# UK prime rental market defies regulatory fears with robust growth amid Renters’ Rights Bill concerns



Prime rental values across the UK have continued to grow in recent months despite the looming introduction of the Renters’ Rights Bill, according to the latest data from Savills. The Savills prime index reveals that Prime Central London experienced its strongest quarterly rental growth since mid-2023, with values rising by 0.7% in the third quarter of 2025 and an annual growth of 0.8%. Outer prime London markets and prime regional locations also saw gains, albeit more modest, with annual increases of 2.4% and 1.1% respectively.

The Renters’ Rights Bill, which has been under discussion for over two years and is now in the final stages of parliamentary scrutiny, aims to overhaul the UK lettings landscape by abolishing Assured Shorthold Tenancies in favour of open-ended periodic agreements. This shift is designed to provide tenants with greater security, allowing them to stay indefinitely with a two-month notice period, while landlords can seek possession only after four months. Rent increases would be regulated, requiring landlords to issue annual Section 13 notices subject to tenant challenge, and non-compliance could trigger fines up to £40,000 for repeat offences.

Despite concerns around these regulatory changes reshaping letting market dynamics, early market reactions appear limited. Savills reports that of tenancies ending in 2024 and 2025, just 6% of landlords cited the Bill as a reason to exit the market. Moreover, only 29% of Savills agents surveyed identified new regulation as the main concern for landlords. However, the legislation’s full impact may only materialise once it becomes law, with landlords potentially reevaluating their positions. This reassessment may be tempered by a weak property sales market, limiting landlords’ ability to sell and exit the rental sector as easily as they might wish.

Landlord and tenant expectations diverge notably in some prime rental markets. In outer prime London and prime regional areas, a significant majority of tenants anticipate rental falls—73% in prime regions and 63% in outer London—reflecting concerns about affordability and market shifts. Conversely, landlords remain bullish, with 88% in outer London and 47% in prime regional locations expecting rental growth or stability. This optimism may drive landlords to hold or raise asking rents to preserve demand, particularly seeking reliable tenants amid evolving tenancy terms.

Regional towns and cities are leading rental growth, with Savills recording a 1.9% quarterly increase, notably driven by international student demand returning strongly. Birmingham saw rents rise by 3.5% and Manchester by 1.6%. Flats continue to outperform houses across prime markets, with flat rents in Prime Central London rising by 1.1% compared to just 0.2% for houses. This trend reflects tenant preference for locations offering access to jobs and amenities.

Gross rental yields have also improved across London’s prime lettings market, particularly for flats. In West London and North and East London, average yields on flats have risen above 5%, representing a significant uplift relative to recent years. This yield enhancement may attract and retain landlord investment despite the regulatory uncertainties.

Other industry observations support the view that while the Renters’ Rights Bill introduces significant changes, it has yet to cause major disruption. Rightmove notes that the lettings market remains robust with increased buy-to-let mortgage lending, indicating sustained investor interest and supply. The flatshare sector, as reported by SpareRoom, shows an expanding supply and stable landlord participation despite the bill’s challenges.

However, some data highlights emerging pressures that could reshape the landlord landscape more substantially. Research from Together indicates smaller landlords, in particular, may be pushed out of the market due to a combination of new regulations, tax burdens, and rising costs. Approximately 12% of buy-to-let landlords plan to sell properties this year, with 11% intending to leave the market entirely. While only 8% cite the Renters’ Rights Bill explicitly, its cumulative effect alongside other factors is notable.

Institutional landlords face additional challenges, as highlighted by Cushman & Wakefield. The Bill’s shift to open-ended tenancies and increased tenant rights may lead to higher operational costs and valuation risks, potentially prompting portfolio adjustments and contributing to housing supply concerns. Combined with existing tax policies, these pressures could result in a net reduction of about 5% in the private rented sector.

In summary, while prime rental markets in London and key regional centres have shown resilience with solid rental growth and improving yields, the Renters’ Rights Bill is poised to bring significant changes to the UK lettings sector. Landlords and tenants are currently navigating a period of uncertainty, with market activity remaining buoyant but some landlords, particularly smaller ones, starting to reassess their commitment to the sector. The full impact of the legislation will become clearer once it is enacted and market participants adapt to the new regulatory environment.

