# Government insists Renters’ Rights Bill won’t destabilise rental market despite landlord exodus



Housing Minister Matthew Pennycook has reiterated the government’s position that the Renters’ Rights Bill will not have a destabilising effect on the rental market or the Build-to-Rent (BTR) sector. Responding to a parliamentary question from Shadow Housing Secretary Kevin Hollinrake, Pennycook stated that the Department for Housing, Communities and Local Government engaged with a variety of stakeholders—including BTR operators—to ensure the bill’s development takes landlord and investor interests into account. The Minister assured that the government intends to work closely with reputable landlords and their associations to manage a smooth transition to the new tenancy framework.

However, despite these government assurances, there is widespread concern among private landlords, especially smaller ones, about the potential negative consequences of the bill. Many smaller landlords, who already face significant regulatory and financial pressures, are reportedly exiting the market, contributing to an ongoing reduction in rental property supply. This trend of decline has been corroborated by the Royal Institution of Chartered Surveyors, which has documented an 11-month run of falling rental property availability as of June 2025. Factors driving this exodus include the introduction of enhanced tenant rights, increasing operational costs, the removal of mortgage interest relief, and higher taxation on second homes, all of which weigh heavily on landlords’ profitability and incentives.

The bill itself introduces substantial reforms aimed at improving tenant security and experience. These include banning no-fault evictions, limiting rent increases to once per year at market rates, prohibiting discrimination against tenants on benefits or with children, and making pet ownership easier under initial insurance provisions. While tenant advocacy groups hail these measures as a significant step forward, landlord organisations warn the legislation could reduce rental supply by discouraging investment and forcing less resilient landlords out of the market. Some argue the bill might inadvertently inflate rents due to diminished landlord numbers and heightened demand competition.

Interestingly, some segments of the rental market, notably purpose-built student accommodation (PBSA) and certain Build-to-Rent developments, appear to be exempt from key provisions like the Decent Homes Standard. Critics view this as an unfair imbalance, privileging large corporate landlords over smaller private landlords who must comply with tighter regulations. The Build-to-Rent sector especially is characterised by premium rents—examples include London flats commanding monthly rents of £2,600 for one-bedrooms and £4,600 for three-bedrooms—indicating a market increasingly dominated by institutional players.

The broader context of UK housing reveals longstanding tensions between a culture prioritising homeownership and a rental sector marked by insecurity and disparity. The Renters’ Rights Bill seeks to rebalance this dynamic by enhancing tenant protections and seeking to make renting a more dignified, stable option. International comparisons, such as with Germany and Austria, highlight how stronger tenant rights and less stigma can foster healthier rental markets. Yet, for the new regulatory framework to succeed sustainably, it will require cooperation between policymakers, landlords, investors, and lenders, alongside mechanisms to support rental housing supply. Institutional investment in build-to-rent schemes is viewed as one potential pathway to stabilise and professionalise the sector under the new rules.

Beyond policy, the landlord-tenant relationship itself remains complex. While some advocate for fostering amicable interactions, others highlight the risks of blurred professional boundaries and the importance of clear, transparent arrangements. The Renters’ Rights Bill may help clarify these relationships by establishing firmer, fairer rights and responsibilities, reducing the need for informal agreements or concessions based on goodwill alone.

