has increased across all regions and countries of the UK as the pressure on the rental market has cooled, with the average ranging from 14 days in Scotland to 19 in the West Midlands. Longer times to let will limit how much rents can be increased, which means lower levels of rent inflation over 2026.

4. Zoopla research analysis of homes for sale and previous rented – data covers sales listings over Q3 2025

5. Zoopla analysis of time to rent for rental listings – 3 month average to Nov 2025

4.5%

Rental inflation in North East to October 2025

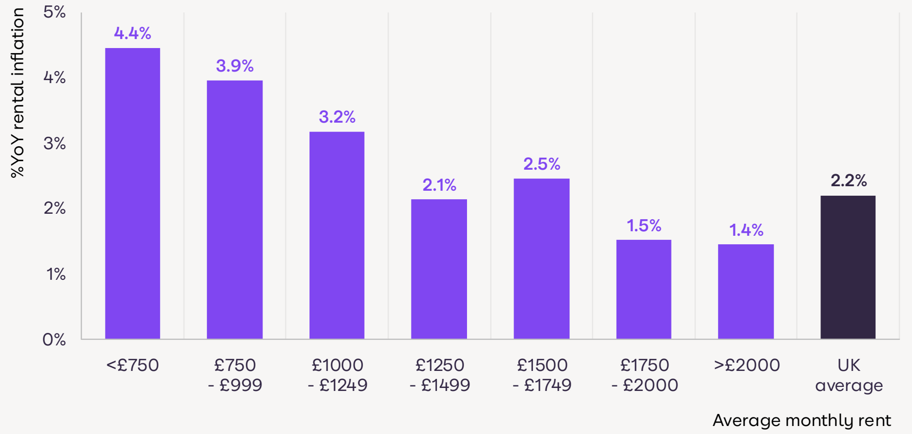
Rents rising faster in more affordable markets

The narrowing imbalance between supply and demand has led to a broad slowdown in rental inflation across all regions and countries of Great Britain. Rents are rising fastest in the North East (4.5%) and North West (3.2%), while growth is the weakest in London (1.6%) and in the West Midlands and Scotland (both 1.7%).

Some local markets have now moved into negative rental growth territory, with annual rents falling in the Birmingham (-1.5%) and Dundee (-1%) postal areas. In contrast, rents are rising most quickly in Carlisle (8.1%), Chester (7.4%) and Motherwell (7%). These differences reflect local shifts in supply and demand, as well as the affordability of rents relative to local incomes.

Overall, rental growth is the strongest in lower-value markets where affordability provides more headroom for increases, while higher-value areas are seeing slower growth as stretched affordability limits further rent rises.

Rents rising faster in cheaper rental markets



Source: Zoopla Rental Index, October 2025

Average rental inflation by price band at a postal area level

Outlook

The rental market is shifting back towards more normal levels of activity, leading to more sustainable rent inflation. A modest supply/demand imbalance remains, which will keep rents rising gradually through 2026 - we expect rents to rise by 2.5% over 2026.

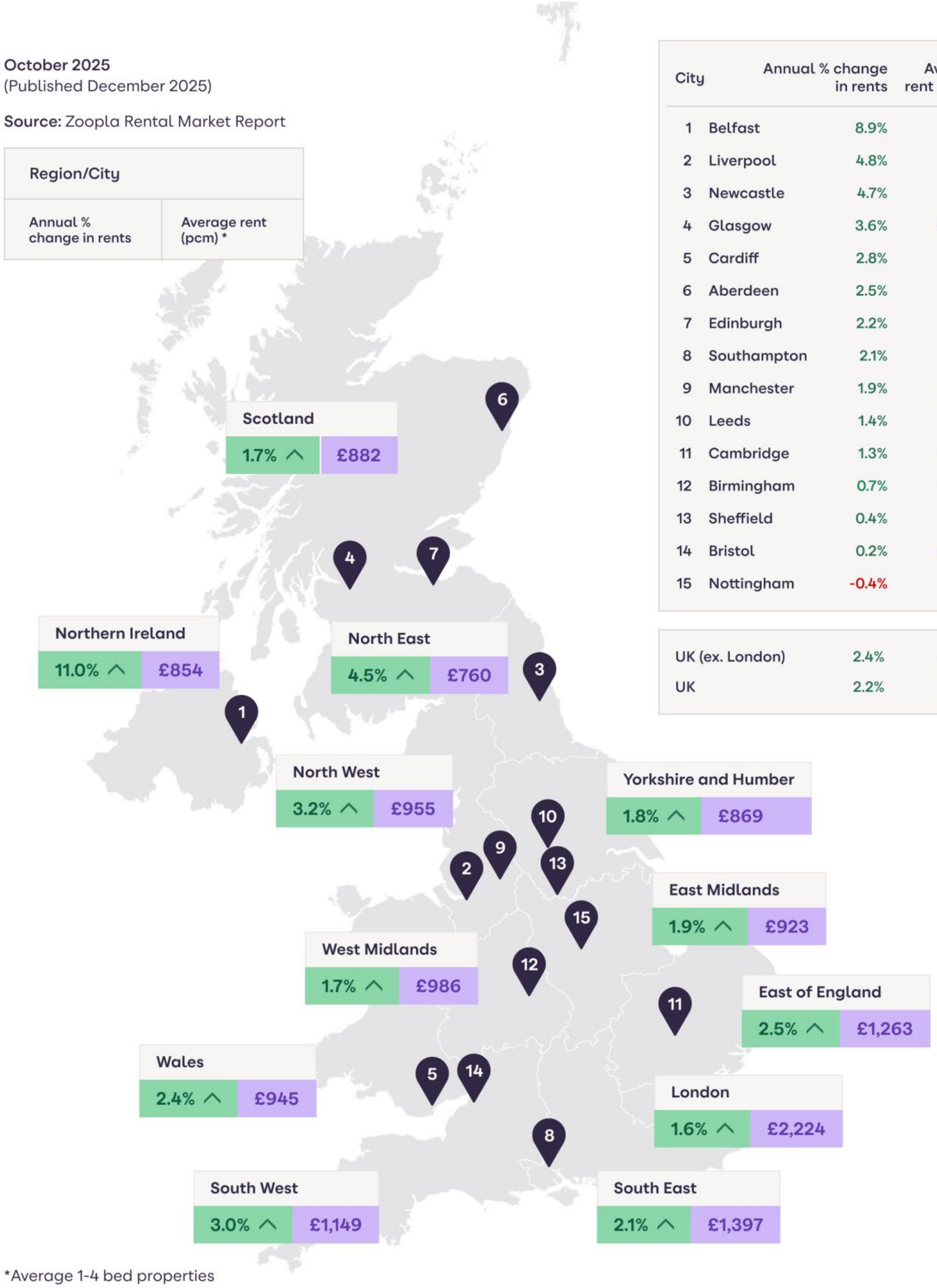
New investment in the sector remains limited, and the number of private rented homes has been broadly unchanged for a decade with little prospect of near-term growth. Slower rental inflation now reflects weaker demand and stretched affordability. Yet many low-to- middle-income renters, who have little realistic prospect of buying, continue to rely on the private rented sector. This core group will play a key role in determining how much rents can rise in the years ahead.

