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State of the Lettings Industry Report

Our 8th annual report, showcasing
exclusive insights from 2,750+ letting
agents, landlords and tenants.

goodlord

Executive summary

The private rented sector (PRS) is on the verge of its most dramatic shake-up in a generation, with the Renters' Rights Bill set to redefine how key stakeholders engage with one another. As the data in this report will make clear, the unintended consequences of the Bill are significant.

On average, agencies earn more than a quarter (27%) of their annual revenue through tenancy renewals. The abolition of fixed-term tenancies wipes that out, leaving them with a huge black hole to fill. Landlords also face uncertainty over their ability to cover rising costs, with around 1 in 5 tenants (22%) set to appeal rent increases regardless of whether they think they're fair or not, thanks to new powers granted to them by the incoming legislation. And tenants need to brace themselves for higher asking rents following the ban on bidding wars. 1 in 5 landlords (19%) are planning to increase advertised prices, which will also drive up prices from the 53% of landlords who will set prices based on comparable listings and the 19% who will seek advice from their letting agent. Our data also shows that annual rent increases will become more common.

Meanwhile, demand for rental homes remains exceptionally high, supply continues to

contract as more landlords exit the market, and affordability pressures on tenants show little sign of easing.

Against this backdrop, Goodlord's annual State of the Lettings Industry Report captures the voices of more than 2,750 agents, landlords, and tenants throughout the UK, offering a snapshot of how the PRS is coping under strain – and bracing for the change that lies ahead.

At the heart of the crisis is an ever-widening gap between supply and demand. Two-thirds of agents reported rising tenant demand this year, while almost 1 in 5 landlords sold at least one property in the past 12 months.

As ever, technology will be key to easing some of the pains encountered by stakeholders across the PRS, and Artificial Intelligence (AI) is set to play an increasingly significant role in that. For example, nearly half of agencies (47%) are now experimenting with AI to help ease their workload.

However, as much as agents, tenants, and landlords try to help themselves, they're in desperate need of tangible support so the sector can thrive once more.



William Reeve

CEO, Goodlord

“The Renters' Rights Bill represents the most significant overhaul of the private rented sector since the Housing Act of 1988. While it purports to help tenants, our data shows that they're likely to suffer higher advertised rents and more frequent rent increases. Those who need to use rent in advance to secure properties will also be unable to do so, meaning they may struggle to find housing.

“From a landlord and agent perspective, parallel reforms to court systems, investment in housing supply, and tangible support are desperately needed to make this legislation effective.”



Tom Goodman

Managing Director B2B, Goodlord

“This report underlines the pivotal role letting agents will play in navigating the year ahead. They're on the frontline of change – supporting landlords under pressure, guiding tenants through affordability challenges, and interpreting a wave of new legislation. We're seeing first-hand how letting agents are adapting to meet these challenges head on, but it's clear they need more support.

“Agents can't carry the weight of reform and rising costs alone – they need clarity from policymakers, better tools from industry partners, and a recognition of the vital role they play in keeping the private rented sector moving.”

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Demographics

This year's survey respondents in focus

Our 2025 survey brings together insights from over 2,750 people across the lettings ecosystem, capturing the views of agents, landlords, and tenants throughout the UK.



Agents

This year's survey captured responses from 350+ letting agents across the UK, with the largest share of respondents based in Greater London (24%), the South East (18%), and the South West (18%). Agencies varied in size, but the average firm manages 340 properties and employs 14 people. Just over half (54%) have five or fewer staff, while only 4% employ more than 100.

The respondent pool skewed senior: two-thirds of agents were either managing directors or department heads, with property managers and negotiators also represented. On average, respondents had 13.5 years of experience in the sector. Reflecting this seniority, the average annual salary of £48,000 was 20% higher than seen in last year's survey, with nearly 1 in 10 (9%) earning more than £100,000.

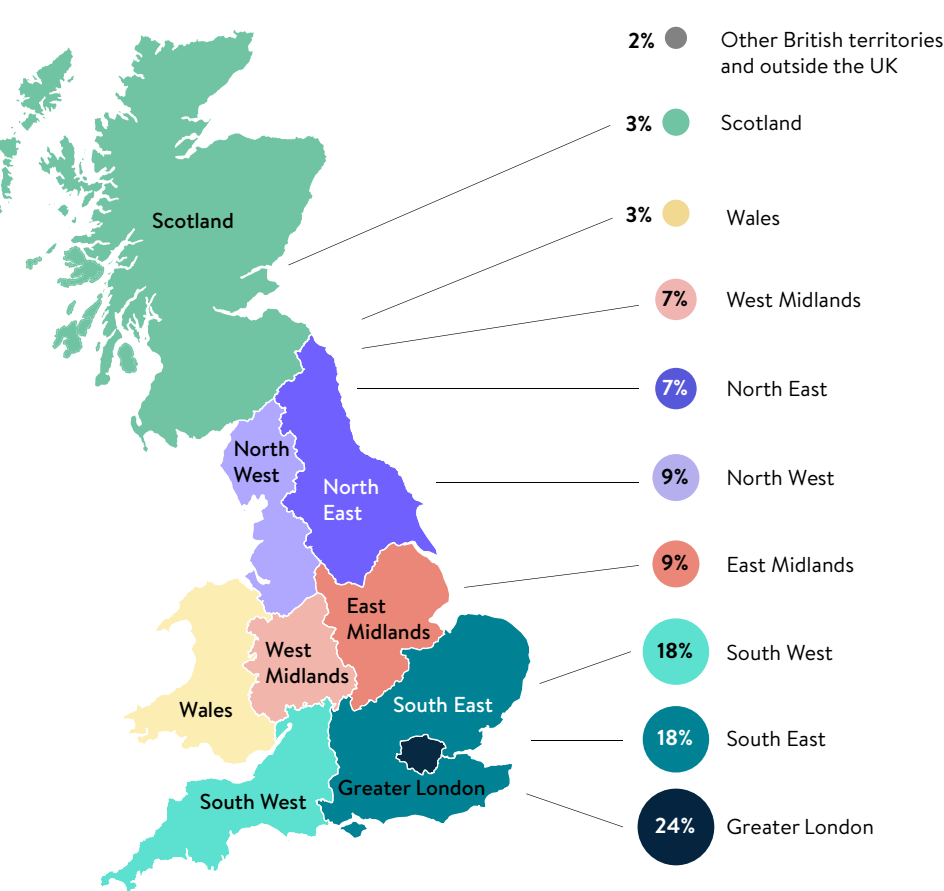
We surveyed

350+

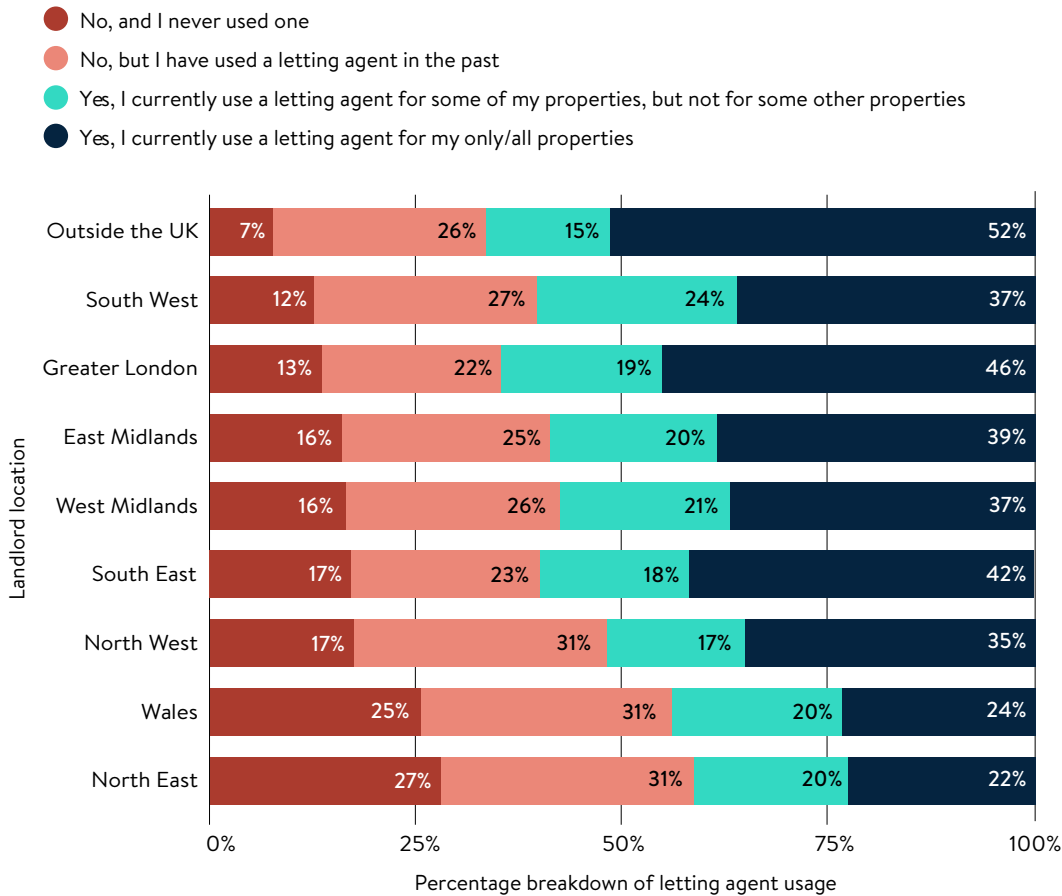
**letting agents
across the UK.**



Percentage of respondents surveyed divided by UK regions.



Foreign landlords and those based in London and the South East are more likely to use an agent.



Landlords

More than 1,350 landlords took part in this year's survey, with an average portfolio size of 7.4 properties. The majority of landlords are small-scale: 17% own just one property, and a further 45% own between two and five. At the other end of the spectrum, 9% manage portfolios of 20 or more, reflecting a smaller but significant cohort of professional landlords.

The use of letting agents is common, although not universal. Just over half of landlords (57%) currently use a letting agent to manage some or all of their properties, while 26% have done so in the past. Foreign landlords are the most likely to rely on agents (67%), compared to 42–65% in the UK, depending on region, with usage highest in London and the South East. The main advantages of using an agent cited by landlords include sourcing tenants, referencing, compliance, and day-to-day property management.

57%

of landlords currently use a letting agent to manage some or all of their properties.

