

UK Rental Market Index

+1.9%

Annual rental inflation
for new lets, UK

-14%

Decline in demand
for rented homes (YoY)

+11%

Increase in number
of homes for rent (YoY)

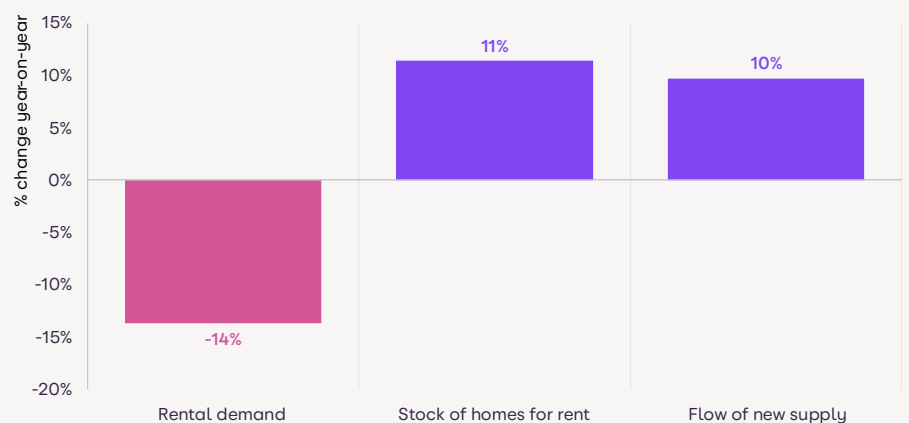
Executive summary

- The rental market is moving towards better balance as demand weakens and supply improves
- Competition for homes is easing, with enquiries per property falling to 4.8, the lowest for six years
- Rent growth has slowed to 1.9%, down from 2.8% last year, as affordability pressures limit further increases
- While conditions are improving, rental supply remains 23% below pre-pandemic levels, meaning rents are still expected to rise through 2026
- Weaker demand is driving the slowdown, but the rental market still needs more supply to deliver long-term improvements for renters

“The rental market is moving back towards balance as supply improves and demand eases. Renters can expect more choice of homes and slower rent increases than in recent years.”

Richard Donnell
Executive Director

Renter demand weakens as supply expands, slowing rent inflation



Source: Zoopla Research

Comparing 4 weeks to 1 March 2026 to same period a year ago

-23%

Homes for rent today
per agent compared to
pre-pandemic average

Demand for rented homes eases as supply improves

The rental market is becoming more balanced as demand falls and supply improves. This is easing pressure on renters and slowing the pace of rent increases. Rents are still rising in most areas. However, the pace of growth is much slower than during the peak of the rental boom in 2023.

Demand for rented homes is falling

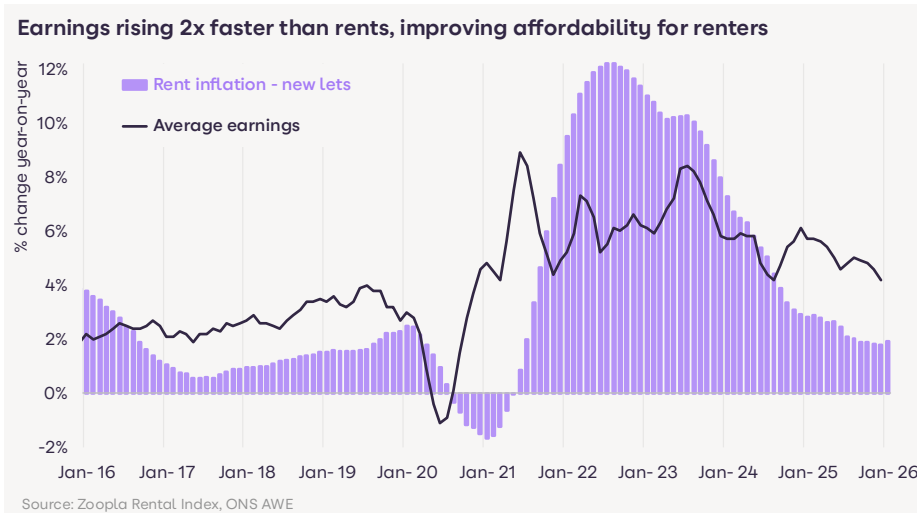
Demand for rental homes is 14% lower than a year ago¹ and the lowest level for six years. Lower migration is one reason for this change. Migration rose sharply after the pandemic and increased pressure on the rental market. More recently, migration for work and study has fallen back sharply, reducing the scale of competition for private rented homes.