Despite government confidence, market indicators portray a more cautious picture. Buy-to-let mortgage activity remains near record lows, comprising a small fraction of new borrowing, while rent prices continue to rise due to tight supply. The 2023-24 English Housing Survey suggests the private rented sector’s size has been stable for several years, but the ongoing exodus of smaller landlords hints at potential shifts ahead. The government maintains that providing certainty through legislation will reassure landlords and attract continued investment, but only time will reveal whether this balance can be achieved in practice.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.property118.com/government-denies-renters-rights-bill-will-harm-rental-market/), [[7]](https://hansard.parliament.uk/lords/2025-04-22/debates/BD98EA69-E501-4F60-B568-0390BA88D644/details)
* Paragraph 2 – [[1]](https://www.property118.com/government-denies-renters-rights-bill-will-harm-rental-market/), [[2]](https://www.ft.com/content/0bcdcdd8-2e6a-4acd-bb70-5f003254842e), [[7]](https://hansard.parliament.uk/lords/2025-04-22/debates/BD98EA69-E501-4F60-B568-0390BA88D644/details)
* Paragraph 3 – [[4]](https://moneyweek.com/investments/buy-to-let/renters-rights-bill-landmark-reforms-to-put-an-end-to-no-fault-evictions), [[1]](https://www.property118.com/government-denies-renters-rights-bill-will-harm-rental-market/), [[2]](https://www.ft.com/content/0bcdcdd8-2e6a-4acd-bb70-5f003254842e)
* Paragraph 4 – [[1]](https://www.property118.com/government-denies-renters-rights-bill-will-harm-rental-market/), [[4]](https://moneyweek.com/investments/buy-to-let/renters-rights-bill-landmark-reforms-to-put-an-end-to-no-fault-evictions)
* Paragraph 5 – [[3]](https://www.ft.com/content/0a2c8d89-0b67-4c79-9b38-cd83f71b70b4), [[1]](https://www.property118.com/government-denies-renters-rights-bill-will-harm-rental-market/), [[5]](https://www.cushmanwakefield.com/en/united-kingdom/insights/the-renters-rights-bill)
* Paragraph 6 – [[6]](https://www.ft.com/content/be03f998-40ac-4aa4-ad81-2fd6baf93e84)
* Paragraph 7 – [[2]](https://www.ft.com/content/0bcdcdd8-2e6a-4acd-bb70-5f003254842e), [[1]](https://www.property118.com/government-denies-renters-rights-bill-will-harm-rental-market/), [[7]](https://hansard.parliament.uk/lords/2025-04-22/debates/BD98EA69-E501-4F60-B568-0390BA88D644/details)