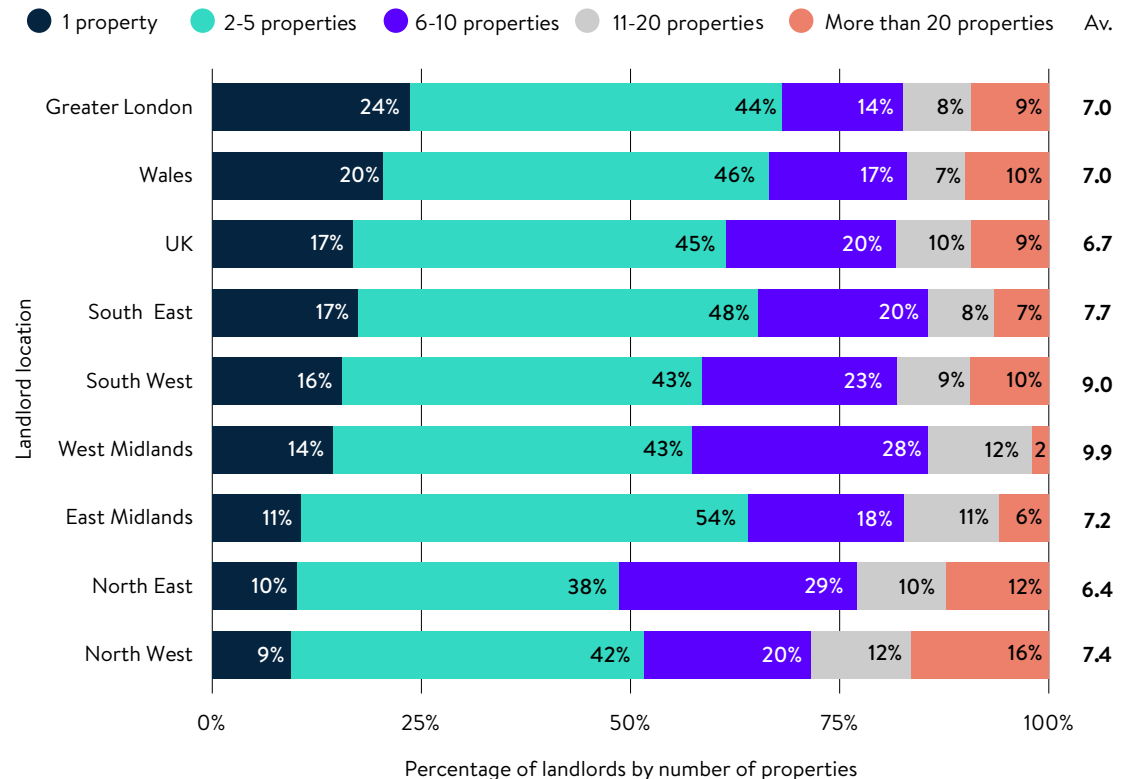


Emily Popple

Director of Landlord Experience, Goodlord

“With 43% of landlords still choosing to self-manage, agents have a clear opportunity to demonstrate their value, both to this group and to their existing clients. The Renters’ Rights Bill introduces significant new responsibilities, making it more important than ever to be a letting agent who understands the legislation and delivers excellent service. Now is the time to show how you can ease the pressure, ensure compliance, and provide real peace of mind.”

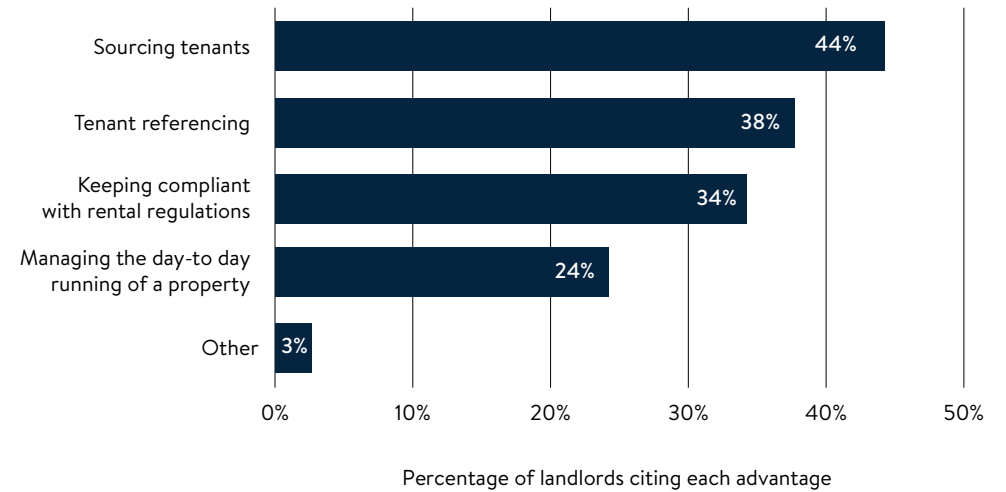
Landlords based in the North West and North East tend to have larger portfolios.



Landlords say the main advantage of using a letting agent is sourcing tenants.



Advantages of using an agent



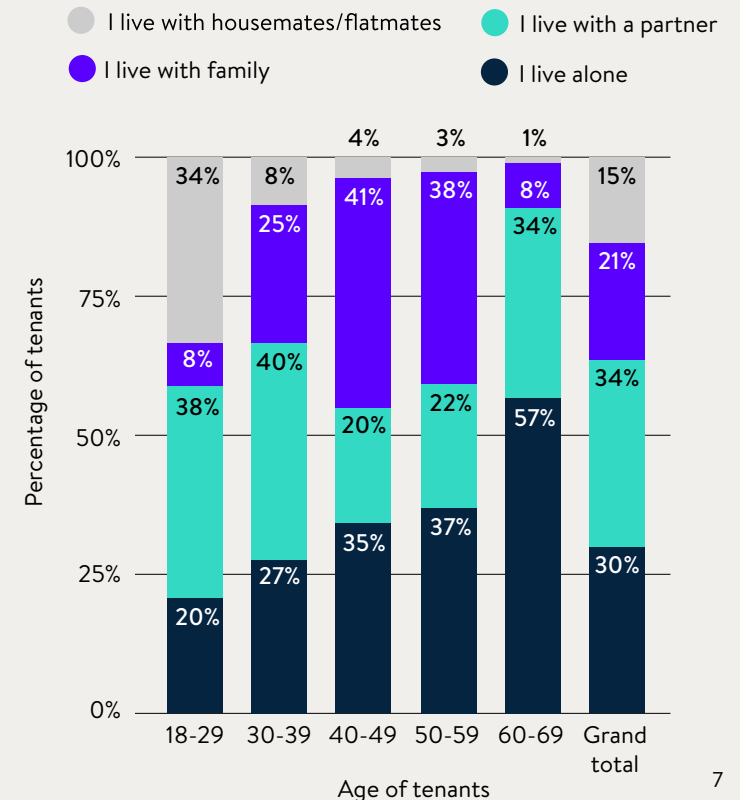
Tenants

The nearly 1,000 respondents are spread across the UK, with the largest shares in the South East (22%), London (17%), and the South West (14%). Smaller proportions are based in the North West (12%), North East (10%), East Midlands (9%), West Midlands (9%), and Scotland (4%). Most are British (70%), while 30% are non-British, typically with leave-to-remain status, with an average age of 37.5.

Employment amongst this year's respondents is high: 72% work full-time, 6% part-time, and 7% are self-employed. Living arrangements are varied, but tenants are most likely to live with a partner (34%) or alone (30%).

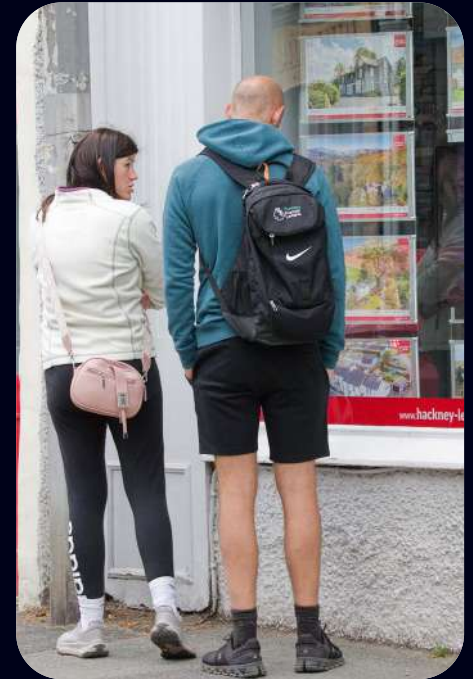
Younger tenants tend to live with housemates and partners, while most older tenants live alone.

1,000
tenants shared
their experiences
of the PRS in this
year's survey.



Increasing pressure at both ends of the market

Across the UK, letting agents, landlords, and tenants are feeling the strain of an intensifying supply and demand imbalance – one that shows no signs of easing. The number of homes available to rent remains stubbornly below pre-pandemic levels, while the pool of tenants looking for somewhere to live keeps growing.



Agents



Greg Tsuman

PPARLA, Managing Director of Lettings, Martyn Gerrard Estate Agents

“The biggest challenge right now is stock. Landlords are selling up, and every property that leaves the rental market makes life harder for tenants and agents alike. We’re spending more time managing bigger pools of applicants for fewer homes, which creates frustration on all sides. Unless the balance between supply and demand improves, the pressure on the PRS will only intensify.”

Demand surges while listings continue to decline

Figures from the ONS show that rental supply remains around 20% lower than it was before the pandemic – yet demand has surged by 60% over the same period.

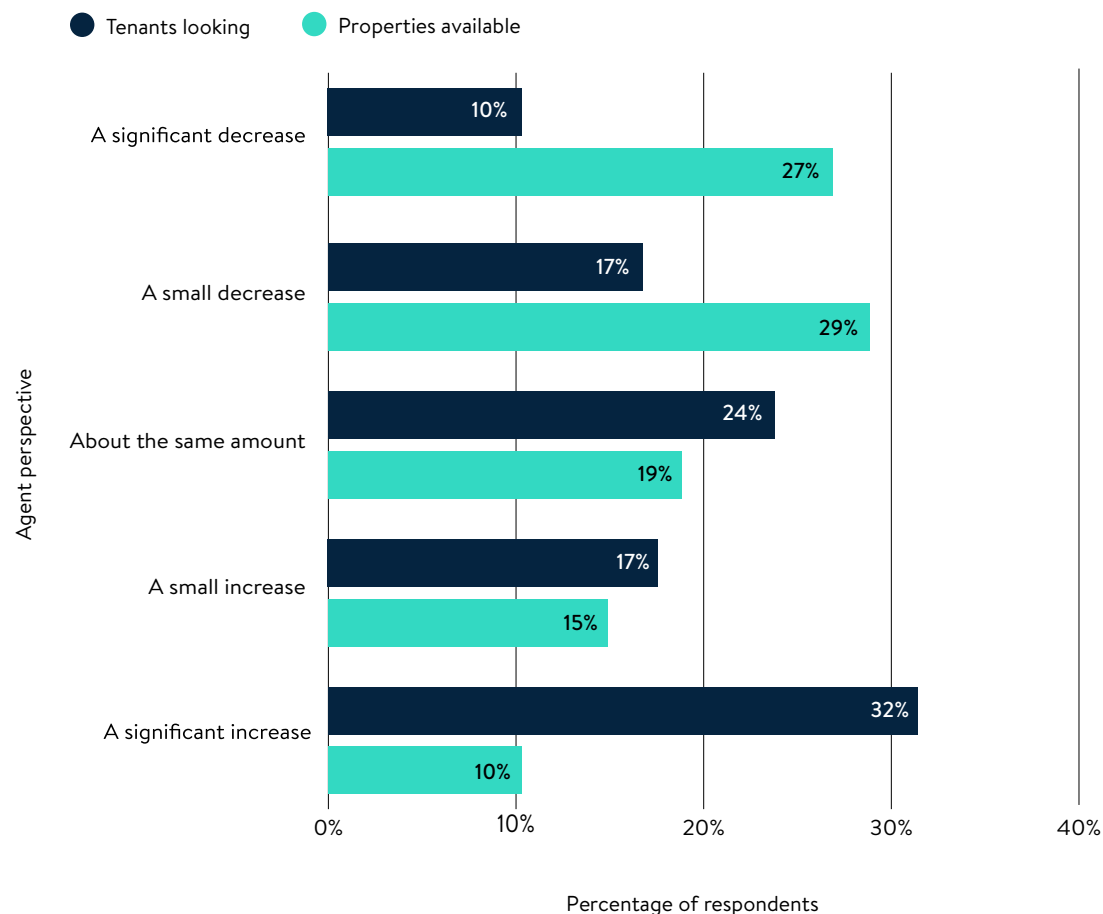
Two-thirds of letting agents (67%) reported an increase in tenant demand this year, and nearly half described that rise as significant. At the same time, 30% of agents said the number of properties available to rent had declined, with 14% citing a “significant decline”.