At the same time, improved mortgage conditions have helped more renters buy their first home. Three quarters of first-time buyers are renters. When they move into home ownership, the homes they leave become available to rent again. This helps increase supply, boosts choice and reduces pressure on the pace of rental growth that has slowed to 1.9%, down from 2.8% a year ago.

More homes are becoming available to rent

The number of homes available to rent has increased as demand has declined. There are 11% more homes for rent than a year ago¹. This comes from a combination of stronger first-time buyer demand freeing up homes that were previously rented as well as some sellers who can't sell their homes deciding to rent them out instead.

While there are more homes for rent than a year ago, the number of homes for rent remains 23% below pre-pandemic levels. This means scarcity remains, which will see rents continuing to rise over 2026.



1. 4 weeks to 1 March 2026 compared to the same period in 2025

20

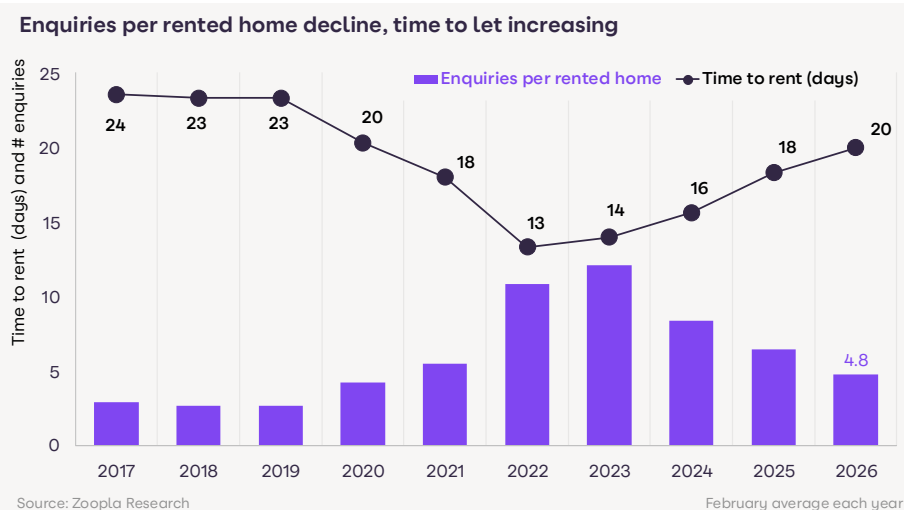
Time to rent (days) -
highest since 2020

Competition for rental homes is easing

Lower demand and more supply means the competition for rental homes has fallen since the peak of the market in 2022 and 2023. The number of enquiries per property has fallen to 4.8, down from 6.5 last year. This means fewer renters competing for each home.

This is positive news for renters, although competition remains at double the pre-pandemic average, which means rents will continue to increase, albeit at a slower rate.

This reduction in competition means rented homes are taking longer to rent. The average time to find a tenant is now 20 days, compared with much faster lettings during the period of strong demand in 2022/23. For renters, this means more time to view properties and make decisions rather than needing to act quickly.



Rent increases are slowing, resetting affordability

Rental affordability remains a key factor shaping the market in addition to changes in demand and supply. Rents for new lettings rose quickly during 2022 and 2023, increasing at a much faster rate than the growth in household incomes, creating affordability problems for renters.

Over the last 18 months, earnings have been rising faster than rents, which is starting to ease the affordability pressures facing renters.

Today, the annual rent for typical residential property outside London is 33.5% of gross annual earnings for a single person. This is down from over 35% in 2023 - the highest for 20 years - and declining towards the long run average of 33%. Affordability is worse in London but also improving since 2023.

The improvement in rental affordability as earnings rise faster than rents, is a trend we expect to continue over 2026.

