# UK prime rental values remain resilient despite looming Renters’ Rights Bill



Prime rental values in the UK have continued their upward trajectory over the past three months despite the looming introduction of the Renters’ Rights Bill, according to the latest index from Savills. Notably, Prime Central London (PCL) experienced the most pronounced growth since June 2023, with annual rental growth reaching 0.7% in the third quarter of 2025. Outer prime London and prime regional markets also saw increases, though at a more tempered pace. These figures suggest that while the forthcoming legislation has introduced uncertainty, it has yet to significantly dent prime lettings markets.

Jessica Tomlinson, a research analyst at Savills, emphasises that the Renters’ Rights Bill, which has been a backdrop topic for two years and is now nearing final scrutiny, holds the potential to fundamentally alter the UK lettings landscape. However, its current market impact remains limited. Among Savills’ tenancies ending in 2024 and 2025, only 6% of landlords cited the Bill as a factor influencing their decision to exit the rental market. Complementing this, a separate survey indicated that just 29% of Savills agents viewed new regulation as the primary concern for landlords. Despite some moderation in growth rates, rental values have largely remained robust across prime segments.

The divergence in expectations between tenants and landlords stands out across outer prime London and prime regional areas. Most tenants surveyed expect rents to fall—73% in prime regional markets and 63% in outer London—while landlords remain bullish, with 88% in outer London and 47% in prime regional markets predicting rental growth. Tomlinson suggests that landlords, anticipating the Bill’s introduction, may hold or even raise asking rents to maintain competitive demand, with an increased emphasis on securing reliable tenants amid new legislative realities.

Regional towns and cities recorded the strongest growth, supported partly by a seasonal return of international students. Birmingham and Manchester, for example, saw rental increases of 3.5% and 1.6% respectively over the quarter. Reflecting broader urban rental trends, flats continue to outperform houses, driven by tenant preferences for proximity to jobs and amenities. In PCL, flats' rents grew by 1.1% compared with 0.2% for houses, partly underpinned by international buyers shifting towards the lettings market to downsize their footprint in the capital.

Gross rental yields have also improved across London’s prime lettings markets, particularly for flats. Flats in West London, North, and East London now attract average yields exceeding 5%, marking a significant lift compared to recent years. This improvement highlights the growing attractiveness of prime rental apartments to investors, especially in areas with strong demand.

Looking more broadly at the global context, Savills research shows that prime residential rents across 30 global markets increased by 2% in the first half of 2025, with annual growth reaching 3.8%. Tokyo led the growth internationally with a striking 13.5% rise driven by strong domestic and international demand. However, the outlook for rental growth in these markets is cautious, with forecasts averaging a 1% increase for the remainder of 2025 amid macroeconomic uncertainties.

Data from earlier periods shows a similar trend of prime rental values outpacing capital values in major world cities. In London and globally, rental growth has been supported by persistent supply constraints and high demand, despite regulatory changes and economic pressures. Savills reports from previous quarters also indicate that despite a slowdown, rental values in outer prime London and prime regional markets continue to rise, even as landlord and tenant price perceptions diverge ahead of the Rental Reform Bill becoming law.

Industry forecasts suggest that upcoming regulatory changes, including the Renters’ Rights Bill and the additional 2% Stamp Duty Land Tax (SDLT) surcharge, could lead to upward pressure on rents due to restricted supply. The challenge for landlords moving forward will be balancing regulatory compliance with maintaining rental income and tenant quality.

