# UK rent surge outpaces inflation as policy debate intensifies over rent controls



For over two decades, private rents in the UK have broadly mirrored inflation trends, generally rising in line with consumer price indices. Yet, in recent years, particularly following the 2020 pandemic, rent price inflation has surged ahead of broader inflation measures, driven by a notable shortage of rental supply and increasing costs. This sharp rise in private rents has stretched tenant affordability to the limit, leading to significant hardship among single renters and households struggling to find vacancies and meet rental payments. Concomitantly, many landlords are leaving the private rented sector (PRS), exacerbating supply issues and fuelling intense debate about possible policy interventions.

The discussion around rent controls has gained renewed political momentum, especially in Scotland and London, where policies to cap rent increases are being proposed or reconsidered. For instance, the Housing (Scotland) Bill under parliamentary review could introduce powers to cap rent rises in designated areas to CPI plus 1%, resurrecting a policy approach seen in varying forms in places like the Irish Republic. Advocates present rent control as a solution to runaway rents, but historical and international evidence paints a more cautionary picture about its impacts.

Over the last 20 years, data from the Office for National Statistics (ONS) show that private rents and inflation tracked similarly until the mid-2010s, after which rent inflation accelerated notably. Between 2000 and 2025, average UK private rents roughly doubled, matching the rise in consumer prices, but since the pandemic, rents have risen faster than both inflation and wage growth in many regions. Cities like London, Bristol, Manchester, and Edinburgh recorded double-digit rent increases at times, driving rent as a share of income beyond 30% for median earners in major urban centres. Recent reports reaffirm that rents continue to outpace inflation: average monthly private rents increased by 5.7% to £1,348 in the year to August 2025, with the North East of England seeing the highest rent inflation (9.2%), while Yorkshire and The Humber experienced more modest growth (around 3.4%). Wales and Scotland similarly saw substantial rent rises, underscoring ongoing affordability struggles across the UK.

The surge in rents chiefly reflects a long-term demand-supply imbalance in the rental market. The UK’s population growth—fueled particularly by immigration—has increased demand for rental housing over the past 25 years. However, supply expansion has lagged, constrained by limited new build activity, regulatory hurdles, and a shrinking base of small-scale landlords. The pandemic initially suppressed demand in urban areas, but a strong post-pandemic rebound has seen tenant demand outstrip supply once again, particularly in city centres where many young professionals and students seek housing.

In light of these pressures, some politicians see rent controls as a politically expedient remedy to offer immediate tenant relief, especially in high-demand urban markets. Yet experts warn that rent control schemes, while providing short-term affordability benefits to sitting tenants, often lead to a cascade of long-term problems. Landlords may withdraw from the market when their returns are capped while costs continue to rise with inflation, reducing the available rental stock. Maintenance and property quality tend to decline under such rent constraints, leading to deterioration of housing conditions. Additionally, rent control can unintentionally privilege well-off tenants with secure incomes while excluding lower-income households and increasing the prevalence of black-market rental agreements. Labour mobility also suffers as tenants remain in rent-controlled homes regardless of suitability, restricting housing availability for new renters.

Empirical evidence from several international case studies aligns with these concerns. Sweden’s long history of rent control prompted critical reflections from economists such as Assar Lindbeck, who famously described rent control as an efficient means to destroy a city’s housing market. Similarly, Ireland’s implementation of "Rent Pressure Zones" since 2016, which capped rent increases in high-demand areas like Dublin, initially stabilized rents but ultimately led to supply contraction, market distortions, and worsened affordability for new tenants, according to research by the Economic and Social Research Institute (ESRI).

In Scotland, recent temporary rent freezes during the pandemic have transitioned into debates over permanent caps. While politically attractive, the proposals have elicited warnings from industry groups that reduced profit margins and regulatory uncertainties could prompt landlords and institutional investors to exit the market or avoid developing build-to-rent projects there. Consequently, tightened rent regulations risk reducing housing supply and quality over time and limiting options for new renters.

Against this backdrop, some governments in the UK have expressly rejected rent controls as a policy tool. The Welsh Government’s recent White Paper on Fair Rents & Adequate Housing outlines alternative strategies targeting supply increase and housing condition improvements without implementing rent caps. Similarly, the English Government has dismissed rent control proposals, with several parliamentary and academic reports including those from the House of Commons Library and the London School of Economics highlighting the drawbacks of such measures.

Instead, consensus among housing experts and stakeholders points towards the need for policies that enhance supply while creating a viable environment for private landlords. Supporting buy-to-let landlords with favourable taxation and regulation could unlock dormant housing stock, improving availability, particularly at the middle and lower ends of the market. The government’s focus on build-to-rent developments reflects an effort to expand modern rental supply but alone is insufficient, given these developments often target the premium sector. Furthermore, reforms to uplift Local Housing Allowance rates and ensure means-tested support would help bridge affordability gaps for those reliant on housing benefits.