4.6%

Annual rental
inflation in Liverpool

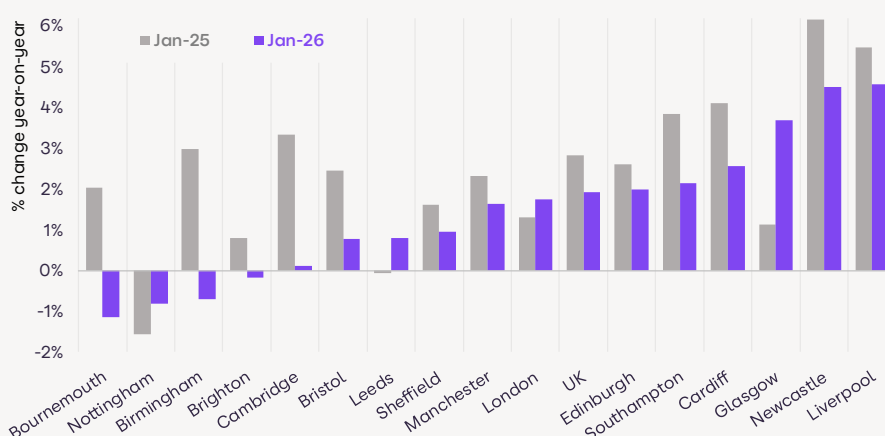
Rental trends vary widely across cities

The pace at which rents are rising varies across the UK depending on local trends in supply and demand, the affordability of renting and the extent to which access to home ownership has improved.

Rental growth remains stronger in more affordable northern markets where rents are lower. Cities such as Liverpool, Newcastle and Glasgow are still recording stronger increases of 3% to 4.6%.

In contrast, rents are rising by less than 1% in several cities, while rents have fallen in some areas. These trends reflect weaker rental demand - fewer students, lower migration and a stronger first-time buyer market - rather than sustained investment in growing rental supply. Modest falls in rents are a short term and localised adjustments as the rental market becomes more balanced.

City level rental inflation shaped by local market dynamics



Source: Zoopla Rental Index

Outlook

The UK rental market is continuing to stabilise as supply improves and demand weakens. Rents are expected to keep rising, but at a slower pace. We expect rents to increase by c.2-3% during 2026. Lower than expected levels of net migration mean rental growth may turn out weaker than expected.

For renters, this means the market is becoming less competitive than in recent years. More homes are available to rent which is giving renters greater scope to negotiate on rents.

It is important to highlight that this slowdown in rental growth is being driven by a cyclical slowdown in demand rather than a sustained expansion in rental supply. The number of homes in the private rented sector has changed little over the past decade, and levels of new investment remain modest.

Increasing the supply of rental homes remains the most effective way to improve affordability for renters over the long term.

Rental Highlights

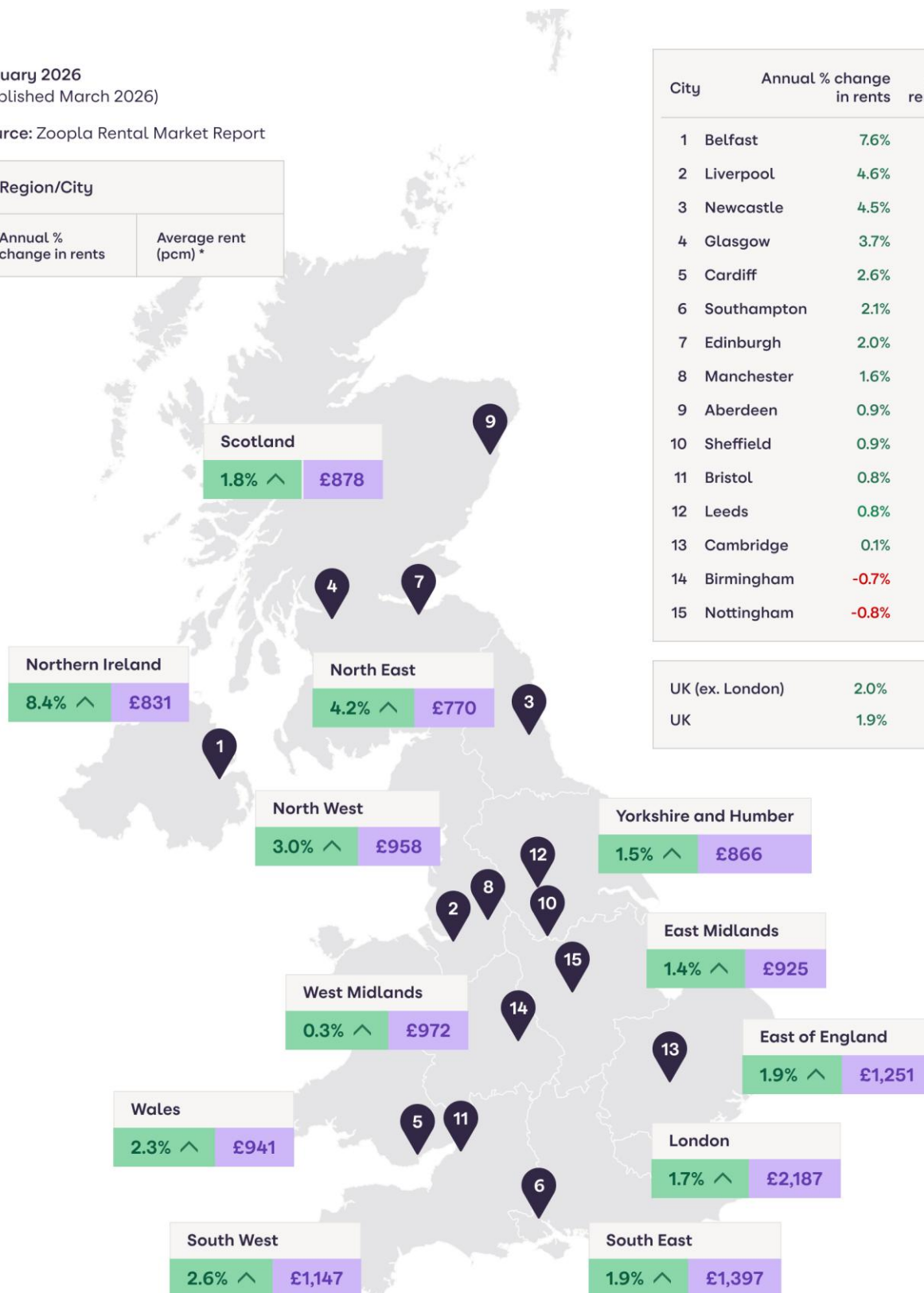
Note: The Zoopla rental market index is a repeat transaction index, based on asking rents and adjusted to reflect achieved rents. The index is designed to accurately track the change in rental pricing for UK housing.

