

UK Rental Market Report

+2.1%

Annual rental inflation for new lets, UK

+5%

Rental inflation in markets with rents below £750pcm

+6%

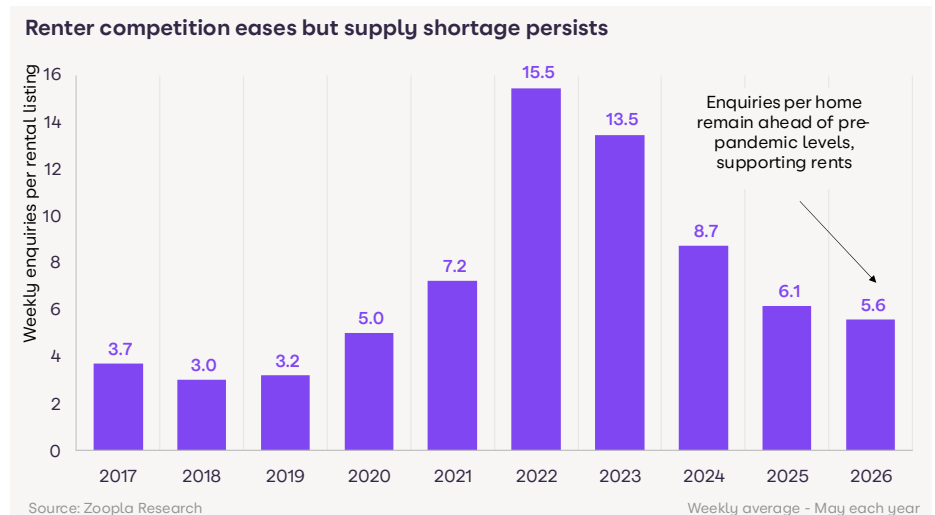
London the only area to register an increase in rental demand

Executive summary

- Rental inflation at 2.1% masks a two-speed market
- Rents are rising at 5%+ in affordable areas, with rents below £750 pcm. Those with rents over £1,250 pcm are rising at or below the UK average
- Earnings are growing at twice the rate of rental inflation, improving affordability for the third year
- London is the only region with rising rental demand (+6%), driven by higher mortgage rates keeping renters in the market
- Supply remains 20-30% below pre-pandemic levels in every region supporting rental inflation
- We expect 2-3% rental inflation through 2026
- Growing rental supply is the best way to improve affordability

“Rental inflation at 2.1% understates what most renters moving home are experiencing. Three-quarters of rental areas are growing faster than the national average. There are 25% fewer homes to rent than pre-pandemic levels which is keeping rent inflation positive”

Richard Donnell
Executive Director



-1.7%

Rents lower than a year ago in Bournemouth area

UK rents increase by 2.1%

Average UK rents for new lets increased by 2.1% in April 2026, down from 2.6% a year ago. Competition for rented homes is falling, returning towards pre-pandemic levels. There were an average of 5.6 enquiries per rental home in May 2026, down from a peak of 15.5 in 2022, but competition for homes remains well above 2017-19 levels and explains why average rents are still rising.