In summary, while the Renters’ Rights Bill is set to bring significant changes to the UK lettings landscape, its immediate market impact has been limited, particularly in prime sectors. Rental growth remains steady, buoyed by population dynamics, urban living preferences, and international demand, with landlords largely maintaining rent levels even as tenant expectations diverge. As the new legislation comes into force, the rental market may see more pronounced shifts, but for now, prime rental values continue to hold firm both in London and regional centres.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.introducertoday.co.uk/breaking-news/2025/10/renters-rights-bill-has-caused-only-limited-damage-to-prime-markets-so-far-savills/), [[3]](https://www.savills.com/insight-and-opinion/savills-news/379090/landlord-and-tenant-expectations-on-price-widen-ahead-of-rental-reform-bill-becoming-law), [[7]](https://www.savills.com/research_articles/255800/370106-0)
* Paragraph 2 – [[1]](https://www.introducertoday.co.uk/breaking-news/2025/10/renters-rights-bill-has-caused-only-limited-damage-to-prime-markets-so-far-savills/)
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* Paragraph 10 – [[1]](https://www.introducertoday.co.uk/breaking-news/2025/10/renters-rights-bill-has-caused-only-limited-damage-to-prime-markets-so-far-savills/), [[3]](https://www.savills.com/insight-and-opinion/savills-news/379090/landlord-and-tenant-expectations-on-price-widen-ahead-of-rental-reform-bill-becoming-law), [[7]](https://www.savills.com/research_articles/255800/370106-0)

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## Bibliography

1. <https://www.introducertoday.co.uk/breaking-news/2025/10/renters-rights-bill-has-caused-only-limited-damage-to-prime-markets-so-far-savills/> - Please view link - unable to able to access data
2. <https://www.savills.com/research_articles/255800/380045-0> - In the first half of 2025, prime residential rents across 30 global markets increased by 2%, with annual growth reaching 3.8%. Tokyo led with a 13.5% rise over the past year, driven by strong domestic and international demand. The outlook for the remainder of 2025 anticipates a 1% average rental growth across these markets, reflecting cautious optimism amid ongoing macroeconomic uncertainties.
3. <https://www.savills.com/insight-and-opinion/savills-news/379090/landlord-and-tenant-expectations-on-price-widen-ahead-of-rental-reform-bill-becoming-law> - As the Rental Reform Bill nears enactment, Savills reports that prime rental values grew by 1.0% in outer prime London during Q2 2025, with annual growth at 2.5%. In prime regional markets, rents increased by 0.6%, indicating a softening demand. Landlord and tenant expectations on pricing are diverging, with landlords anticipating higher rents, while tenants expect stability or reductions, influenced by upcoming regulatory changes.
4. <https://www.savills.com/research_articles/255800/380043-0> - In the first half of 2025, prime residential capital values remained resilient, recording a 0.7% increase. Tokyo's market demonstrated strong momentum with an 8.8% rise in H1 2025, driven by a persistent supply-demand imbalance. The outlook for the second half of 2025 anticipates average capital value growth of 1.5% across 30 global cities, supported by sustained demand and limited supply.
5. <https://www.savills.com/research_articles/255800/372004-0> - In the six months to December 2024, prime residential rents across 30 global cities grew by an average of 1.9%, with Dubai leading at 23.5%. The global average prime yield increased by five basis points to 3.15%, as rental growth outpaced capital value increases. The outlook for 2025 forecasts continued rental growth, with Dubai expected to lead with a projected increase of more than 10%.
6. <https://www.savills.com/insight-and-opinion/savills-news/364781-0/prime-rental-values-continue-to-outperform-capital-values-in-world-city-locations> - In the first half of 2024, prime residential rents across 30 global cities increased by 2.2%, with 25 out of 30 markets reporting flat or positive rental growth. Dubai, Bangkok, and Lisbon led with rental growths of 12.1%, 9%, and 7.5%, respectively. The report highlights that demand for high-quality rental properties continues to outstrip supply, supporting prime rental price growth across the region.
7. <https://www.savills.com/research_articles/255800/370106-0> - The Savills Prime Rental Price Forecasts report indicates that the pace of rental growth in the prime market has slowed over the past two years as the market rebalanced. The report anticipates that increased regulation from the upcoming Renters’ Rights Bill and the additional 2% Stamp Duty Land Tax (SDLT) surcharge will result in further upward pressure on rents, as supply continues to be limited.