

# UK Rental Market Report

## +2.8%

Annual rental inflation  
for new lets, UK

## +61%

Rental demand vs  
pre-pandemic levels

## -20%

Rental supply vs  
pre-pandemic levels

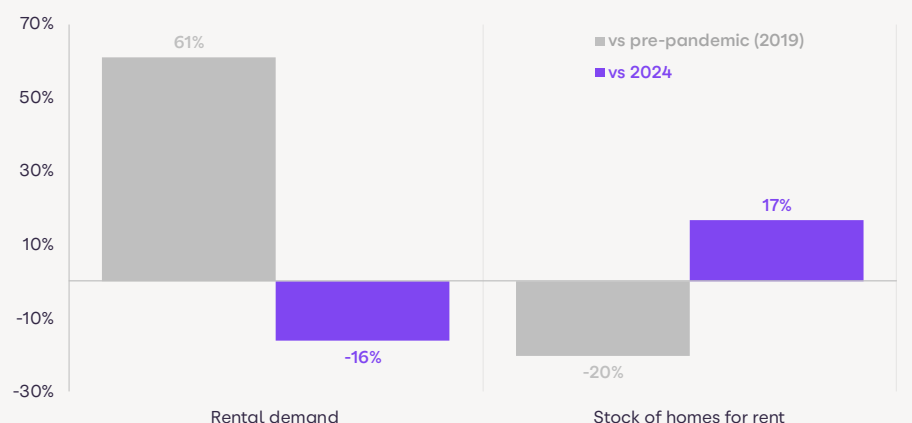
### Executive summary

- The 4-year surge in rents for new tenancies has ended as demand cools and affordability constraints increase
- Rents have grown 21% over 3 years compared to 4% for house prices
- Rents are 2.8% higher over the 12 months to April 2025 - less than half the 6.4% recorded last year and the lowest growth since July 2021
- Rent inflation ranges from 1.1% in Yorkshire and the Humber to 5.3% in the North East
- Scottish rent inflation slows rapidly as rental controls are removed
- Rents are on track for a 3-4% increase over 2025
- High rents and supply/demand mismatch mean ongoing challenge for low-middle income renters - more affordable rental supply needed

**“Rents are rising at the slowest pace for 4 years as the supply/demand imbalance narrows. This is welcome news but strong competition for rented homes”**

**Richard Donnell**  
Executive Director

#### Rental demand falling off high base, supply grows slowly off low base



Source: Zoopla Research

% change - 4 weeks to 1 June 2025 compared to the same period in 2024 and 2019

# 61%

Rental demand  
vs pre-pandemic levels

## Recent boom in rental costs is over

The 4-year surge in UK rental prices has ended. Over the 12 months to April 2025, average rents for new tenancies rose by 2.8% - less than half the 6.4% growth rate seen a year earlier and the slowest pace since July 2021. The typical monthly rent now stands at £1,287, an increase of £35 over the past year.

The slowdown is a result of weaker demand and ongoing affordability pressures, rather than an increase in rental supply.

## Demand lower but competition remains

Although demand for rented homes is 16% lower over the last year<sup>1</sup>, it remains more than 60% above pre-pandemic levels. Lower levels of migration for work and study is one factor having spiked higher over 2022-2023. The ONS has reported a 50% decline in net migration in 2024<sup>2</sup> but levels of migration remain above the long run average.

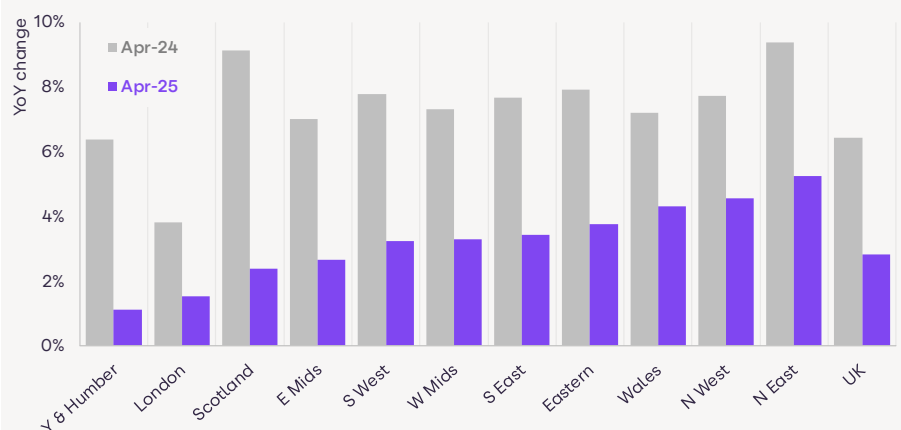
Stability in mortgage rates and improved access to mortgage finance for first-time-buyers, most of whom are renters, is also a factor behind the moderation in levels of demand for renting. Changes to how banks assess affordability will make it easier for renters on higher incomes to access home ownership, easing demand at the upper end of the rental market.