Lettings is increasingly competitive, with 48% of tenants saying they found it difficult to find a property. Many tenants are also going to unusual lengths to secure a tenancy – two in five renters say they’ve paid more than the standard month’s rent up front, with 42% citing the reason as simply trying to beat the competition.

67%

of letting agents reported an increase in tenant demand this year.

Agents say more tenants are looking for properties, but fewer are available.



Policy shifts will change how rents are set

With increases in living costs still outpacing wages, the financial pressure on tenants continues to grow. The way rents are set – and how transparent that process is – remains central to the affordability conversation. Under the Renters’ Rights Bill, landlords and letting agents will be prohibited from letting properties above their advertised price.

1 in 5 landlords (19%) say they plan to leave room for negotiation by advertising at a higher rate. This is likely to drive up rents from the 53% of landlords who said they’d research comparable listings to set the right price. The case will likely be the same for 19% of landlords who will seek advice from their letting agent.

Only 8.5% said they won’t increase the marketed price at all.

Portfolio reductions are tightening the market

Tax changes, mortgage rate rises, and tightening regulations have made the PRS less attractive – and a growing share of landlords are choosing to reduce their portfolios or exit entirely.

Almost a fifth of landlords (19%) had decreased the size of their rental portfolio in the past 12 months. A further 16% said they were actively trying to do so, but hadn’t completed a sale yet. The 2024 English Private Landlord Survey found that 31% of landlords were planning to decrease the size of their portfolio in the next two years. Goodlord’s data shows that almost a fifth of landlords (19%) have decreased the size of their rental portfolio in the last 12 month.

Most of the landlords selling up (44%) had sold just one property, but 14% said they’d taken five

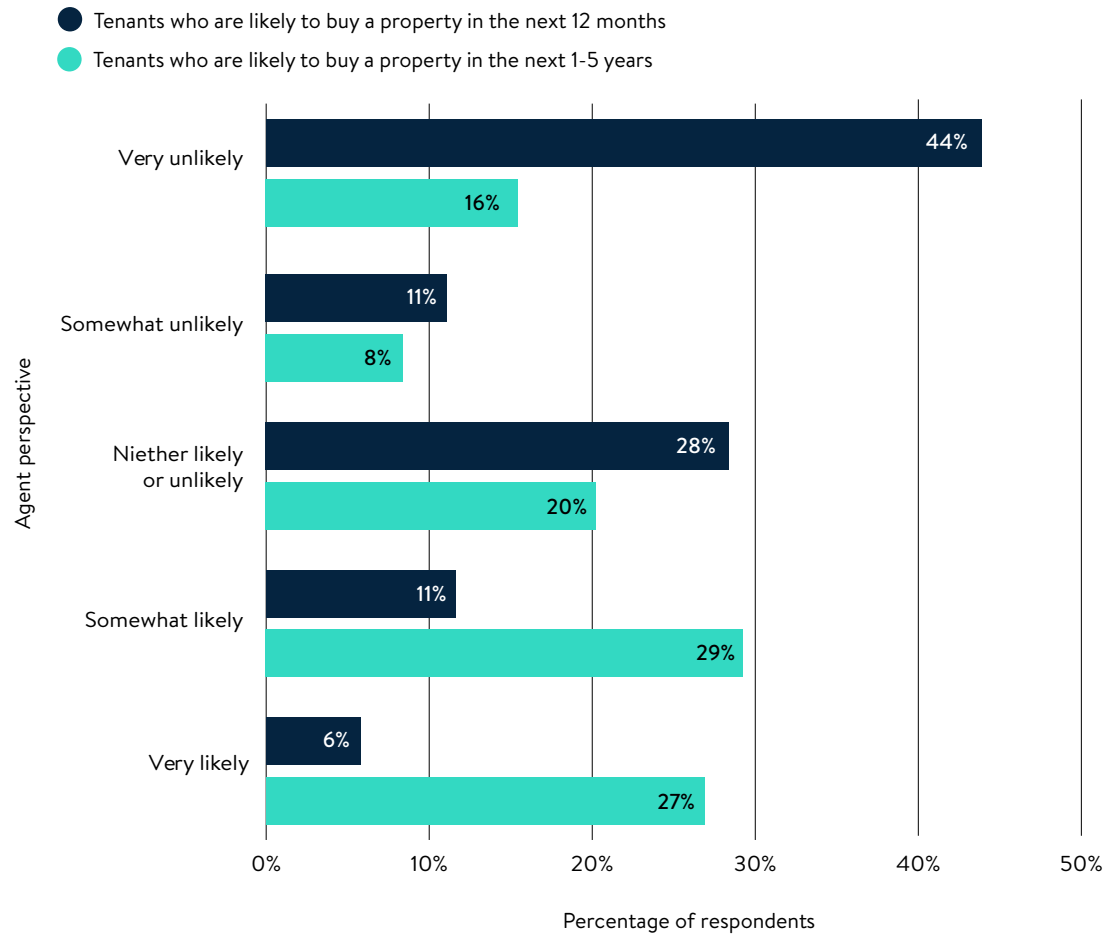
or more homes out of the market – a significant dent in supply. Savills’ “Beyond Buy to Let report in 2024” found that 5.4 homes were sold from landlords to owner occupiers for every one home bought by landlords from owner occupiers – indicating that the majority of properties that leave the PRS for good.

This long-term decline in stock comes at a time when demand continues to grow, with tenants staying in the PRS for longer. Just over a third of tenants (36%) said they were likely to buy a property in the next five years, and only 16% said they were “very likely” to do so. Meanwhile, 40% said they were unlikely to buy even within the next five years, pointing to a sustained, long-term demand for rental homes.





Tenants are sceptical of buying a property in the next 12 months, but more hopeful about the next five years.



ROSEWOOD EDITION

Solutions designed to *protect your business and your landlords*

Keep your agency compliant,
simplify the transition, reduce
admin, and protect revenue.



COMPLIANT PAYMENT FLOWS

The Bill changes how and when rent is taken. **Goodlord will keep your team compliant, reducing admin and risk of fines.**

- ✓ Payments fully compliant with the new rules, with audit trails and built-in protection against incorrect requests
- ✓ Security deposit collected and secured before agreement signed
- ✓ First month's rent requested automatically once contract is executed



GOODLORD GUARANTOR

Advance rent payments are banned, leaving some tenants, including international renters and students, without options. **Goodlord stands as a professional guarantor for tenants affected by the ban.**

- ✓ Covers all standard guarantor liabilities on behalf of the tenant
- ✓ Valid for three years with a single upfront payment, with no renewal risk for landlords
- ✓ Fully integrated into referencing and tenancy progression for a seamless journey for both agents and tenants

[See platform in action](#)



Tenant affordability challenge shows little sign of easing

While rental inflation has slowed since 2022, wages haven't kept pace – and many tenants are still feeling the pressure. Goodlord's Rental Index revealed that British rents hit a record high of £1,496 per month in July 2025, with the average renter now spending 40% of their take-home income on rent – the threshold we use to define 'rent poverty'.

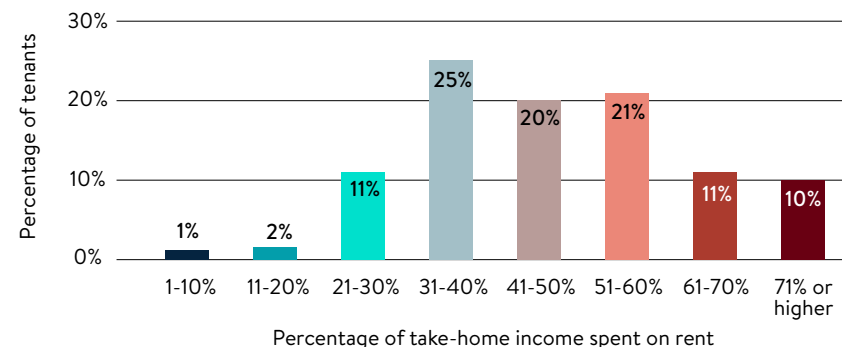


Megan Eighteen

President of ARLA Propertymark

"It's vital that we address the underlying causes of rising rents directly. Ongoing regulatory and financial pressures on landlords are driving many out of the market, especially when there is such a pressing need for housing, which is a key factor in the significant rent increases we're seeing."

Percentage of tenants who would experience financial distress after a 3% rent increase vs percentage of take-home income spent on rent.



Nearly half of tenants spend 40%+ of their income on rent

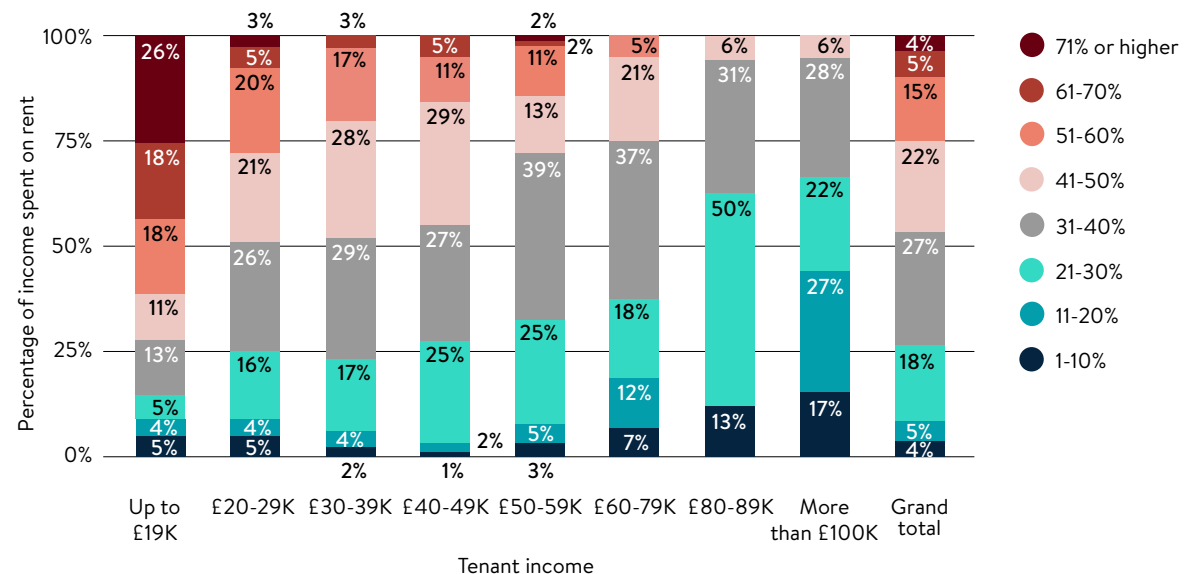
Almost half (42%) of tenants are in 'rent poverty', which we define as spending 40% or more of their gross income on rent, a slight decrease from 48% last year. For tenants on the lowest salaries, the situation is even more acute. Among those earning under £20,000 a year, nearly three-quarters (73%) are spending more than 40% of their income on rent. A third of tenants say a 3% rent increase would push them into financial distress.

