UK Rental Market Report

+2.6%	-3%	-6%
Annual UK rental inflation for new lets, July 2026	Homes for rent per agent versus last year	Flow of new supply of homes for rent compared to last year

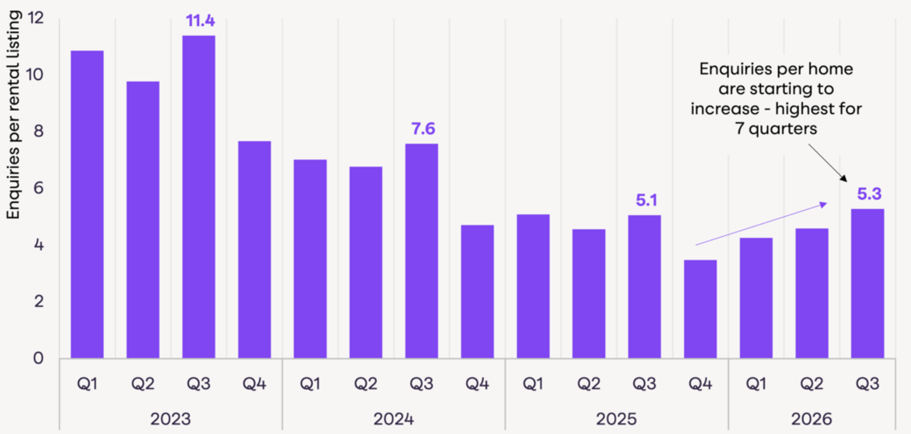
Executive summary

- UK rents are 2.6% higher than a year ago, up from 1.6% in February
- Rental supply is starting to fall after three years of improvement – the number of homes for rent is 3% lower than a year ago
- Rent growth has increased the most in regions where the supply of homes for rent is falling
- Higher mortgage rates are keeping would-be first-time buyers renting for longer, adding to rental demand
- London faces the greatest squeeze, with rising demand, fewer homes for rent and rental growth at almost 3%
- Recent trends point to UK rental growth reaching 4-5% by the end of 2026, more closely in line with average earnings

"Higher mortgage rates don't just impact buyers - they keep more would-be first-time buyers renting for longer. This reduces the flow of homes for rent, creating scarcity and putting renewed upward pressure on rental values."

Richard Donnell
Executive Director

Reducing rental supply means more enquiries per rented property



Source: Zoopla Research

Quarterly average - 2026 Q3 covers July and August only

5.3x

Enquiries per rented home – highest for almost 2 years

Rent growth is picking up as rental supply falls

UK rents have risen by 2.6% over the last year to July, up from a low point of 1.6% in February 2026. The average UK rent stands at £1,340 a month. The number of homes available to rent has started to fall after steadily improving over the last three years. There are now 3% fewer homes for rent than a year ago[1]. This is reducing choice for renters and is the main reason rents are starting to rise more quickly.

New investment in rental homes remains low as landlords face higher costs and greater regulation. Higher mortgage rates are also making it harder for first-time buyers to buy, keeping more people renting for longer. The flow of homes coming onto the rental market is 6% lower than this time last year[1].

This combination of rising demand and falling supply means competition for rented homes is increasing once again. There are, on average, 5.3 enquiries per rental listing, 6% higher than a year ago and the highest level for almost two years.

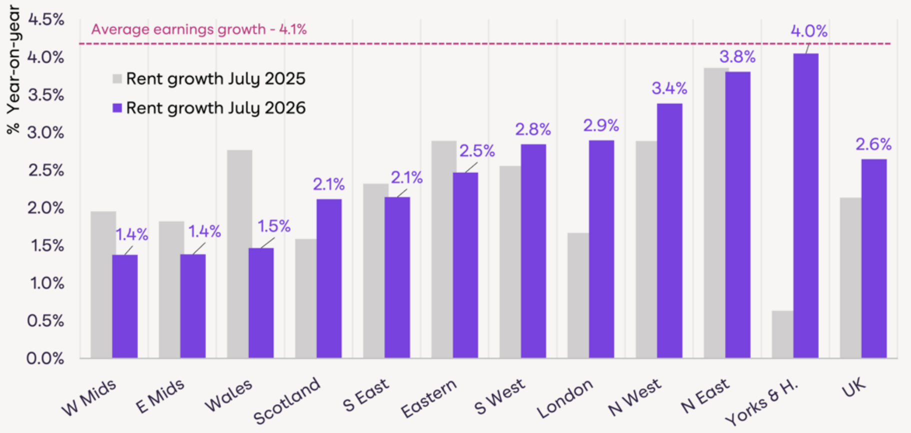
Rent growth is rising fastest where supply is falling

Rental market conditions vary widely across the country. Our data shows a clear link between changes in the number of homes available to rent and the pace of rental growth.

London and Yorkshire & Humber have seen the biggest increase in rental growth over the last year. The number of homes for rent is 6% lower than a year ago in London and 12% lower in Yorkshire & Humber[1]. In contrast, Wales has seen a 7% increase in homes for rent giving renters more choice, slowing the pace of rental growth.