## Supply rising off a low base, more growth needed

There are 17% more homes available to rent than a year ago<sup>1</sup> as homes take slightly longer to rent. There are also signs of increased landlord purchasing activity as borrowing costs fall<sup>3</sup>.

The reality is that rental supply remains 20% lower than pre-pandemic levels. While the pace of rent increases has slowed, renters still face strong competition for rented homes, especially those on lower incomes with little hope of being able to buy a home.

Rental inflation running at half levels of last year



Source: Zoopla Rental Index

New lets rental inflation

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

2. ONS, Long-term international migration, provisional: year ending December 2024

3. UK Finance - [www.ukfinance.org.uk/data-and-research/data/buy-to-let-lending](https://www.ukfinance.org.uk/data-and-research/data/buy-to-let-lending)

# 5.3%

Rental inflation in the North East

## Slowdown in rental inflation across the country

Rental inflation has slowed across all regions and countries of the UK. Current annual increases range from 1.1% in Yorkshire and the Humber to 5.3% in the North East.

In Scotland, rental inflation has slowed sharply from 9.1% a year ago to 2.4% now. The removal of the limit on how much rents can increase within a tenancy means less pressure on landlords and agents to secure the highest rent possible on day one of a new tenancy. Removing this form of rental control has reduced rental inflation in Scotland alongside underlying affordability pressures.

In Yorkshire and the Humber, rental growth has also weakened, particularly in university cities like Sheffield (1.9%), Bradford (1.4%), and Leeds, where rents have fallen by 1.5% compared to last year.

At a more local level, rents continue to rise quickly in affordable areas, often adjacent to large cities e.g. Wigan (8.8%), Carlisle (8.8%), Motherwell (8.3%), Chester (8.2%), Blackburn (8.0%).

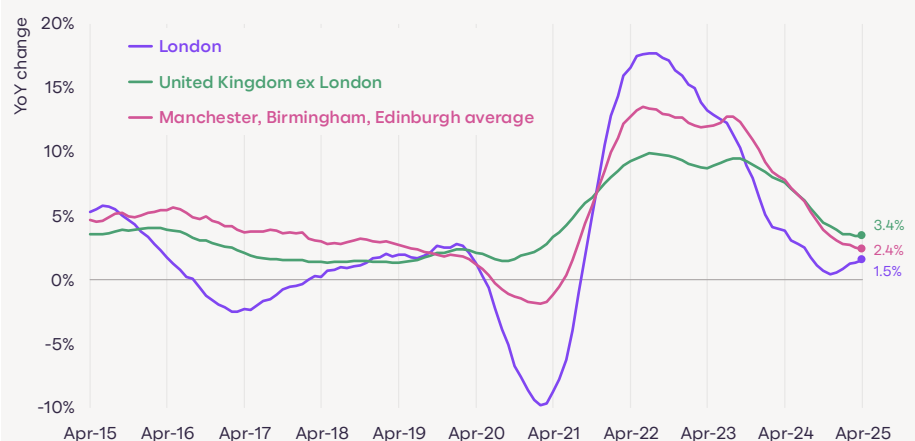
In addition to Leeds, there are other pockets with falling rents. These include North West London (-0.2%), West Central London (-0.6%) and Dundee in Scotland (-2.1%).

## The 2022-2023 rental boom and recent slowdown

Rental inflation has returned to pre-pandemic levels with a marked slowdown over the last 12 months. UK cities registered some of the fastest increases in rents over 2022 and 2023, led by London and other large regional cities. Rental inflation accelerated across the rest of the country but to a lesser degree.

Cities are now leading the slowdown in rental inflation as new 'Build to Rent' developments expand supply and affordability pressures limit rental growth alongside improved access to mortgage finance.