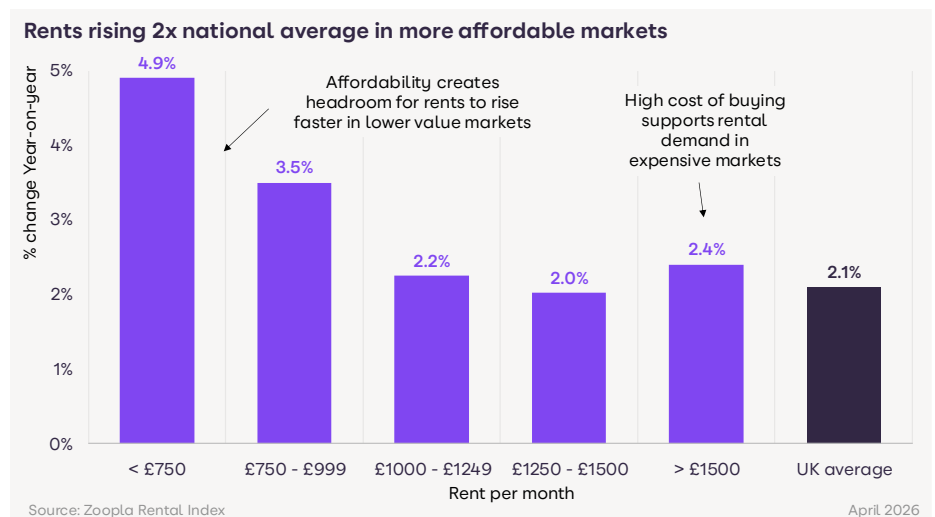
Falling demand has not reduced rents because the number of homes available to rent remains below pre-pandemic levels across every region. New investment in private rented homes remains low.

Affordability drives two speed rental market

The national figure for rent growth masks two very different rental markets. In Birmingham (-1.1%), Nottingham (-0.9%) and Bournemouth (-1.7%) rents are falling, while in other areas like Carlisle (9.1%), Kilmarnock (9%) and Halifax (6.5%), rents are rising at 7-9% a year.

Renters in areas with lower average rents are facing the fastest growth in rents, while in more expensive areas the high cost of renting is limiting how much rents can increase. In areas with average rents below £750 a month, we are seeing rents increasing by nearly 5%, more than double the national average, while areas above £1,250 a month are growing at or below the 2.1% UK average.

The variation in rental growth is relevant in the context of the Renters Rights Act in England, which came into force on 1 May. The Act requires landlords and agents to provide advance notice of proposed rent increases. With rents rising at very different rates across the country the local market context is an important factor in how rent negotiations play out in practice. Our data shows the direction and pace of local rent growth varies by area, providing a factual basis for rent reviews between landlords and renters.



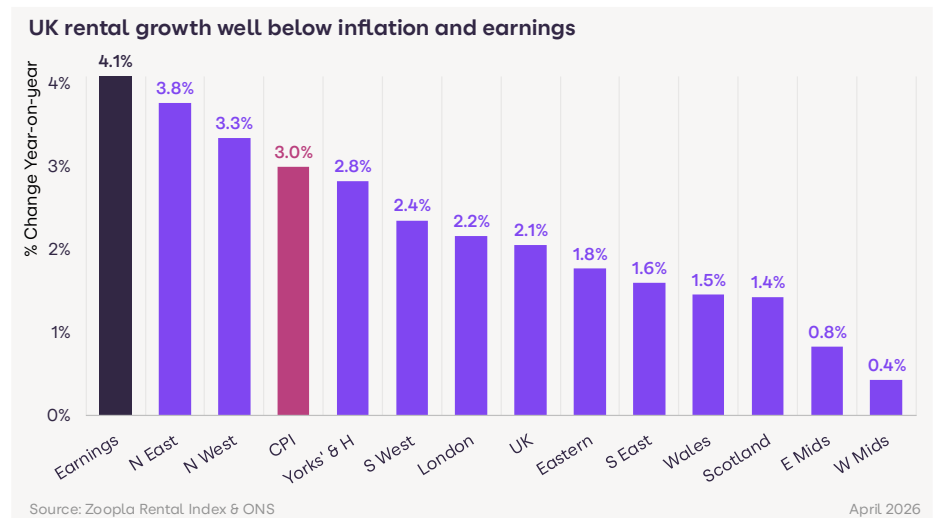
+2.2%

Rents higher than a year ago in London

Earnings growth outpaces rents

On a region and country basis, annual rental growth varies from just 0.4% in the West Midlands to 3.8% in the North East. Average earnings are growing at 4%, almost twice as fast as the growth in rents, offering some affordability relief for renters in full time work.

Lower rental growth in large cities, where most rented homes are located, explains why the national average of 2.1% understates the pace of growth being recorded across more rural, affordable areas.