In this context, it's unsurprising that support for rent controls – which have been proposed as a way to rein in rising costs – remains high among tenants. A majority of tenants (59%) said they “strongly agreed” with introducing rent controls, with a further 21% saying they “slightly agreed”. With affordability under sustained pressure, it's clear many renters see regulation as a necessary intervention.

59%

of tenants
“strongly agree”
with introducing
rent controls.

Proportion of personal income (annual, pre-tax) spent on rent by income level.



Most tenants have little to fall back on

Many tenants are in a precarious financial position. More than a third of tenants (37%) report having no savings or investments to fall back on. Among those who do, the average amount saved is £5,200 – a figure that's slightly higher among tenants aged 50 and over. Nearly six in ten tenants report having no personal debts, but among those who do carry debt, the average amount owed is £1,528.

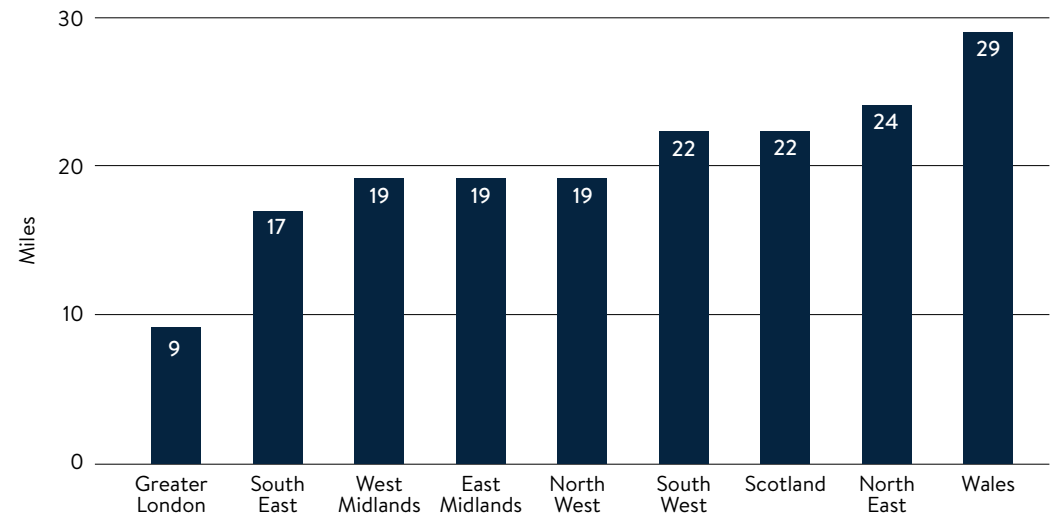
The increasing cost of rent is also prompting increased mobility. Just over 30% of tenants reported moving in the past year to find more affordable accommodation. Scottish tenants and Londoners were the most likely to relocate in search of savings.

Tenants who have moved to find cheaper rent relocated an average distance of 18 miles.

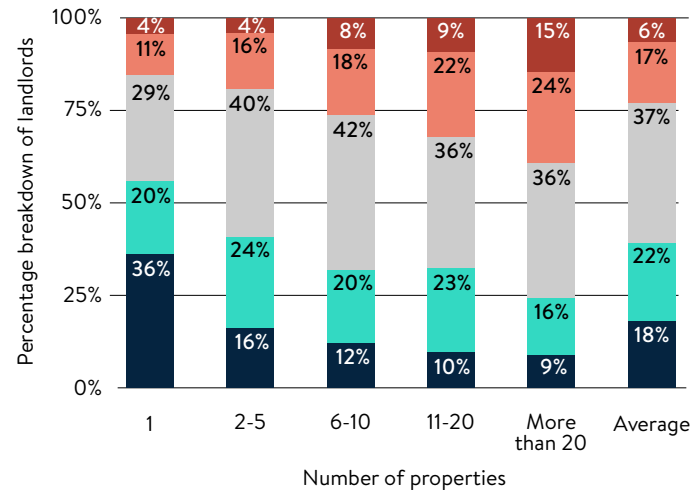
£1,528

is the average
amount owed
by tenants who
have debts.

Welsh tenants are most willing to move further away to find affordable housing, while those in Greater London and the South East look closer to home.



40% of landlords haven't increased rents for existing tenants in the last year.

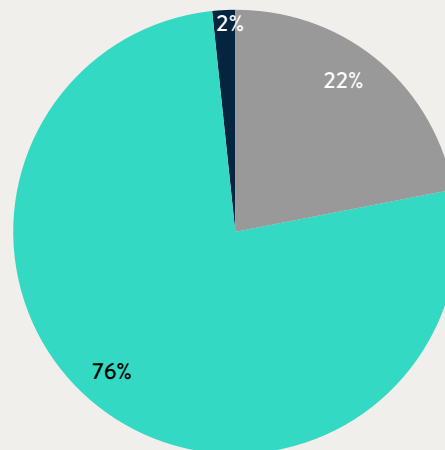


- I insist on rent increases for existing and new tenants - no exceptions even if the tenant is in financial distress
- I insist on rent increases for existing and new tenants - with exceptions for e.g. financial distress
- I look for increased rent from current tenants and new tenants but will negotiate
- I generally increase the rent only for new tenants, not for existing tenants
- I haven't increased the rent on any of my properties

1 in 5 tenants will appeal any rent increase when the Bill becomes effective.

Almost half of landlords (40%) said they hadn't increased the rent for existing tenants in the past year. Most reported raising rents only for new tenants, with 38% leaving room for negotiation in cases such as financial hardship. Only a small minority (6%) take a hardline stance with no exceptions.

- Would appeal any rent increase
- Would appeal if rent increase is unfair
- Wouldn't appeal



For those tenants who had experienced a rent increase, 57% described the rise as "significant," and 59% of those felt it was "unfair."

When the Renters' Rights Bill becomes effective, landlords will only be able to increase the rent every 12 months via a Section 13 notice. As part of the process, tenants will have the right to appeal. While three-quarters (76%) said they would only do so if they believed an increase was unjustified, over 1 in 5 (22%) would always appeal an increase.

Landlords will be able to increase the rent every
12 months



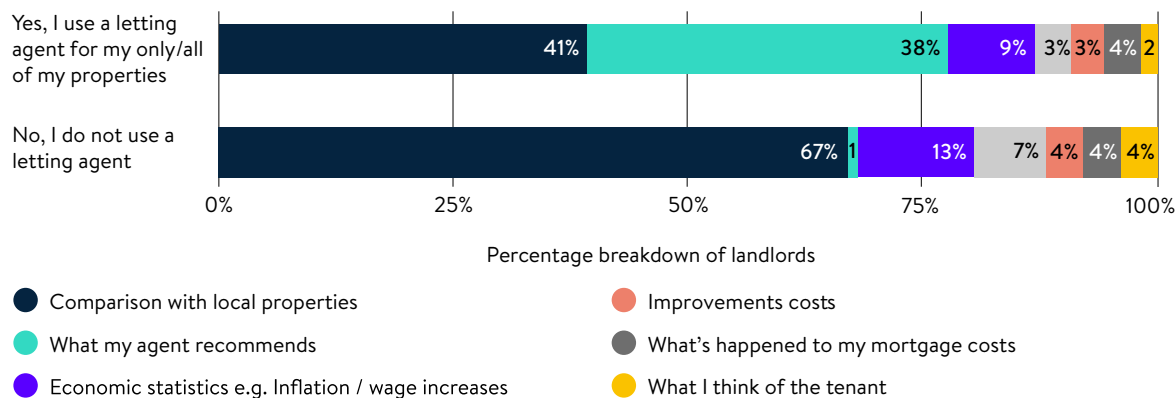
David Smith

Partner, Spector, Constant, and Williams Solicitors

“The problem with proposed reforms to rent increases is not that tenants can appeal. It is right that tenants have a form of recourse if they believe their rent is being raised excessively. However, the fact that rent increases will only become effective from the date the First-tier Tribunal (FTT) reaches a verdict is troublesome. As the data shows, landlords and agents hold legitimate fears that floods of tenants could appeal simply to delay increases.

“The more tenants do this, the more backed-up the FTT will become, which will leave landlords out of pocket for longer. As the Renters’ Rights Bill returned to the Commons, the Housing Minister clarified that alternative bodies to FTTs will be explored to resolve this potential influx of cases, while also reserving the right to backdate increases if the FTT is overwhelmed. However, the Minister suggested this power would be one of last resort and if there will be a temptation to allow delays to grow if rents are rising due to other changes in the Bill. Accordingly, landlords and agents should explore ways to protect themselves by trying to agree rents where possible.”

Landlords typically use local comparisons and agent recommendations to determine rent increases.