### 📌 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/), [[4]](https://www.cushmanwakefield.com/en/united-kingdom/insights/the-renters-rights-bill)
* Paragraph 2 – [[2]](https://www.savills.com/research_articles/255800/375833-0), [[4]](https://www.cushmanwakefield.com/en/united-kingdom/insights/the-renters-rights-bill)
* Paragraph 3 – [[1]](https://www.introducertoday.co.uk/breaking-news/2025/10/renters-rights-bill-has-caused-only-limited-damage-to-prime-markets-so-far-savills/), [[4]](https://www.cushmanwakefield.com/en/united-kingdom/insights/the-renters-rights-bill)
* Paragraph 4 – [[1]](https://www.introducertoday.co.uk/breaking-news/2025/10/renters-rights-bill-has-caused-only-limited-damage-to-prime-markets-so-far-savills/)
* Paragraph 5 – [[1]](https://www.introducertoday.co.uk/breaking-news/2025/10/renters-rights-bill-has-caused-only-limited-damage-to-prime-markets-so-far-savills/)
* Paragraph 6 – [[1]](https://www.introducertoday.co.uk/breaking-news/2025/10/renters-rights-bill-has-caused-only-limited-damage-to-prime-markets-so-far-savills/)
* Paragraph 7 – [[5]](https://www.propertyinvestortoday.co.uk/breaking-news/2025/5/renters-rights-bill-not-hurting-lettings-market-yet-claims-rightmove/), [[6]](https://www.lettingagenttoday.co.uk/breaking-news/2025/6/flatshare-supply-still-rising-despite-concerns-over-renters-rights-bill/)
* Paragraph 8 – [[7]](https://www.lettingagenttoday.co.uk/breaking-news/2025/4/rental-reforms-are-pushing-out-smaller-landlords-warning/), [[4]](https://www.cushmanwakefield.com/en/united-kingdom/insights/the-renters-rights-bill)
* Paragraph 9 – [[1]](https://www.introducertoday.co.uk/breaking-news/2025/10/renters-rights-bill-has-caused-only-limited-damage-to-prime-markets-so-far-savills/), [[4]](https://www.cushmanwakefield.com/en/united-kingdom/insights/the-renters-rights-bill), [[7]](https://www.lettingagenttoday.co.uk/breaking-news/2025/4/rental-reforms-are-pushing-out-smaller-landlords-warning/)

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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/255800/375833-0> - Savills discusses the Renters' Rights Bill, highlighting its potential to reshape the UK lettings landscape. The bill aims to abolish Assured Shorthold Tenancies, introducing open-ended periodic agreements. Landlords can propose annual rent increases via a Section 13 notice, with tenants having the right to dispute excessive increases. Non-compliance with the legislation may result in fines up to £40,000 for repeat offences. The article provides insights into the bill's implications for landlords and tenants, emphasizing the need for awareness and adaptation to the forthcoming changes.
3. <https://www.knightfrank.co.uk/research/article/2025/4/prime-london-rents-climb-as-renters-rights-bill-looms> - Knight Frank reports on the impact of the Renters' Rights Bill on the prime London rental market. The bill, currently at the committee stage in the House of Lords, is expected to make it harder to evict tenants and increase risks around rent collection. The article notes a 10% decrease in new lettings properties in London and the Home Counties in the first quarter of the year compared to the same period last year. It also highlights a 5:1 ratio of new tenants to new lettings properties, indicating growing demand relative to supply.
4. <https://www.cushmanwakefield.com/en/united-kingdom/insights/the-renters-rights-bill> - Cushman & Wakefield analyses the Renters' Rights Bill, focusing on its implications for investors, lenders, and housing supply. The bill proposes replacing fixed-term tenancies with open-ended periodic agreements, allowing tenants to leave with two months' notice and landlords to seek possession after four months. The article highlights potential challenges for institutional landlords, including higher operational costs and valuation risks. It also discusses the impact on housing supply, noting that existing tax policies and new regulations could prompt private landlords to exit the market, potentially leading to a net loss of 5% in the private rented sector.
5. <https://www.propertyinvestortoday.co.uk/breaking-news/2025/5/renters-rights-bill-not-hurting-lettings-market-yet-claims-rightmove/> - Property Investor Today reports on Rightmove's assessment of the Renters' Rights Bill's impact on the lettings market. Rightmove's lettings expert, Christian Balshen, suggests that while the bill may not significantly change market activity in the short term, it could have broader implications, such as making it more challenging for some renters to secure homes in competitive areas due to the rent-in-advance ban. The article also notes a 32% increase in new buy-to-let mortgage loans at the start of 2025 compared to the previous year, contributing to a boost in rental supply.
6. <https://www.lettingagenttoday.co.uk/breaking-news/2025/6/flatshare-supply-still-rising-despite-concerns-over-renters-rights-bill/> - Letting Agent Today reports on the flatshare market's resilience amid concerns over the Renters' Rights Bill. According to flatshare website SpareRoom, supply in the room rental market remains largely unaffected by the bill, with January 2025 marking the highest month for flatshare ads in four years. Between January and April 2025, both the number of landlords using the site and the number of ads placed by landlords increased by 11% compared to the previous year. The article also highlights a decrease in the percentage of landlords planning to exit the rental sector, from 67% in February to 57% in May.
7. <https://www.lettingagenttoday.co.uk/breaking-news/2025/4/rental-reforms-are-pushing-out-smaller-landlords-warning/> - Letting Agent Today discusses research from Together, indicating that new rental regulations are pushing a significant percentage of landlords out of the buy-to-let market. The Renters' Rights Bill, along with rising taxes and new expenses, may cause landlords with smaller portfolios to sell properties or exit the market entirely. The research reveals that over 12% of buy-to-let landlords plan to offload properties this year, with 11% intending to exit the market altogether. The article also highlights that 14% of landlords cite the capital gains tax burden as a reason for selling, 12% point to rising interest rates, and 8% mention the Renters' Rights Bill as a contributing factor.