# UK property market faces unprecedented shifts as landlords exit and buyers adopt long-term strategies



Property remains a central topic of conversation in the UK, with much debate around house prices, mortgage rates, buy-to-let investments, and housing supply. To gain a deeper understanding of the current market dynamics, the insights of Jo Eccles, a respected buying agent and founder of Eccord, provide valuable perspective. Eccles, known as one of the UK's top property advisors, offers a nuanced view of the challenges and opportunities facing buyers, landlords, and investors in today’s climate.

Eccles anticipates that average house prices will remain largely flat over the next year, though certain sectors—especially turnkey properties—are outperforming. Buyers increasingly favour homes that require little to no renovation, willing to pay a premium for ready-to-move-in properties, while homes needing refurbishment linger longer on the market. Over a longer horizon, the next decade looks harder to predict. With major events like Brexit, the COVID-19 pandemic, the war in Ukraine, and inflation shocks reshaping the economic landscape, Eccles suggests buyers must be more strategic, focusing on sound internal layouts, location, and future resale potential. She advises considering properties a step further out but of better quality, rather than average properties in pricier zones.

Mortgage rates, a critical factor for buyers and landlords alike, have remained stubbornly high compared to pre-pandemic levels. Eccles expects some modest decline, with the most competitive fixed-rate deals likely to average around 3.5% in a year’s time, unless inflation surges again. Reflecting on her own mortgage decisions, Eccles notes the benefit of locking in a 1.2% fixed rate before rates began to climb, though she regrets not opting for a longer-term fix.

One of the most pressing issues Eccles highlights is the ongoing exodus of landlords from the private rental sector. Approximately one fifth of landlords represented by her firm have sold or attempted to sell properties in the past three years, primarily due to soaring costs—from mortgage rates and stamp duty surcharges to rising service charges and stricter regulatory burdens. This trend aligns with broader market data indicating nearly 100,000 landlords are expected to exit the UK buy-to-let market in 2025 alone, following a significant decline in previous years. HMRC and industry surveys reveal a doubling in landlords paying capital gains tax, signifying more property sales as owners exit the sector.

This shrinking landlord base contributes to a significant fall in rental supply, as confirmed by reports from the Royal Institution of Chartered Surveyors, which noted the steepest decline in rental property listings since the early COVID lockdowns. The approaching Renters Reform Bill, which will ban 'no fault' evictions and impose stricter housing standards, alongside speculated new taxes like national insurance contributions on rental income, intensifies landlord anxieties. These pressures have translated into higher rents, with estate agents expecting increases of around 3% over the next year due to constrained supply.

Despite a recent drop in buy-to-let mortgage rates to their lowest point in years amid heightened lender competition, landlords remain cautious. The lower rates have come too late to offset the cumulative impact of tax hikes, tighter regulation, and growing tenant demands. For instance, landlords now face increased repair costs and often opt for professional property management to navigate complex regulatory requirements. Net rental yields in London have dwindled to around 1–1.5%, often insufficient to cover costs, raising questions about buy-to-let viability. Comparing this to more stable and tax-efficient investments, such as government bonds yielding over 4.5%, or global equities that have outperformed property considerably over two decades, underscores why many landlords reassess their positions.

The London property market exemplifies the complexity of the current environment. House prices have grown only around 13% over the last decade, a real-terms decline considering inflation, despite strong population growth and rental demand. High transaction costs, mortgage restrictions, and limited mortgage availability for first-time buyers dampen sales activity and contribute to inefficient housing stock use. Areas with strong institutional stewardship, like the Howard de Walden and Cadogan Estates, illustrate how focused, long-term investment can drive property value growth and community development, yet such success stories are exceptions amid widespread market inertia.

Eccles suggests that government efforts to increase housebuilding are falling short, as planning delays, soaring construction costs, and weak buyer affordability currently limit developer incentives. Her sentiment is that meeting targets like Labour’s pledge of 1.5 million new homes looks unlikely without bolder infrastructure investment, especially in transport, to open up affordable locations beyond London and the South East.

Ultimately, for those entering the market, Eccles advises building flexibility into purchases to future-proof lifestyles—in terms of space for family growth or rental income potential—given the high transaction costs that now discourage frequent moving. Strong negotiation strategies, empathy with sellers’ circumstances, and credible offer presentation remain vital for securing properties at realistic prices.

In summary, the UK property market is navigating a challenging and uncertain phase. Economic headwinds, regulatory changes, and shifting landlord sentiment are reshaping both the rental and sales markets. While mortgage rates show signs of easing, many landlords continue to depart, tightening rental supply and pushing up rents. Buyers need to adopt a long-term, strategic approach, mindful of local dynamics and the evolving cost landscape. Policymakers face the delicate task of balancing market stimulation with affordability and supply concerns, while investors weigh property’s security and tangibility against the superior long-term returns of equities and bonds.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15081559/Im-property-expert-Heres-one-fifth-landlords-sold-up.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
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## Bibliography