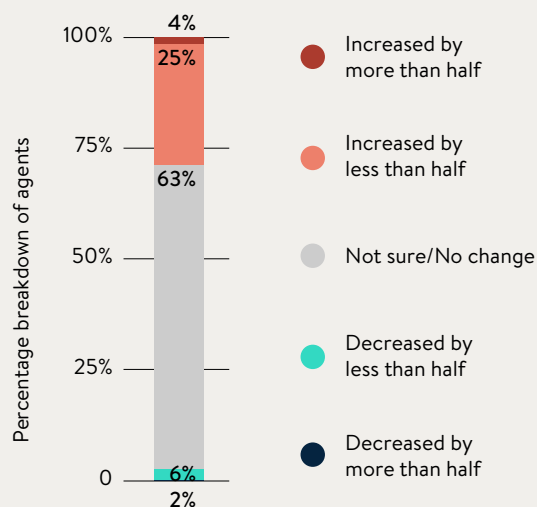


Arrears climb as affordability crisis deepens

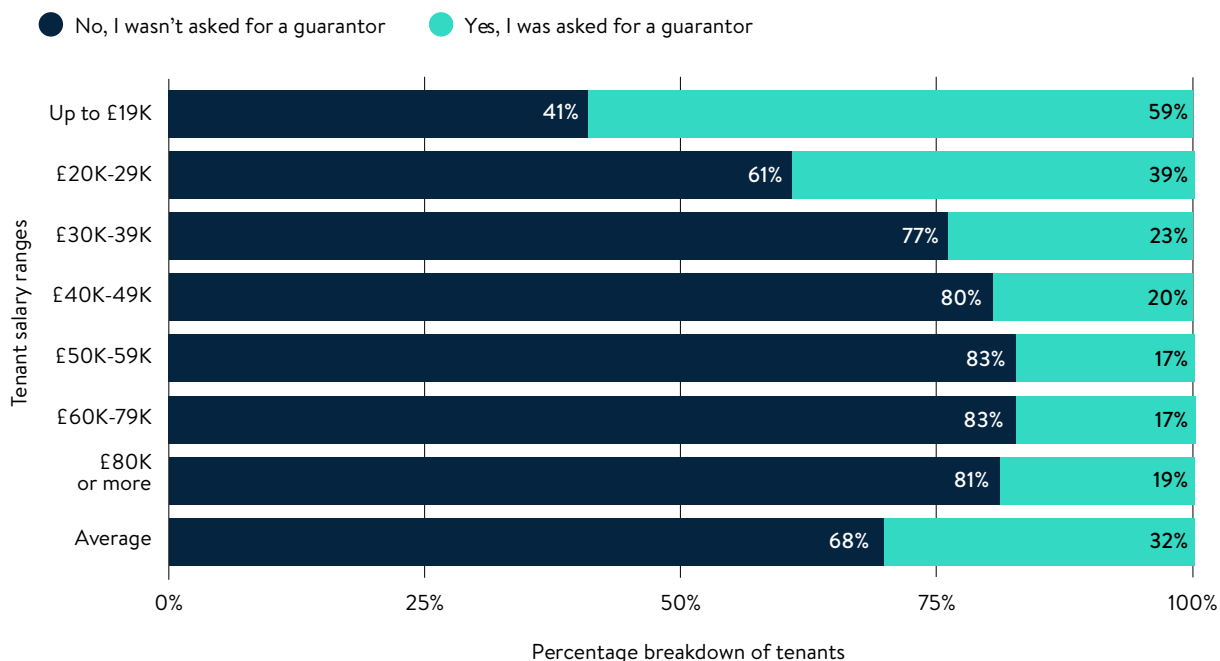
Affordability pressures are filtering through to arrears. Almost a third (29%) of agents reported an increase in arrears compared to last year. Among landlords, the figure is even higher – 42% said arrears had increased.

A third of tenants (32%) were asked to provide a guarantor, with that figure rising to 57% for tenants living with flatmates. Of those who had a guarantor, two-thirds turned to family members or parents for support.

Have agents seen rent arrears increase or decrease?



Tenants on lower incomes are more likely to be asked for a guarantor.



Some landlords are making exit plans as a result of increasing arrears. Among those considering leaving the sector, 13% cited rising arrears as a contributing factor. While rent protection insurance could help mitigate the risks, almost a third (30%) of agents say they're not offering this service to their landlords.



Oli Sherlock

Director of Insurance, Goodlord

“Arrears are one of the clearest signs of the pressure tenants are under, creating stress and uncertainty that builds on both sides of the tenancy. If arrears continue to climb, more landlords will inevitably rethink their place in the market, which only adds to the supply challenge we’re already facing. Having rent protection could make a material difference, but too many landlords still don’t have any protection in place.”



Rent Protection and Legal Expenses Insurance

built for the Renters' Rights Bill

Every tenancy you manage today - and every new one you sign - will be impacted by the Bill.
Most existing policies won't protect you.



Goodlord's upgraded RRB cover includes:

-  Up to 6 months' cover for rent increases delayed in tribunal
-  Additional £1,000 property damage cover
-  Up to £175/night for alternative accommodation, if required (max 3 months)
-  Up to £15/day for storage, if required (max 3 months)
-  First month's rent paid within 5 days if the tenant defaults
-  Ability to transfer your existing policies to a more comprehensive RRB-aligned cover

Protect your landlords today

**Terms and conditions apply, always read the policy wording.*

4

Landlords leaving the sector

Landlords exiting the PRS at scale

Pressures on landlords are compounding. Regulatory changes, mortgage rate hikes, maintenance costs, and increasing arrears are prompting many landlords to reconsider whether the PRS remains a worthwhile investment. These challenges are faced by landlords with small and large portfolios alike. In this context, letting agents will prove more valuable than ever – helping landlords stay compliant in a rapidly evolving regulatory landscape.



Suzanne Smith

Founder, The Independent Landlord

“Landlords will no longer be able to ‘wing it’ and will need to take a professional approach. We need to take the time to understand the new rules, even if we use letting agents, as the buck ultimately stops with us. And it’s not just Renters’ Rights, but it’s also Making Tax Digital, changes to the way EPCs are measured, new minimum energy efficiency standards, leasehold reform, the list goes on. The rules will continue to evolve, and we need to prepare for continued change. Of course, letting agents will also need to raise their game, and invest in training and reliable systems, so they can provide a good service to landlords and tenants.”

Reductions in portfolios at every level

Landlords with 20 or more properties were the most likely to report reducing their portfolio – 35% said they’d sold in the past year, and another 15% are trying to do so. Mid-sized landlords are also scaling back. Among those with 6-10 properties, a quarter (25%) had sold at least one, and 17% were planning to.

Landlords looking to expand their portfolios are in the minority, with only 10% increasing their holdings in the past 12 months, and a further 4% attempting to do so. Landlords with 11–20 properties are the most focused on growth, with 50% increasing their portfolios in the last year. Growth among smaller landlords is limited – only 7% of those with 2–5 properties expanded their portfolios.

19%

of landlords overall reported reducing the size of their portfolio.

Regulation remains a key tipping point for landlords

Four out of five landlords who are reducing their portfolios cited the Renters’ Rights Bill as a key reason for doing so. The Bill’s proposed changes, including the abolition of Section 21 and new restrictions on rent setting, have added to a growing sense of uncertainty.

Landlords who are selling up described “increased time and hassle involved in renting property,” and “general complications and costs of being a small landlord” as key reasons for leaving the PRS. Some said they were finding it difficult to keep up with the paperwork or worried about unintentional non-compliance: “It’s difficult to comply with certainty,” said one. “I just don’t want the hassle of starting over in such a highly legislative environment in case I accidentally do something wrong,” said another.

80%

of landlords who are reducing their portfolios cite the Renters’ Rights Bill as a reason.



50%

**of landlords with 11-20 properties have
increased their portfolio in the last 12 months.**



Renters' Rights Bill & legislation

PRS faces total upheaval as Renters' Rights Bill nears

Few issues loom larger over the private rented sector than the Renters' Rights Bill. First introduced to Parliament in September 2024 and expected to become effective in early 2026, the Bill has wide-ranging implications for landlords, tenants, and letting agents. With changes touching everything from eviction powers to tenancy structures and property standards, the Bill will reshape the way the sector operates for years to come.



Allison Thompson

National Lettings Managing Director, LRG

“Agents will shoulder much of the practical delivery of the Renters' Rights Bill. Our job is to translate complex rules into clear processes that work in reality. We support reform that lifts standards and gives tenants confidence, but success depends on certainty and a workable route to implementation.

“The shift to periodic tenancies, revised possession grounds and higher property standards will require updated contracts, thorough training, robust digital compliance and a court system that can make timely and fair decisions. We also need the detail on secondary legislation, the property portal and redress to arrive together, with realistic lead-in times and practical guidance for landlords and tenants.

“Give the sector clarity, invest in the courts and provide standardised templates, and we will deliver change at pace while keeping properties available to rent. We have helped the market through major reforms before. With the right support, we will do so again.”

“No-fault” evictions face industry pushback

In 2025, 80% of landlords said the abolition of Section 21 would have a negative impact on the PRS – up from 77% in 2024 – as it will make it more difficult for landlords to regain possession of their properties without dealing with the courts. Opposition is especially strong among larger landlords: 86% of those with 20+ properties are negative, compared to 75% of single-property landlords.

80%

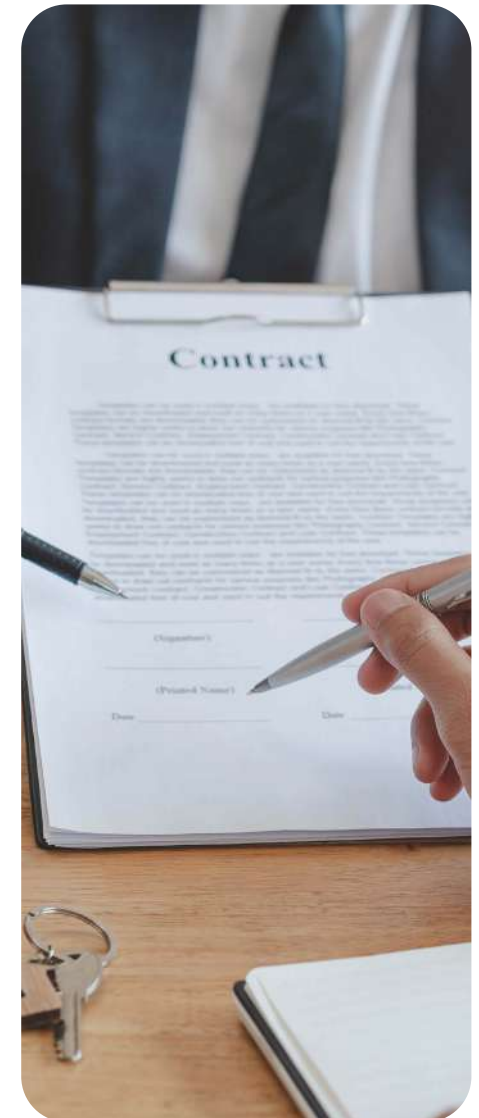
of landlords said ending Section 21 would have a negative impact.

Advance rent bans could place pressure on tenants without guarantors

Under the Renters’ Rights Bill, letting agents and landlords will no longer be permitted to ask for more than one month’s rent in advance – a change that could significantly affect how tenants secure properties.

This year’s survey found that just under 40% of tenants reported paying more than one month’s rent upfront, with 42% citing “beating the competition” as their main motivation. In competitive rental markets, offering several months’ rent in advance has become a way for tenants to stand out – particularly in London, where 39% reported doing so, and Scotland, where the figure was even higher at 49%.

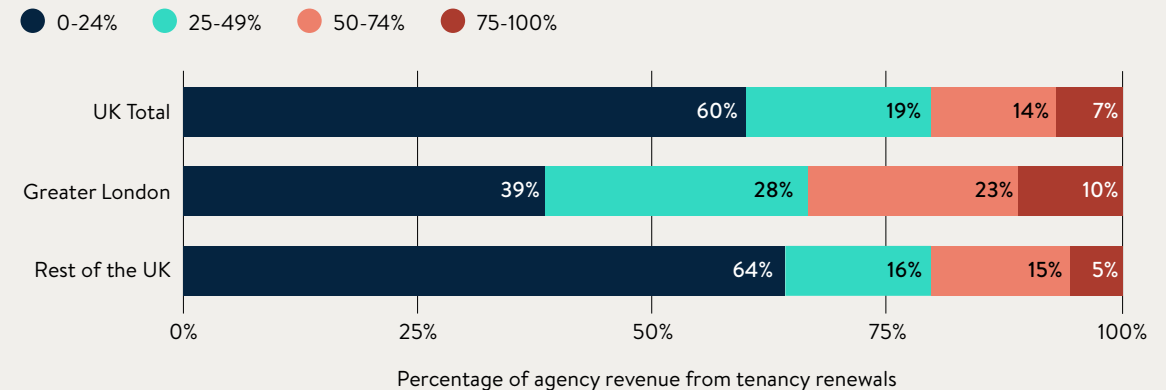
But not all tenants are choosing to pay upfront. 1 in 5 (20%) said they did so because they couldn’t provide a guarantor, making upfront payments a form of workaround for those without a financial backstop. This presents a new challenge. With advance rent payments banned under the Bill, more tenants may now need to secure a guarantor – but not all will be able to.