Rental Highlights

Note: The Zoopla rental market index is a repeat transaction index, based on asking rents and adjusted to reflect achieved rents. The index is designed to accurately track the change in rental pricing for UK housing.

October 2025
(Published December 2025)

Source: Zoopla Rental Market Report



	City	Annual % change in rents	Average rent (pcm)*
1	Belfast	8.9%	£872
2	Liverpool	4.8%	£891
3	Newcastle	4.7%	£910
4	Glasgow	3.6%	£1,040
5	Cardiff	2.8%	£1,197
6	Aberdeen	2.5%	£746
7	Edinburgh	2.2%	£1,385
8	Southampton	2.1%	£1,197
9	Manchester	1.9%	£1,173
10	Leeds	1.4%	£1,012
11	Cambridge	1.3%	£1,648
12	Birmingham	0.7%	£1,023
13	Sheffield	0.4%	£865
14	Bristol	0.2%	£1,406
15	Nottingham	-0.4%	£976

UK (ex. London)	2.4%	£1,056
UK	2.2%	£1,318

*Average 1-4 bed properties

Rental Market Snapshot: October 2025

	Average Rent (PCM)	% YOY (Oct 2025)	% YOY (Oct 2024)	3YR CAGR
UK	£1,318	2.2%	3.3%	4.8%
UK ex London	£1,056	2.4%	4.4%	5.4%
East Midlands	£923	1.9%	3.0%	4.7%
East of England	£1,263	2.5%	4.7%	5.6%
London	£2,224	1.6%	1.0%	3.7%
North East	£760	4.5%	7.4%	7.0%
North West	£955	3.2%	5.2%	6.3%
Northern Ireland	£854	11.0%	7.4%	6.9%
Scotland	£882	1.7%	4.8%	6.2%
South East	£1,397	2.1%	4.0%	5.0%
South West	£1,149	3.0%	3.8%	4.9%
Wales	£945	2.4%	4.3%	5.4%
West Midlands	£986	1.7%	4.5%	5.0%
Yorkshire and the Humber	£869	1.8%	4.1%	4.5%
Belfast	£872	8.9%	8.9%	6.9%
Birmingham	£1,023	0.7%	4.0%	4.5%
Bristol	£1,406	0.2%	3.7%	3.8%
Cardiff	£1,197	2.8%	4.0%	5.7%
Edinburgh	£1,385	2.2%	4.1%	6.8%
Glasgow	£1,040	3.6%	2.3%	6.1%
Leeds	£1,012	1.4%	2.4%	3.7%
Liverpool	£891	4.8%	6.2%	6.5%
Manchester	£1,173	1.9%	3.4%	5.5%
Nottingham	£976	-0.4%	-0.1%	3.2%
Sheffield	£865	0.4%	3.0%	3.4%
Southampton	£1,197	2.1%	4.3%	5.6%

Contacts

If you have any questions about our research please do get in touch

Richard Donnell
Director of Research & Insight
Richard.Donnell@zoopla.co.uk

Theo Brewer
Director of Analytics
Theo.Brewer@hometrack.com

Recent publications

UK House Price Index
Nov 2025
ZOOPLA

Sign up for all the latest research from Zoopla at advantage.zpg.co.uk