1. <https://www.dailymail.co.uk/money/mortgageshome/article-15081559/Im-property-expert-Heres-one-fifth-landlords-sold-up.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.ft.com/content/46fc7aed-018d-4400-a5b9-e93b8a3fdea9> - As of September 2025, UK buy-to-let mortgage rates have fallen to their lowest levels in three years, with average rates for two-year fixed deals at 4.88% and five-year deals at 5.21%. This decline is attributed to increased competition among lenders, leading to a doubling in the number of available buy-to-let mortgage products. Despite this, landlords continue to face challenges such as tax changes, proposed new regulations like a national insurance levy on non-incorporated landlords, and the forthcoming Renters Reform Bill, which includes banning 'no fault' evictions. These factors contribute to a weak investment appetite, with new buy-to-let investments at their lowest since 2007, prompting many landlords to shrink portfolios or exit the market altogether. This reduction in supply is contributing to increased rental costs. Analysts attribute falling mortgage rates more to competitive pressures among lenders than a resurgence in demand from landlords.
3. <https://moneyweek.com/investments/property/landlords-forecast-to-exit-buy-to-let-market> - A growing number of UK landlords are exiting the buy-to-let market, driven by rising costs, tighter regulations, and tax changes. Nearly 100,000 buy-to-let landlords are expected to leave the market in 2025 alone, following a drop of 65,000 the prior year. The exodus primarily involves landlords with smaller property portfolios, who are finding the market increasingly challenging. Key reasons include the phased removal of mortgage interest tax relief, increased stamp duty surcharges, and the looming impact of the Renters Reform Bill, which includes ending no-fault evictions. Data from HMRC and independent surveys indicate that the number of landlords paying capital gains tax—a sign of property sales—has more than doubled over the past seven years. Proposed government plans to subject landlords to National Insurance contributions on rental profits may intensify departures and strain the already tight rental supply, potentially pushing rents higher. Despite pressure on landlords, there is some relief as buy-to-let mortgage rates have dropped to their lowest levels since 2022, with a record number of deals available. However, this may not be enough to offset other financial and regulatory challenges. The ongoing changes are causing many landlords to reconsider their future in the sector, with some opting to incorporate their portfolios or exit altogether.
4. <https://www.ft.com/content/cf19ae1f-4f5e-4b80-af92-5e01cc651d9d> - UK rental listings fell sharply in August 2025, marking the steepest decline since the first COVID-19 lockdown, according to the Royal Institution of Chartered Surveyors (RICS). Its 'landlord instructions' index dropped to -37, indicating a significant contraction in rental property supply. Factors behind the trend include anticipated tax changes, the approaching Renters Reform Bill, and high interest rates, prompting many landlords to exit the market. The reform bill, nearing final approval, will ban 'no fault' evictions and enforce stricter housing standards. Speculation around new taxes—such as applying national insurance to rental income and changes to inheritance or property tax—further intensifies landlord concerns. Estate agents warn of a rise in rental costs as supply dwindles, projecting around a 3% increase in rents by next year. Parallel to this, the broader housing market also shows signs of weakening, with consecutive monthly drops in buyer enquiries and house prices. RICS attributes the declining confidence to economic uncertainty, potential fiscal changes, and persistently high inflation affecting both buyer activity and agreed property sales.
5. <https://moneyweek.com/investments/investment-strategy/605267/which-is-best-buy-to-let-or-shares> - Over the past two decades, while buy-to-let (BTL) property investment has traditionally offered a combination of rental income and long-term capital growth, it has recently become less attractive due to government policy changes and rising costs. Higher stamp duty, scaling back of mortgage interest tax relief, increased capital gains tax, and rising mortgage rates have all eroded profitability for landlords. Despite a 44% average house price increase from 2015 to 2025 and potential rental yields of 6–8%, additional costs (maintenance, fees, void periods, and taxes) significantly reduce net returns. Over 20 years, the overall return from property investment (capital gains minus tax, plus net rental income) is estimated at £193,000. Comparatively, a £100,000 investment in global equities (e.g., MSCI All Country World Index) in 2005 could now be worth around £796,200, showing the power of compounding and diversification. UK equities also outperformed property, quadrupling in that time. Shares allow for more passive, tax-efficient investing (through ISAs or pensions), though they come with volatility and emotional challenges during market downturns. Ultimately, the better option depends on risk tolerance, desired involvement, and preference for tangible vs. financial assets. Equities have delivered stronger returns, but property still appeals due to perceived stability and leverage potential.
6. <https://www.ft.com/content/c9923262-fa55-4399-9f98-f8720fc218aa> - London's property market has been stagnating, with house prices increasing by just 13% over the past decade, which is equivalent to a 16% decline in real terms. Despite London's population reaching record highs and demand for rental properties surging, the sales market remains sluggish. Factors contributing to this stagnation include high interest rates, expensive stamp duties, restrictive mortgage regulations, and reduced investment attractiveness due to lower rental yields. Additionally, first-time buyers face significant challenges due to stringent lending criteria and high deposit requirements. This has led to low transaction levels, inefficient housing stock use, reduced labor mobility, and fewer new homes being built. Policymakers face the challenge of stimulating the market without inflating prices, while addressing issues such as high migration and demand for rental properties.
7. <https://www.ft.com/content/0180e4a1-618f-4b6a-a05b-bda25b9694a1> - In London, an increasing number of buy-to-let properties are being sold, reducing the available rental homes for tenants. The share of properties previously rented and now for sale reached 22% in inner London in July 2024, a significant rise from previous years. Factors contributing to this trend include lower yields, tax changes, and upcoming regulatory measures, such as the mandated minimum emissions rating for rentals by 2030. The slowed increase in house prices and higher mortgage costs have also impacted profits, pushing landlords to sell. The Labour government's planned rental reforms, which include protections against rent increases and the removal of no-fault evictions, have further influenced the market. The number of buy-to-let mortgage loans dropped significantly, and the scarcity of rental properties has driven up rents, though the rate of rent growth has softened recently.