Periodic tenancies could slash agency revenue by a quarter

The abolition of fixed-term tenancies is likely to have a significant impact on revenue – on average, a quarter (27%) of agencies' revenue comes from renewals. This is especially pronounced in London, where only 21% of properties are currently on periodic terms, but renewals account for a substantial 37% of agency income. When fixed-term tenancies are abolished, agencies will need to reassess revenue models and find new ways to demonstrate value to both landlords and tenants.

Most agencies rely on renewals for a significant proportion of their income.



67%

of agents note that periodic tenancies will have a particularly negative impact on student tenancies.

Agents are particularly concerned about the impact of the change on student tenancies, where fixed term tenancies are aligned with the academic year, with one group of students moving out at the end of the year and another coming in. Moving to fixed-term tenancies would mean student landlords won't be able to guarantee accommodation for incoming students.

Almost two-thirds (67%) of agents note the change will have a particularly negative impact on student tenancies – up from 63% in 2024. Only 5% viewed it as a positive step, while the

remaining 28% were neutral.

While agents are less concerned about the impact on non-student tenancies, the majority remain opposed to abolishing fixed-term tenancies. More than half of agents (58%) said abolishing fixed terms would negatively impact all other tenancy types, with only 4% indicating that it would have a positive impact.

While most agencies are comfortable serving Section 13s, Section 8 is another story

In the current landscape, Section 13 is just one of the methods agents and landlords can use to raise the rent, alongside rent review clauses, renewed fixed-term tenancies, and written agreements. However, the abolition of assured shorthold tenancies (ASTs) changes this.

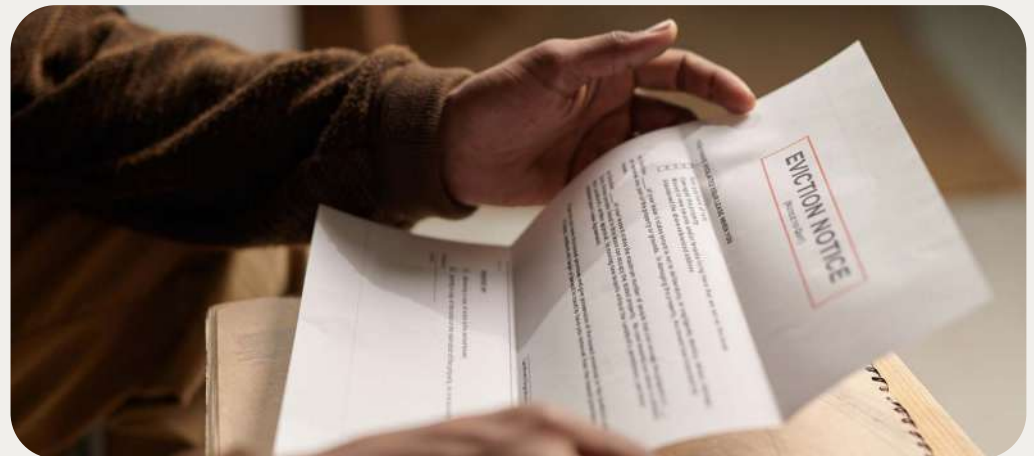
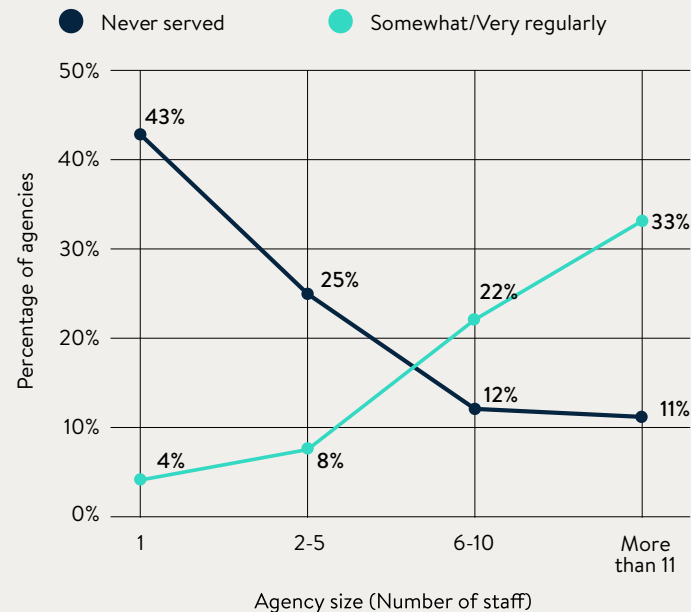
As all tenancies will convert to periodic when the Renters' Rights Bill becomes effective, Section 13 will be the only way agents and landlords can raise the rent. The data shows that this shouldn't be especially problematic — over 60% of agencies with between 2-100 staff serve them somewhat or very regularly.

The same can't be said for serving Section 8 eviction notices. The Renters' Rights Bill will also abolish Section 21 “no-fault” evictions, making court-processed Section 8 notices the primary way for landlords and agents to evict tenants.

Despite this, 43% of sole operators have never served one. The more staff an agency has, the more likely they are to use Section 8, with 50% of large agencies between 51-100 staff serving these notices somewhat or very regularly.

This suggests that while big players are better prepared for the shift, smaller agencies have a huge skills gap to bridge.

Larger agencies use Section 8 notices more frequently.



The end of overbidding could drive up asking rents

Under the Renters' Rights Bill, landlords and letting agents will be banned from accepting offers above the advertised rent. While intended to eliminate bidding wars, the change could push asking rents higher.

As we mentioned earlier, 1 in 5 landlords (20%) say they'll leave room for negotiation by advertising higher. This will likely drag rents up from the 53% of landlords who said they'll research comparable listings to set the right price and the 19% of landlords who will seek advice from their letting agent.



David Smith

Partner, Spector, Constant, and Williams Solicitors

"While the government's attempt to stop bidding wars is sensible, it is also short-sighted. As the data shows, asking rents are likely to rise rather than fall in most cases, which could strain tenant affordability beyond all previous limits.

"The ban on rent in advance is a similar case. Although it is designed to clamp down on rogue landlords making unreasonable demands, it punishes overseas tenants as well as those with irregular pay, poor credit histories or criminal records. Whereas rent in advance was a useful tool for them to secure a property, they could now find themselves further marginalised."

Despite expectations, tenancy lengths may get shorter once Assured Shorthold Tenancies (ASTs) are abolished

The Bill proposes that tenants will need to provide two months' notice to end a tenancy. Because tenancies will operate on a rolling, month-to-month basis, there will be no official minimum term for new or existing tenancies. This creates a situation where tenants could immediately serve two months' notice after securing a property.

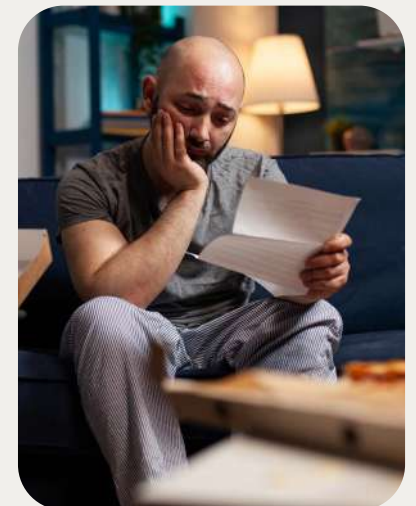
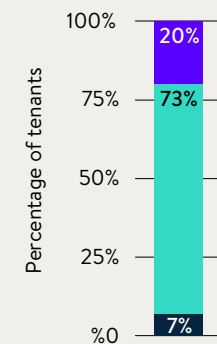
The data shows that while 57% of tenants said that the move to periodic tenancies wouldn't change when they'd serve their notice, 16% would serve it earlier, and a further 22% remained unsure.

This challenges the assumption that the shift to periodic tenancies will automatically result in longer tenancies, and suggests that more tenants could be on the move.

Naturally, this would lead to more instability and higher costs for landlords and agents.

16% of tenants say they'll serve notice earlier following the move to periodic tenancies.

- Yes - Serve notice earlier
- No - Won't change
- Yes - Serve notice later



A mixed reception to the broader package of reforms

Agents and landlords have mixed views on other elements of the Renters' Rights Bill. Some measures are welcomed: 47% of respondents said applying the Decent Homes Standard to the PRS would have a positive impact – up from 42% in 2024. Most landlords are already compliant with the Decent Homes Standard – 76% say all their properties meet this standard, and a further 15% say 80% or more of their portfolio does. Secondary legislation will decide what makes a “decent home”.

Neither agents nor landlords are happy about the new rules on pets in lets, with only 8% backing the move. Unsurprisingly, tenants feel differently. Almost a fifth (19%) said they would get a pet once the law comes into effect, and a further 32% would consider it.