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## Bibliography

1. <https://www.property118.com/government-denies-renters-rights-bill-will-harm-rental-market/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/0bcdcdd8-2e6a-4acd-bb70-5f003254842e> - The UK rental housing market is facing a continued decline, with the Royal Institution of Chartered Surveyors (RICS) reporting a significant drop in the number of rental properties for the 11th consecutive month as of June 2025. Landlords are increasingly exiting the market, with RICS's landlord instructions indicator at -21, highlighting a reduced supply of rental homes. Contributing factors include new legislation enhancing tenant rights—such as the proposed renters' rights bill—and financial pressures on landlords, including rising mortgage costs, eliminated mortgage interest relief since 2020, and higher taxation on second homes implemented in 2016 and 2025. Mortgage data from the Bank of England shows buy-to-let mortgage activity near record lows, comprising only 8% of new mortgages. As supply tightens, rent growth continues, rising 7% annually in May 2025. While sales indicators suggest stabilization in the broader housing market, price expectations remain mixed. Experts believe the earlier market distortions caused by stamp duty changes have now leveled off.
3. <https://www.ft.com/content/0a2c8d89-0b67-4c79-9b38-cd83f71b70b4> - The article explores the implications of the UK Renters’ Rights Bill on the country’s housing paradigm, historically shaped by a strong cultural and political emphasis on home ownership. Home ownership surged during the Thatcher era, influenced by policies like the Right to Buy and financial deregulation, which fueled property investment and price inflation. Today, however, a stark divide persists between property owners and renters, with increasing rents and insecure tenancy affecting low-income groups disproportionately. The Renters’ Rights Bill, currently advancing through Parliament, seeks to strengthen tenant protections by limiting no-fault evictions, prohibiting discrimination against those on benefits, enforcing property standards, and easing pet ownership. While tenant advocates like Shelter hail it as a transformative moment, landlord groups warn it could shrink rental supply and raise rents. Critics also argue UK housing policy has historically made renting unstable and unattractive, despite international examples like Germany and Austria where tenants enjoy more rights and less stigma. The article suggests shifting the narrative from ownership as a status symbol to fostering a more balanced, secure, and dignified rental market. Greater regulatory support and institutional investment in build-to-rent models may help reshape perceptions and choices around housing, making renting a legitimate and appealing alternative to owning.
4. <https://moneyweek.com/investments/buy-to-let/renters-rights-bill-landmark-reforms-to-put-an-end-to-no-fault-evictions> - The Renters' Rights Bill, currently progressing through the UK Parliament, aims to enhance protections for tenants in England through transformative reforms such as banning no-fault evictions, prohibiting in-tenancy rent increases, transitioning all new tenancies to periodic agreements, and limiting advance rental payments to one month. Landlords would be allowed to raise rents only once a year to market rates and face fines for failing to maintain decent housing standards. The bill also bans discrimination against tenants with children or on benefits and aims to make pet ownership easier by initially requiring pet damage insurance—though this requirement may be removed. While renters' advocacy groups have largely welcomed the reforms, landlord organizations and estate agents warn of unintended consequences. Critics argue these changes could drive landlords out of the market, reduce rental housing availability, and increase rental prices. Concerns also include difficulties for students and self-employed individuals in securing housing, challenges related to rent capping and eviction processes, and increased burden and risk for landlords. Amendments and the bill's impact continue to be debated, particularly amid fears of a shrinking rental market and higher competition for fewer available properties.
5. <https://www.cushmanwakefield.com/en/united-kingdom/insights/the-renters-rights-bill> - The Renters' Rights Bill represents a significant shift in the private rental sector, bringing both opportunities and risks. While it aims to strengthen tenant protections, it also creates new financial and operational challenges for landlords, investors, and lenders. As regulatory changes reshape the market, institutional investors must adapt their strategies, ensuring their underwriting models reflect the new realities of rent regulation, void risks, and compliance costs. At the same time, policymakers should consider mechanisms to support rental supply, such as incentives for institutional investment or exemptions for large scale PRS schemes. Ultimately, the long-term success of the rental market will depend on balancing tenant protections with the need to maintain an attractive investment climate. Collaboration between industry stakeholders and regulators will be essential to ensuring a sustainable and well-functioning rental sector.
6. <https://www.ft.com/content/be03f998-40ac-4aa4-ad81-2fd6baf93e84> - In this article, the author reflects on the complexities of the landlord-tenant relationship, questioning whether it's beneficial for landlords and tenants to be friends. The narrative begins with a personal anecdote about discovering that their landlord considered them a friend, right after a tense discussion about moving out. The author discusses the lack of transparency in the landlord-tenant dynamic, noting the imbalance of information, where landlords can scrutinize tenants thoroughly, while tenants know little about their landlords. The situation is tied to the broader context of the UK's rental market, where increasing rents and property demand have put tenants in a vulnerable position. The article explores various perspectives on landlord-tenant friendships, emphasizing the importance of keeping the relationship professional. It also highlights potential solutions, such as the proposed renters' rights bill, which seeks to create a more equitable framework and reduce the need for tenants to feel obliged to form friendly relationships with their landlords. The author concludes with their own experience, where the supposed friendship with the landlord deteriorated over issues like deposit return, reinforcing the argument for a more straightforward, business-like relationship.
7. <https://hansard.parliament.uk/lords/2025-04-22/debates/BD98EA69-E501-4F60-B568-0390BA88D644/details> - In addition, according to the 2023-24 English Housing Survey, the size of the PRS has remained broadly stable since 2013-14. Landlords have been aware of successive Governments’ plans to reform the private rented sector since 2019. I reiterate that the Bill’s impact assessment has received a green rating from the Regulatory Policy Committee, indicating that it is fit for purpose. Therefore, I remain confident in repeating the Government’s view that we do not expect the Bill to have a destabilising effect on the rental market, and our proposals will make sure that landlords have the confidence and support they need to continue to invest and operate in the sector. Those to whom I have spoken have confirmed that it is certainty that they need; once this Bill has passed and they know exactly what is on the agenda, they will be much happier.