January 2026
(Published March 2026)

Source: Zoopla Rental Market Report

Region/City	
Annual % change in rents	Average rent (pcm) *

City	Annual % change in rents	Average rent (pcm)*
1 Belfast	7.6%	£847
2 Liverpool	4.6%	£915
3 Newcastle	4.5%	£939
4 Glasgow	3.7%	£1,030
5 Cardiff	2.6%	£1,193
6 Southampton	2.1%	£1,194
7 Edinburgh	2.0%	£1,323
8 Manchester	1.6%	£1,167
9 Aberdeen	0.9%	£724
10 Sheffield	0.9%	£861
11 Bristol	0.8%	£1,431
12 Leeds	0.8%	£1,024
13 Cambridge	0.1%	£1,593
14 Birmingham	-0.7%	£998
15 Nottingham	-0.8%	£992
UK (ex. London)	2.0%	£1,082
UK	1.9%	£1,319



*Average 1-4 bed properties

Rental Market Snapshot: January 2026

	Average Rent (PCM)	% YOY (Jan 2026)	% YOY (Jan 2025)	3YR CAGR
UK	£1,319	1.9%	2.8%	4.0%
UK ex London	£1,082	2.0%	3.5%	4.6%
East Midlands	£925	1.4%	2.1%	3.8%
East of England	£1,251	1.9%	3.9%	4.9%
London	£2,187	1.7%	1.3%	2.6%
North East	£770	4.2%	5.8%	6.5%
North West	£958	3.0%	4.4%	5.4%
Northern Ireland	£831	8.4%	9.5%	6.5%
Scotland	£878	1.8%	2.8%	5.0%
South East	£1,397	1.9%	3.4%	4.6%
South West	£1,147	2.6%	3.2%	4.4%
Wales	£941	2.3%	4.0%	4.9%
West Midlands	£972	0.3%	3.8%	3.8%
Yorkshire and the Humber	£866	1.5%	2.0%	3.5%
Belfast	£847	7.6%	10.1%	6.5%
Birmingham	£998	-0.7%	3.0%	3.2%
Bristol	£1,431	0.8%	2.4%	3.4%
Cardiff	£1,193	2.6%	4.1%	5.0%
Edinburgh	£1,323	2.0%	2.6%	5.1%
Glasgow	£1,030	3.7%	1.1%	5.0%
Leeds	£1,024	0.8%	-0.1%	2.5%
Liverpool	£915	4.6%	5.5%	5.7%
Manchester	£1,167	1.6%	2.3%	4.3%
Nottingham	£992	-0.8%	-1.6%	1.6%
Sheffield	£861	0.9%	1.6%	3.0%
Southampton	£1,194	2.1%	3.8%	5.0%

Contacts

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