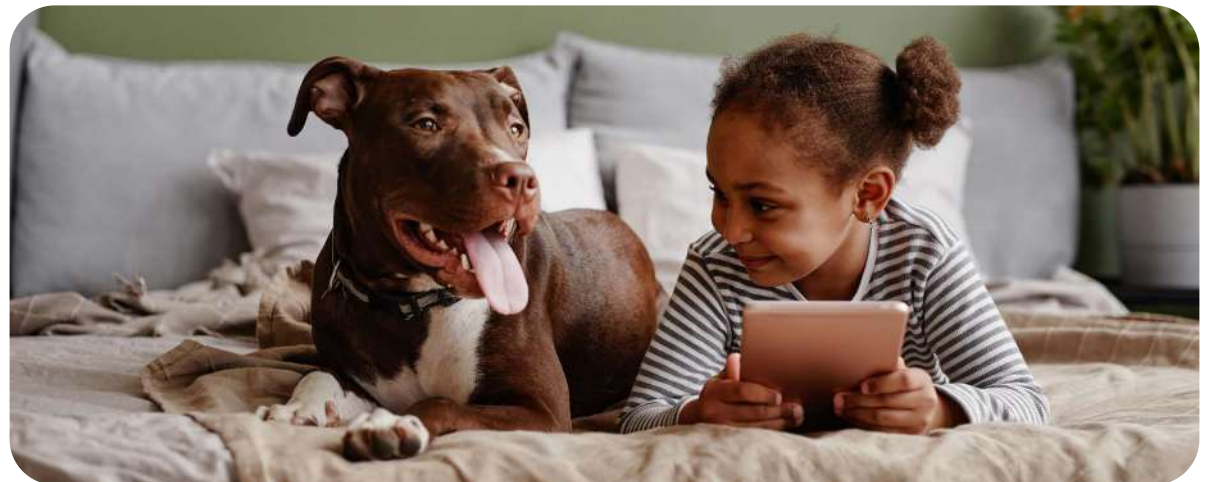


Chris Norris

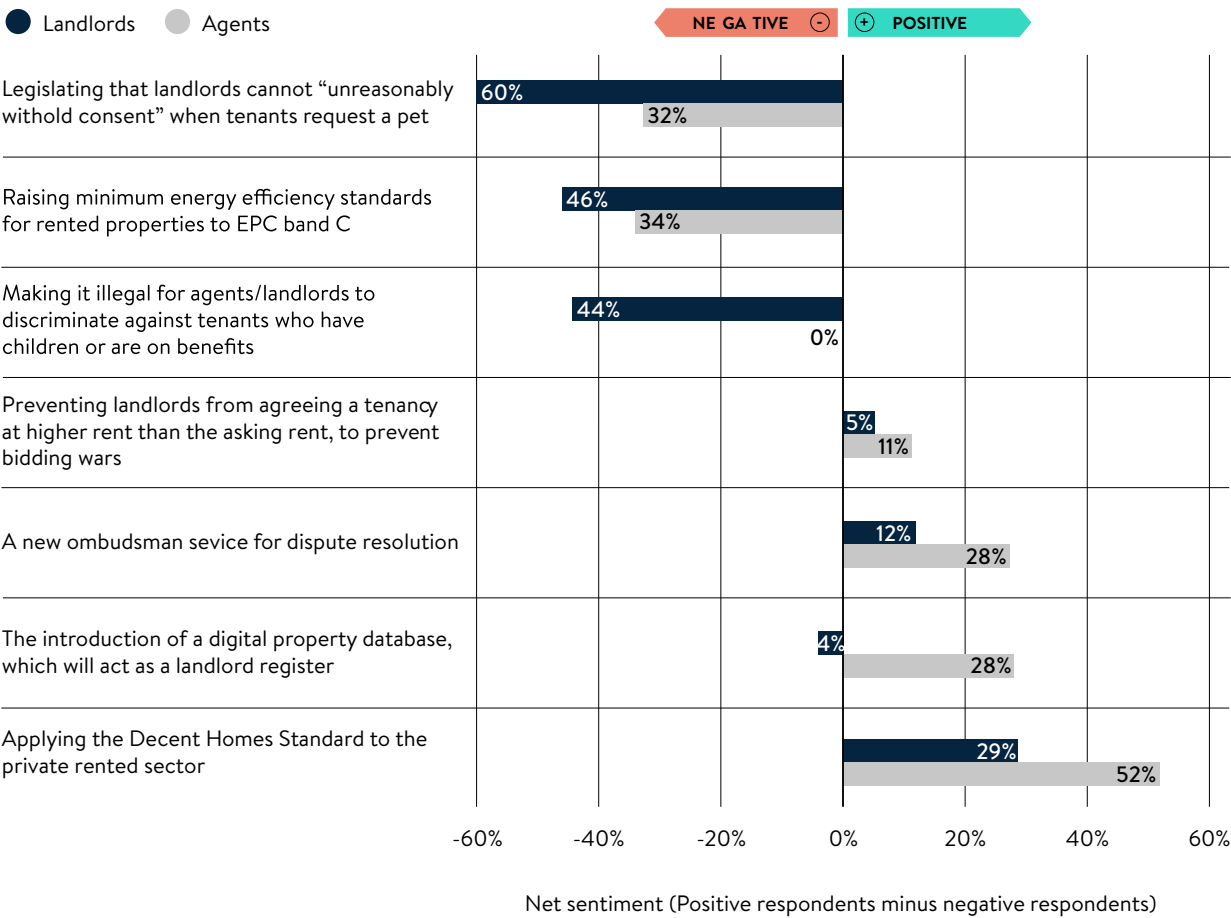
Chief Policy Officer, NRLA

“Understandably, the end of the venerable AST has garnered most attention, but this Bill touches on much more of the rental experience. Some of these interventions, like the introduction of a new Decent Homes Standard and independent redress, will most likely have a net positive impact in time and should be supported.

“However, other changes seem ill-considered and poorly designed. For instance, the new rules encouraging landlords to allow pets do not include a mechanism for them to mitigate the undeniable risks of property damage. And the ban on accepting rent in advance, to offset the risk of an applicant who fails to meet standard referencing requirements, will lead only to more tenants struggling to find homes.”



Landlord and agent views on Renters' Rights Bill measures.



92%
of landlords are unhappy with changes to pets in lets.



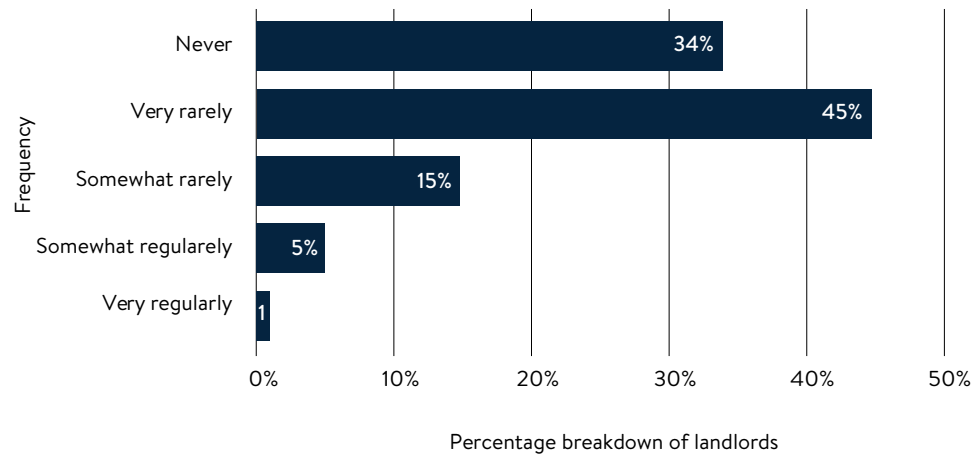
Damp and mould still present in a fifth of homes

The Decent Homes Standard requires properties to be free from serious health and safety hazards – including damp, mould, and fungal growths. Yet this remains an issue across parts of the PRS.

This year's data shows that 34% of landlords say they never receive reports of damp or mould, and a further 45% say it happens only "very rarely". However, the remaining 21% report receiving complaints more regularly – including 6% who hear about damp or mould on a frequent basis.

This suggests that around 1 in 5 landlords may need to make improvements to bring their properties up to standard, aligning with wider estimates that a similar share of privately rented homes may not currently meet the Decent Homes threshold.

Damp and mould still present in a fifth of homes



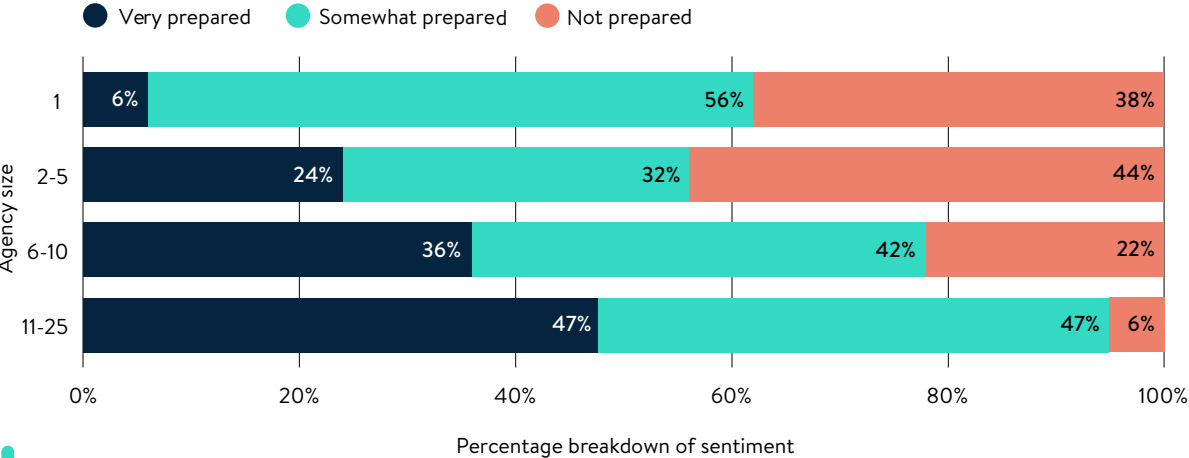
The majority of agents feel unprepared for the Renters' Rights Bill

As Royal Assent approaches, preparedness for the Renters' Rights Bill is dependent on the scale of the operation. Sole operators are the least ready, with just 4% describing themselves as "very prepared". About a quarter (23-27%) of agencies with 2-10 staff members felt prepared for the changes, while 47% of agencies with 11 or more staff members felt "very prepared" for the changes.

Landlords, however, are unconvinced of letting agents' ability to navigate the changes. When asked how confident they were that their letting agents could cope with future legislative changes, including the Renters' Rights Bill, the average rating was just 3 out of 5 – showing letting agents have some work to do when it comes to demonstrating their legislative expertise to landlords.

40%
of landlords doubt letting agents can handle upcoming legislative changes, including the Renters' Rights Bill.

While most agents have begun to plan ahead for the Renters' Rights Bill, smaller agencies will need more help.



EPC costs could push more homes out of the PRS

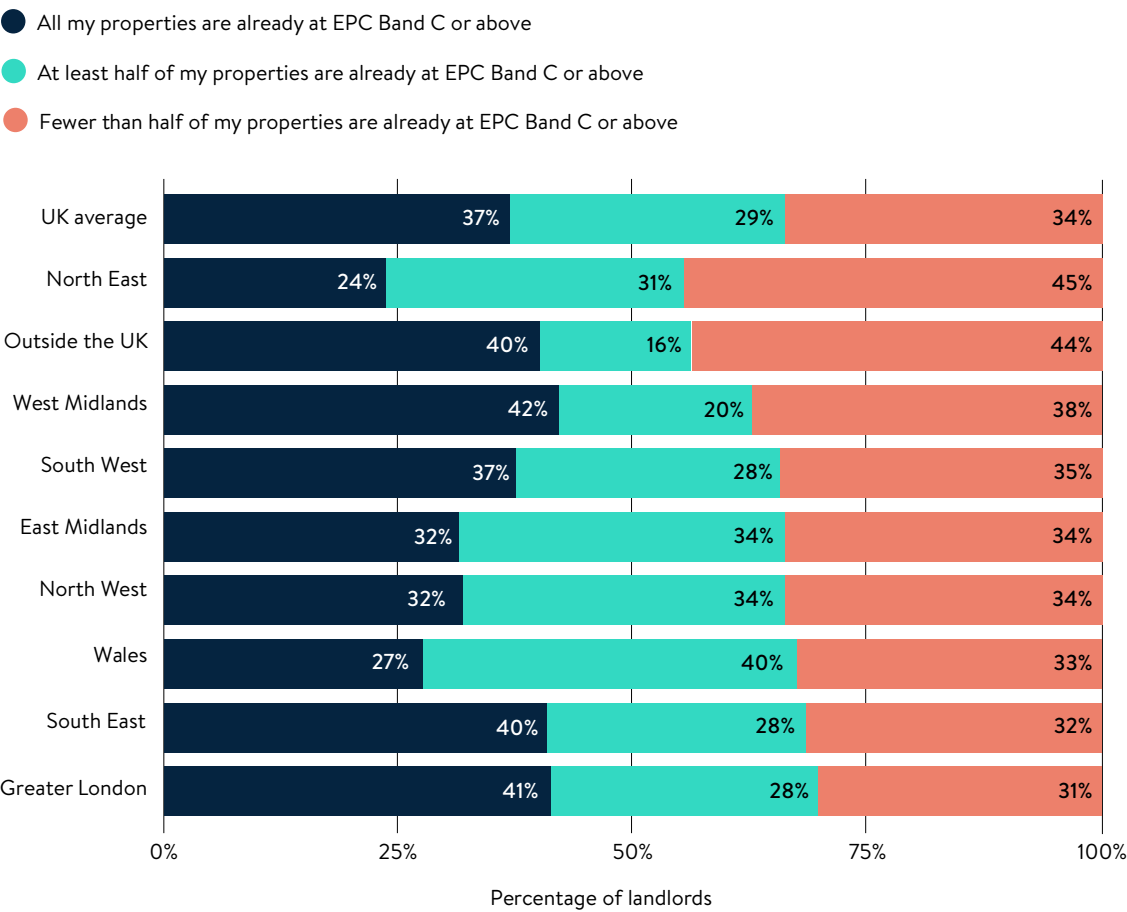
Energy efficiency rules continue to concern landlords, with 63% viewing the proposed EPC Band C target negatively, mainly due to cost.