There is interest in how the new Renters' Rights Act in England is affecting the rental market. Scotland has operated under a similar system for some years and is seeing the same pattern of fewer homes for rent and higher rental growth. This suggests market forces are shaping rental trends more than new regulation.

Rent inflation higher than last year where rental supply is lower



Source: Zoopla Rental Index - new lets

Current = July 2026, last year = July 2025

1. 4-weeks average to 30 August 2026 versus the same period last year

-13%

Decline in homes for rent in inner London postal areas

Higher rates add pressure on London's rental market

While the story across Britain is largely one of lower supply pushing rents higher, London is seeing both a decline in homes for rent (-6%) and a clear increase in demand. Rental growth has increased to 2.9%, up from 1.7% a year ago.

Higher mortgage rates have hit London home buyers harder than those elsewhere because of higher house prices and larger mortgages. The average London buyer now needs to find an extra £35,500 for their deposit to keep mortgage repayments unchanged following the rise in mortgage rates this year. This is almost twice the £18,200 needed by the average UK buyer[2].

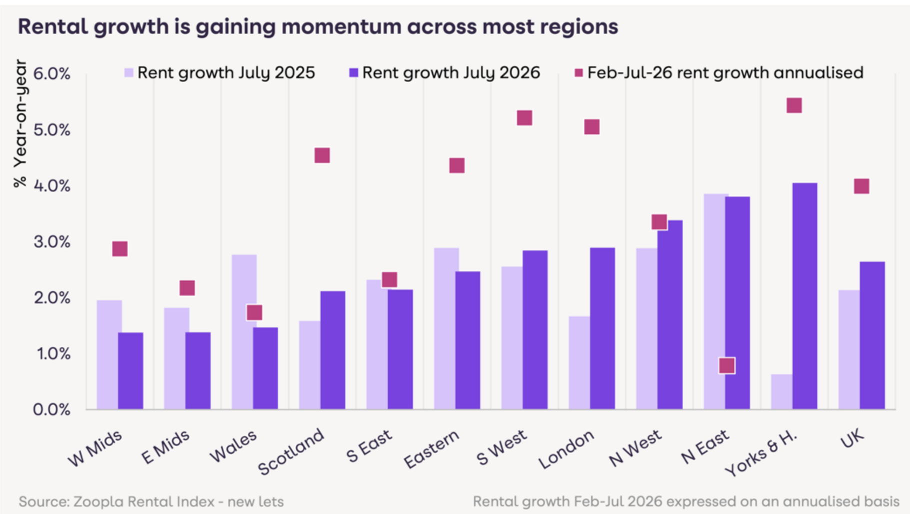
This is keeping more would-be buyers renting for longer and adding to demand for rented homes. The impact is greatest across inner London, where rental demand is higher than a year ago while the number of homes available to rent is 13% lower[1]. This combination is pushing rental growth across inner London to 3-4%.

Rental growth set to rise further to 4-5% by December

While UK rents are 2.6% higher than a year ago, rental growth over the last six months is running at an annualised rate of around 4%. This faster rate of growth is being seen across much of the country.

On current trends, we expect UK rental growth to reach between 4% and 5% by the end of 2026. This would bring rental growth more closely into line with average earnings growth, after three years in which earnings have risen faster than rents.

The rental market remains sensitive to relatively small changes in the number of homes available to rent. Encouraging new investment to grow the number of homes in the private rented sector is the best route to boosting choice and keeping rental growth in check over the longer term.



2. Assumes 75% LTV mortgage using a 27-year term for a 5-year fixed rate loan in January 2026 at 4% versus a rate of 4.8% in August 2026 with the extra deposit keeping the mortgage repayments the same now as the start of the year