In summary, rising rents in recent years primarily stem from supply constraints rather than unchecked market forces alone. While rent controls may provide short-term respite for sitting tenants, they risk undermining the long-term health of the rental market by discouraging investment and reducing the quality and quantity of available housing. Creating a balanced, sustainable rental sector requires policies that incentivize investment, improve supply, and ensure housing remains affordable, all without distorting market functioning. As the UK faces a housing crisis in 2025, simplistic measures like rent control may be politically tempting yet ultimately harmful, reinforcing the need for more nuanced, supply-focused solutions.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.landlordzone.co.uk/news/comment-inflation-rents-and-the-rent-control-trap), [[2]](https://www.reuters.com/world/uk/uk-rents-outside-london-fall-first-time-since-pandemic-rightmove-says-2025-01-28/), [[4]](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/latest)
* Paragraph 2 – [[1]](https://www.landlordzone.co.uk/news/comment-inflation-rents-and-the-rent-control-trap), [[3]](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/latest), [[4]](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/latest)
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* Paragraph 4 – [[1]](https://www.landlordzone.co.uk/news/comment-inflation-rents-and-the-rent-control-trap)
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* Paragraph 7 – [[1]](https://www.landlordzone.co.uk/news/comment-inflation-rents-and-the-rent-control-trap)
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## Bibliography

1. <https://www.landlordzone.co.uk/news/comment-inflation-rents-and-the-rent-control-trap> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/uk/uk-rents-outside-london-fall-first-time-since-pandemic-rightmove-says-2025-01-28/> - In January 2025, Rightmove reported that advertised rents in the UK outside London fell by 0.2% to £1,341 per month, marking the first quarterly decline since 2019. This decrease was attributed to reduced tenant demand, with a 16% drop in prospective tenants and a 13% rise in available rental properties. Despite the decline, rents remained 4.7% higher than the previous year, indicating ongoing affordability challenges for renters. The government plans to address these issues by easing planning restrictions for new construction.
3. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/latest> - The Office for National Statistics (ONS) reported that in the 12 months to January 2024, private rental prices in the UK increased by 6.2%. England saw a 6.1% rise, Wales 7.0%, and Scotland 6.8%. Within England, London experienced the highest annual percentage change at 6.9%, while the North East had the lowest at 4.7%. The ONS noted that the annual inflation rate of private rental prices began to increase in the second half of 2021, with growth observed across all regions except London, where prices decreased.
4. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/latest> - In the 12 months to August 2025, average UK monthly private rents increased by 5.7% to £1,348. England saw a 5.8% rise to £1,403, Wales 7.8% to £811, and Scotland 3.5% to £1,002. In Northern Ireland, average rents increased by 7.2% to £860 in the 12 months to June 2025. The North East of England had the highest annual rent inflation at 9.2%, while Yorkshire and The Humber had the lowest at 3.4%. The report also noted that average house prices increased by 2.8% to £270,000 in the 12 months to July 2025.
5. <https://england.landlordsguild.com/article/uk-private-rents-rise-5-7-percent-to-august-2025/> - According to data from the Office for National Statistics, average UK monthly private rents increased by 5.7% to £1,348 in the 12 months to August 2025. This annual growth rate is down from 5.9% in the year to July 2025. The report also highlighted regional variations, with the North East experiencing the highest annual rent inflation at 9.2%, and Yorkshire and The Humber the lowest at 3.4%. In Wales, the average rent was £811, up 7.8% compared to a year earlier.
6. <https://england.landlordsguild.com/article/private-rents-rise-faster-than-inflation-july-2025/> - In July 2025, average private rents in the UK rose by 5.9% to £1,343 per month, outpacing inflation. The annual growth rate was down from 6.7% in the 12 months to June 2025. The report noted that the North East had the highest annual rent inflation at 8.9%, while Yorkshire and The Humber had the lowest at 3.5%. In Wales, the average rent was £807, up 7.9% compared to a year earlier. The data underscores ongoing affordability challenges for renters across the UK.
7. <https://bluebricksmagazine.com/uk-annual-rental-costs-rise-by-over-100-says-ons/> - In March 2025, the Office for National Statistics reported that annual private rents in the UK rose by 7.7%, marking the first time in two years that the highest rental inflation was not in London. The North East experienced the highest annual rental inflation at 9.4%, while Yorkshire and The Humber had the lowest at 4.6%. The report also highlighted that the average rent in England was £1,386, up £101 from a year earlier, indicating ongoing affordability challenges for renters.