Higher mortgage rates push rents higher in London

The ease of buying a home has a direct impact on the rental market. Higher mortgage rates have had the greatest impact on first-time buyers in London, where deposits and income levels are highest.

This has led to an increase in demand for rented homes in London (+6%), the only region to register an increase in demand¹. With no change in the number of homes for rent, this explains why rental inflation in London has increased to 2.2%, up from 1.9% a year ago.

Outlook

We expect rental inflation of 2-3% over the remainder of 2026. This would mark the third consecutive year in which earnings have outpaced rents, continuing a gradual improvement in affordability that began in 2024. Rents will continue to increase at a faster pace in more affordable markets over 2026, while higher mortgage rates will continue to deter first-time buyers in more expensive cities, supporting rental demand and rents.

Growing the stock of homes for rent is the best long-term solution to improving rental affordability. Every region has fewer homes available to rent than before the pandemic and this structural shortage will keep rents rising faster than they otherwise would.

1. 4-weeks average to 31 May 2026

Rental Highlights

Note: The Zoopla rental market index is a repeat transaction index, based on asking rents and adjusted to reflect achieved rents. The index is designed to accurately track the change in rental pricing for UK housing.

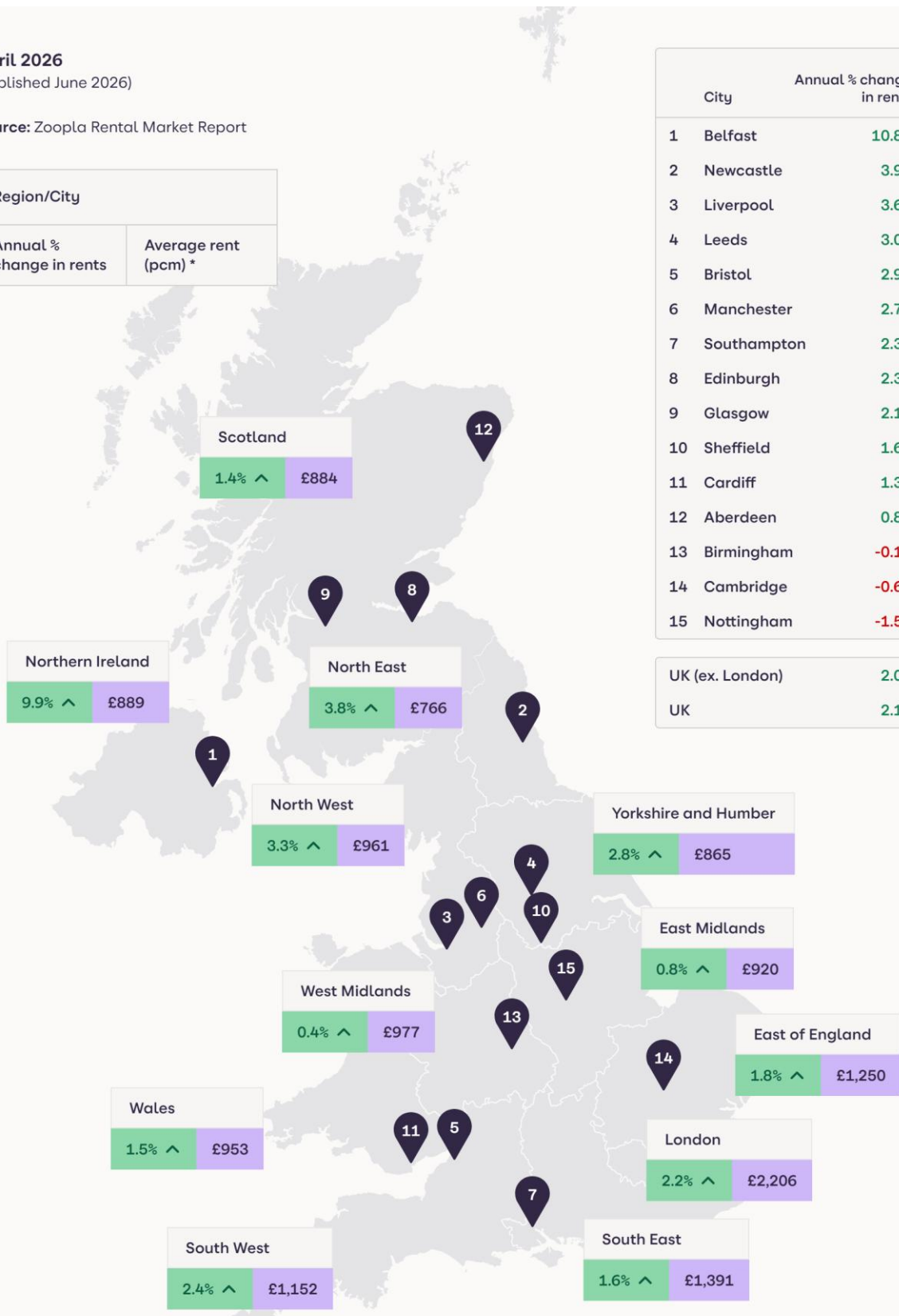
April 2026

(Published June 2026)