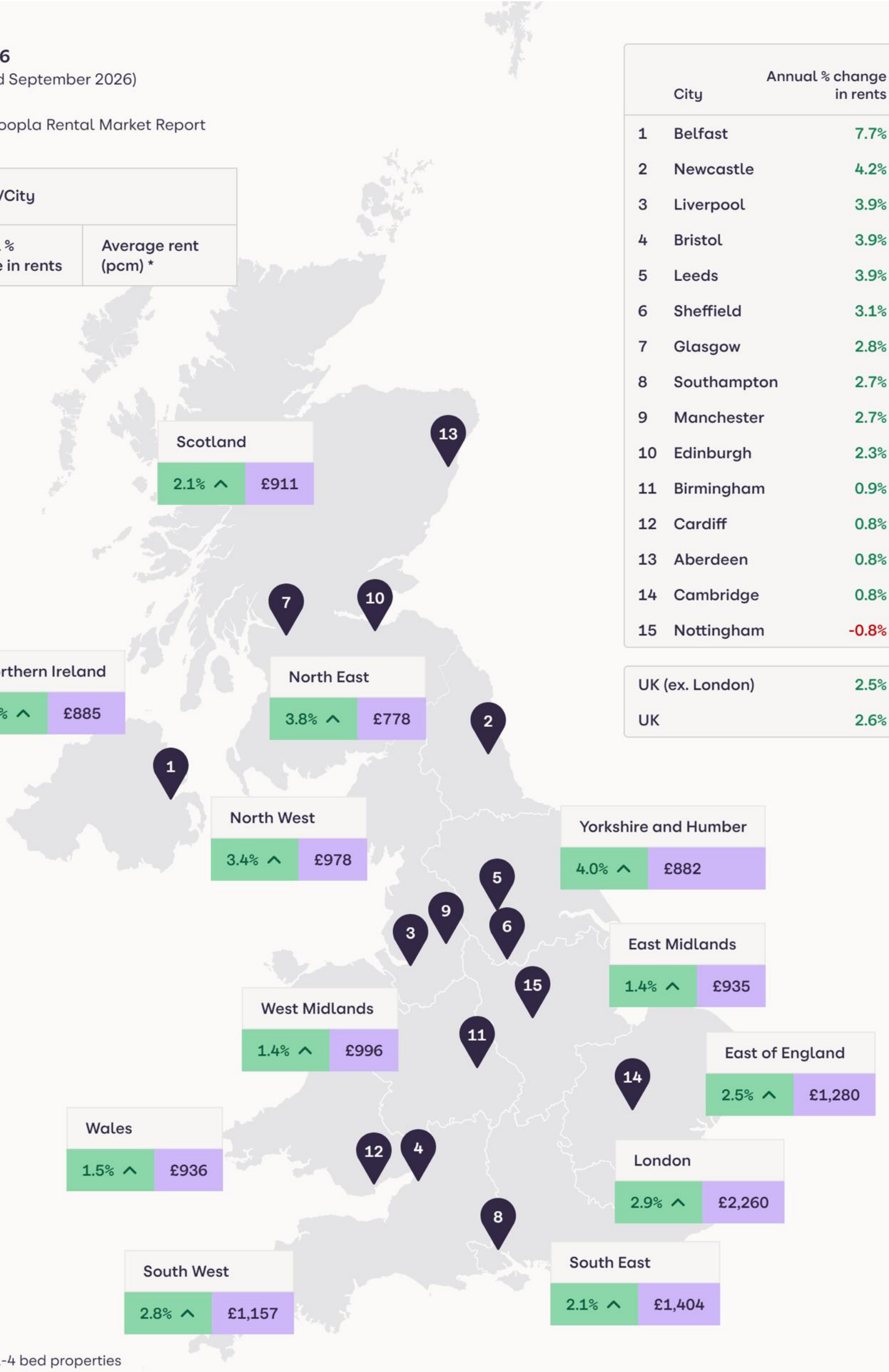
Rental Highlights

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.

July 2026
(Published September 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	7.7%	£903
2	Newcastle	4.2%	£931
3	Liverpool	3.9%	£916
4	Bristol	3.9%	£1,410
5	Leeds	3.9%	£1,017
6	Sheffield	3.1%	£878
7	Glasgow	2.8%	£1,062
8	Southampton	2.7%	£1,170
9	Manchester	2.7%	£1,182
10	Edinburgh	2.3%	£1,385
11	Birmingham	0.9%	£1,030
12	Cardiff	0.8%	£1,190
13	Aberdeen	0.8%	£735
14	Cambridge	0.8%	£1,638
15	Nottingham	-0.8%	£976

UK (ex. London)	2.5%	£1,097
UK	2.6%	£1,343

*Average 1-4 bed properties

Rental Market Snapshot: July 2026

	Average Rent (PCM)	%YOY (Jul 2026)	%YOY (Jul 2025)	3YR CAGR
UK	£1,343	2.6%	2.1%	3.3%
UK ex London	£1,097	2.5%	2.3%	3.7%
East Midlands	£935	1.4%	1.8%	2.8%
East of England	£1,280	2.5%	2.9%	3.9%
London	£2,260	2.9%	1.7%	2.4%
North East	£778	3.8%	3.9%	5.3%
North West	£978	3.4%	2.9%	4.4%
Northern Ireland	£885	7.4%	9.1%	7.7%
Scotland	£911	2.1%	1.6%	3.7%
South East	£1,404	2.1%	2.3%	3.4%
South West	£1,157	2.8%	2.6%	3.8%
Wales	£936	1.5%	2.8%	3.4%
West Midlands	£996	1.4%	2.0%	3.1%
Yorkshire and the Humber	£882	4.0%	0.6%	3.2%
Belfast	£903	7.7%	9.0%	8.0%
Birmingham	£1,030	0.9%	1.2%	2.4%
Bristol	£1,410	3.9%	-0.7%	3.1%
Cardiff	£1,190	0.8%	2.7%	3.2%
Edinburgh	£1,385	2.3%	1.6%	3.6%
Glasgow	£1,062	2.8%	2.6%	3.5%
Leeds	£1,017	3.9%	-1.1%	2.3%
Liverpool	£916	3.9%	3.1%	4.9%
Manchester	£1,182	2.7%	1.5%	3.3%
Nottingham	£976	-0.8%	0.0%	0.7%
Sheffield	£878	3.1%	0.6%	2.4%
Southampton	£1,170	2.7%	2.2%	3.9%

Rental market report produced by

Richard Donnell

Executive Director

richard.donnell@zoopla.co.uk

Izabella Lubowiecka

Senior Property Researcher

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