Lowest rental inflation (new lets) for 4 years



Source: Zoopla Rental Index (NSA)

# +21%

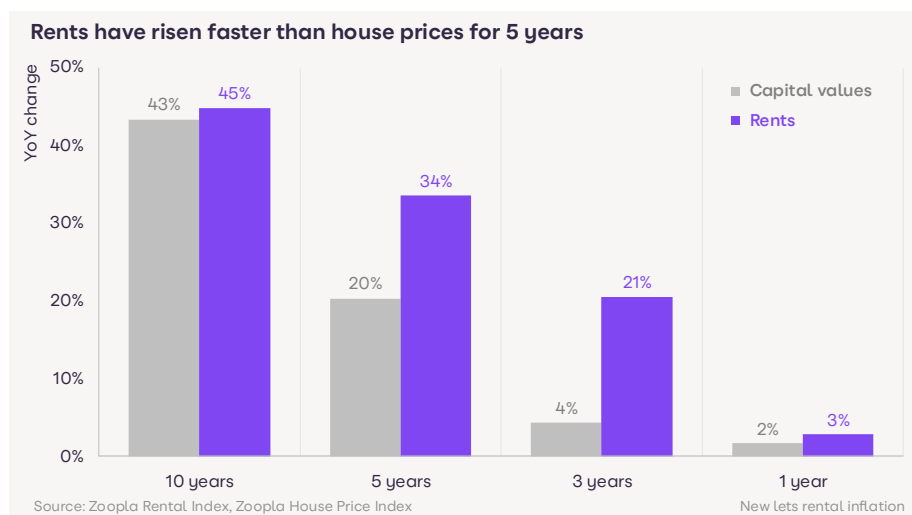
Increase in UK rents  
over last 3 years

## Rents have outpaced capital values

Market conditions in the sales and rental markets have diverged in recent years, although rents and house prices have registered similar growth over the last decade. Average UK rents are 21% higher over the last 3 years compared to just 4% for house prices.

Higher mortgage rates since 2022 reduced buying power in the sales market, reducing demand from home buyers and resulting in house price falls over 2023. Home buyers were locked out of the sales market, boosting demand for rented homes, compounded by high levels of migration which pushed rents higher.

The average monthly rent has increased by £219 over the last 3 years. This is broadly the same as the increase in average mortgage repayments<sup>4</sup>. The average annual UK rent has increased by £2,650 over the last 3 years from £12,800 to £15,450 today.



## Rental market outlook

The rental market remains on track for rental inflation of 3-4% over 2025. Rents will keep increasing at an above-average rate in more affordable areas close to large cities. Less restrictive mortgage lending will help some higher-income renters leave the rental market to buy homes. This will mean slower rental growth in the higher rental price brackets, particularly in large cities.

Despite improved conditions in the mortgage market, home ownership remains out of reach for a large proportion of households on lower to middle incomes with small deposits. This is a large and important group of private renters, who still face strong competition for rented property.

Those on lower incomes tend to be limited in their ability to move home, which risks triggering higher rental costs. Policy makers need to prioritise measures to grow the supply of affordable rented homes to boost choice for lower income renters.

4. The average monthly mortgage repayment has grown from £928pcm in 2022 Q1 to £1,139 in 2025 Q1 based on average loan size from Bank of England and average mortgage rate across all mortgages, rising from 2% to 3.8% for a 15-year term. An increase of £212pcm.