Source: Zoopla Rental Market Report

Region/City	
Annual % change in rents	Average rent (pcm) *

City	Annual % change in rents	Average rent (pcm)*
1 Belfast	10.8%	£907
2 Newcastle	3.9%	£921
3 Liverpool	3.6%	£897
4 Leeds	3.0%	£1,003
5 Bristol	2.9%	£1,414
6 Manchester	2.7%	£1,161
7 Southampton	2.3%	£1,185
8 Edinburgh	2.3%	£1,348
9 Glasgow	2.1%	£1,024
10 Sheffield	1.6%	£854
11 Cardiff	1.3%	£1,209
12 Aberdeen	0.8%	£720
13 Birmingham	-0.1%	£1,006
14 Cambridge	-0.6%	£1,585
15 Nottingham	-1.5%	£967
UK (ex. London)	2.0%	£1,082
UK	2.1%	£1,321



*Average 1-4 bed properties

Rental Market Snapshot: April 2026

	Average Rent (PCM)	% YOY (Apr 2026)	% YOY (Apr 2025)	3YR CAGR
UK	£1,321	2.1%	2.6%	3.6%
UK ex London	£1,082	2.0%	2.9%	4.1%
East Midlands	£920	0.8%	2.2%	3.3%
East of England	£1,250	1.8%	3.4%	4.3%
London	£2,206	2.2%	1.9%	2.5%
North East	£766	3.8%	4.5%	5.9%
North West	£961	3.3%	3.9%	4.9%
Northern Ireland	£889	9.9%	10.6%	8.1%
Scotland	£884	1.4%	1.9%	4.0%
South East	£1,391	1.6%	3.1%	4.1%
South West	£1,152	2.4%	2.7%	4.3%
Wales	£953	1.5%	4.0%	4.2%
West Midlands	£977	0.4%	2.8%	3.5%
Yorkshire and the Humber	£865	2.8%	0.5%	3.2%
Belfast	£907	10.8%	10.8%	8.7%
Birmingham	£1,006	-0.1%	1.7%	2.9%
Bristol	£1,414	2.9%	0.0%	3.6%
Cardiff	£1,209	1.3%	4.7%	4.2%
Edinburgh	£1,348	2.3%	2.0%	4.3%
Glasgow	£1,024	2.1%	2.5%	4.0%
Leeds	£1,003	3.0%	-2.0%	2.2%
Liverpool	£897	3.6%	4.5%	5.1%
Manchester	£1,161	2.7%	1.9%	3.9%
Nottingham	£967	-1.5%	-0.2%	0.7%
Sheffield	£854	1.6%	1.2%	2.8%
Southampton	£1,185	2.3%	3.3%	4.6%

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