Rental Highlights

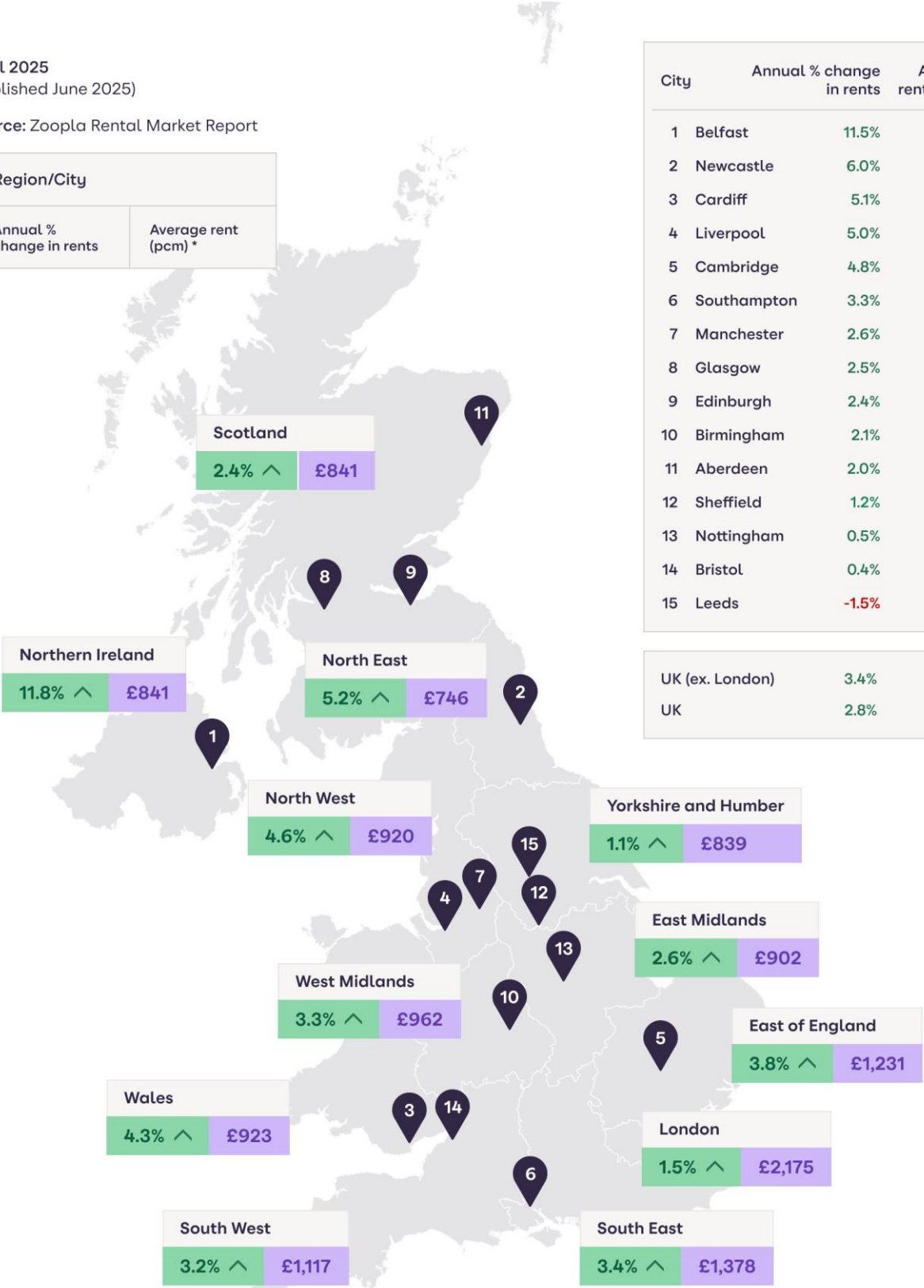
Note: The Zoopla rental market index is a repeat transaction index, based on asking rents and adjusted to reflect achieved rents. The index is designed to accurately track the change in rental pricing for UK housing.

April 2025  
(Published June 2025)

Source: Zoopla Rental Market Report

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

City	Annual % change in rents	Average rent (pcm)*
1 Belfast	11.5%	£859
2 Newcastle	6.0%	£893
3 Cardiff	5.1%	£1,162
4 Liverpool	5.0%	£862
5 Cambridge	4.8%	£1,600
6 Southampton	3.3%	£1,174
7 Manchester	2.6%	£1,143
8 Glasgow	2.5%	£978
9 Edinburgh	2.4%	£1,322
10 Birmingham	2.1%	£993
11 Aberdeen	2.0%	£718
12 Sheffield	1.2%	£837
13 Nottingham	0.5%	£955
14 Bristol	0.4%	£1,395
15 Leeds	-1.5%	£985
UK (ex. London)	3.4%	£1,028
UK	2.8%	£1,287



\*Average 1-4 bed properties

## Rental Market Snapshot: April 2025

	Average Rent (PCM)	% YOY (Apr 2025)	% YOY (Apr 2024)	3YR CAGR
UK	£1,287	2.8%	6.4%	6.4%
UK ex London	£1,028	3.4%	7.6%	6.6%
East Midlands	£902	2.6%	7.0%	5.9%
East of England	£1,231	3.8%	7.9%	6.8%
London	£2,175	1.5%	3.8%	6.1%
North East	£746	5.2%	9.4%	7.5%
North West	£920	4.6%	7.7%	7.5%
Northern Ireland	£841	11.8%	3.7%	6.2%
Scotland	£841	2.4%	9.1%	8.2%
South East	£1,378	3.4%	7.7%	6.4%
South West	£1,117	3.2%	7.8%	5.9%
Wales	£923	4.3%	7.2%	6.9%
West Midlands	£962	3.3%	7.3%	6.5%
Yorkshire and the Humber	£839	1.1%	6.4%	5.0%
Belfast	£859	11.5%	4.5%	6.7%
Birmingham	£993	2.1%	7.2%	6.3%
Bristol	£1,395	0.4%	8.1%	5.6%
Cardiff	£1,162	5.1%	6.7%	7.3%
Edinburgh	£1,322	2.4%	8.9%	8.2%
Glasgow	£978	2.5%	7.7%	7.5%
Leeds	£985	-1.5%	5.4%	3.8%
Liverpool	£862	5.0%	7.3%	6.7%
Manchester	£1,143	2.6%	7.3%	7.5%
Nottingham	£955	0.5%	4.3%	4.3%
Sheffield	£837	1.2%	5.7%	4.8%
Southampton	£1,174	3.3%	8.2%	7.2%

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