While most landlords support higher standards, many are unwilling or unable to meet the required investment. Nearly half (45%) say they'd spend no more than £2,000 per property, and only 19% would go above £5,000 – far below the estimated £6,500 average upgrade cost, and well short of the proposed £15,000 cap. Some funding is available through existing schemes, but awareness and access remain limited.

With a 2028 deadline for compliance – and 39% of landlords saying they'd rather sell than invest – many properties risk exiting the PRS altogether, further straining rental supply.



Landlords based in the North East and overseas are playing catch-up on EPC compliance.



Over a quarter of larger agencies don't perform politically exposed persons (PEPs) and sanctions checks on tenants

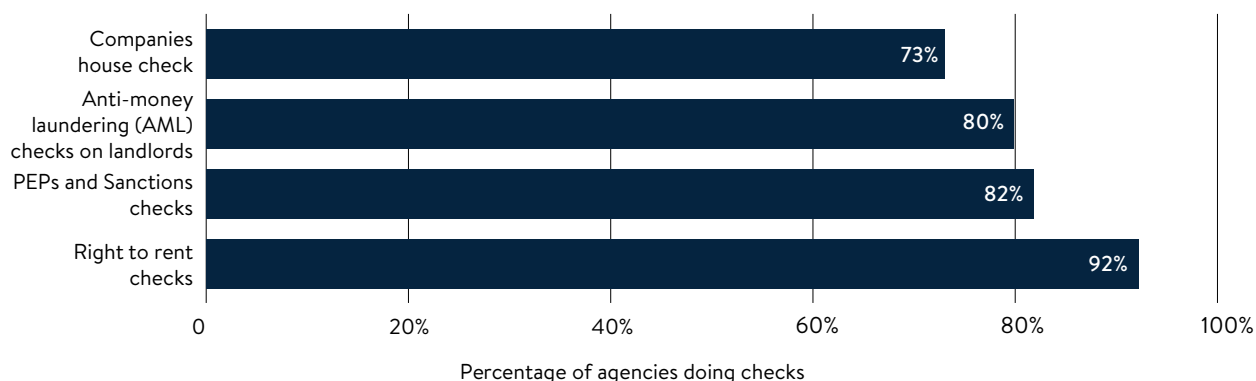
Regulatory and legislative compliance is something that agencies take increasingly seriously. For example, while around 1 in 10 (7.7%) remain at risk of Right to Rent compliance breaches, over nine out of ten (92.3%) complete these checks. Failure to comply with this legislation leaves agencies at risk of up to £10,000 fines for first offences and £20,000 for repeat offences per occupier.

The picture is less rosy elsewhere.

Sanctions checks became mandatory on May 14, 2025, yet over a quarter (27.6%) of agencies still don't perform tenant PEPs and sanctions checks. The risk of non-compliance is significant, with seven-figure fines and criminal prosecution possible.

Small agencies (1–5 staff) consistently report higher uptake across all four services, notably for PEPs and sanctions checks (84.5% vs 72.4% in larger agencies) and Companies House checks (73.3% vs 66.3%). AML checks are the most evenly adopted service, with nearly identical uptake between small and large agencies (around 80%).

Right to rent checks are near universal, but there's room for improvement on other checks.



Nishma Parekh

Director of Referencing, Goodlord

“The majority of the industry rushed to ensure sanctions compliance as the May deadline approached. But unfortunately, those who missed the boat won't be able to plead ignorance when the Office of Financial Sanctions Implementation (OFSI) comes knocking. If you're unsure whether or not you're compliant with the latest regulations, checking your processes now could still save your business.”



ROSEWOOD EDITION

Compliance-ready solutions
built to tackle the challenges
of the Renters' Rights Bill.

See platform in action



AUTOMATED SECTION 13 NOTICES

Rent can only be increased once a year via a Section 13 notice. **Goodlord automates the process with compliant, tracked and evidenced notices and reminders.**

- ✓ Prefill and issue Form 4 directly from our platform
- ✓ Generate alternative offers to support negotiations when required
- ✓ Access up-to-date comparable reports reflecting asking and current achieved rent data, to justify increases and support first-tier tribuna cases
- ✓ Receive alerts so reviews are never missed
- ✓ Protect and replace existing renewal income



SWITCH TO PERIODIC TENANCIES

All tenancies will default to periodic, requiring you to amend all current contracts. **Goodlord will provide compliant contracts at no extra cost.**

- ✓ Contract templates ready for RRB and future legislation
- ✓ Contracts monitored and sent in line with new compliance requirements
- ✓ Support to identify which contract to use during transition
- ✓ Access to additional templates: HMOs, Landlord Terms of Business, offer letters, prescribed information

Agent sentiment up for the first time in five years, but down amongst landlords

After several years of deteriorating confidence, sentiment in the PRS has shown signs of stabilisation in 2025. Among letting agents, optimism has edged up for the first time in five years – though landlords are more negative than ever.



Lucy Jones
COO, Lomond

“As agents navigating this once-in-a-generation shift under the Renters’ Rights Bill, we take seriously our responsibility to keep compliance watertight while guiding landlords through the transition. The demands on our role are growing, but where they raise standards and improve the sector, they are welcome. From implementing robust systems to upskilling teams, proactivity is essential. Landlords will rely on their managing agents more than ever, and those who adapt early will not only thrive but set the benchmark for the sector’s future. For agents, clarity on implementation timelines is critical to our ability to adequately prepare.”

Signs of cautious optimism for agents, concern for landlords

1 in 5 agents (20%) described themselves as “somewhat optimistic” about the future of the sector, with a further 7% saying they were very optimistic. Together, that represents a 4% increase in positive sentiment on 2024.

At the other end of the spectrum, there was a 6% drop in the number of agents describing themselves as “very pessimistic” about the future of the sector – though pessimism remains widespread. A third (34%) of agents said they were “somewhat pessimistic” about the future of the PRS, and 14% “very pessimistic”.

The longer-term data shows how dramatic the shift in mood has been since the pandemic years. In 2020, 80% of agents reported feeling optimistic about the sector’s future – despite the challenges of Covid-19.

Landlords, however, continue to take a more negative view. Only 13% described themselves as optimistic about the sector in 2025, compared to more than half who identified as pessimistic. With ongoing regulatory pressure, rising arrears, and costs weighing heavily, landlord sentiment shows little sign of improving in the near term.



Chris Norris
Chief Policy Officer, NRLA

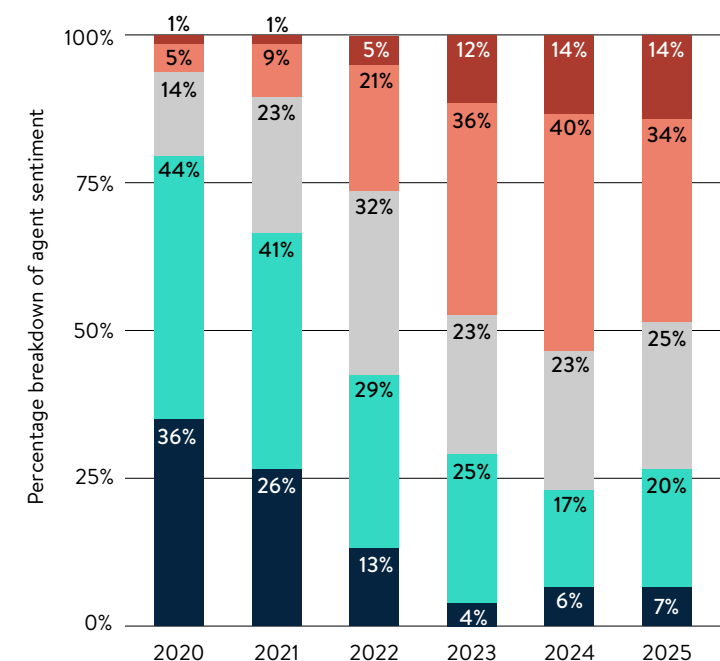
“Letting agents have good reason for optimism, given strong demand for rental properties and significant rent inflation over recent years. This, no doubt, will bolster commission forecasts and paint a rosy picture of the health of their local markets.

“Landlords on the other hand are facing considerable regulatory change and the prospect of unprecedented levels of government-mandated capital outlay. Whilst not the existential crisis often reported, many landlords are looking at a future characterised on the one hand by the removal of risk mitigation tools such as Section 21, contractual rent review clauses, and advance rental payments. And on the other, strict new energy efficiency rules are likely to cost thousands to meet.

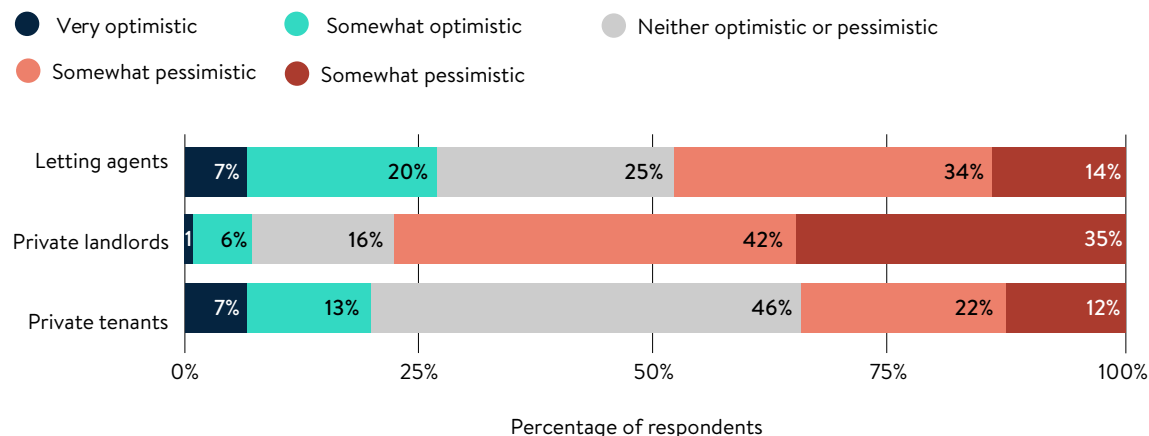
“It is hardly surprising, given these challenges, that landlords are sceptical about their prospects. It is unlikely that sentiment will show any demonstrable improvement until we see the real-world impact of these generational reforms.”

Agents’ confidence levels about the PRS are showing signs of recovery, after years of decline.

- Very pessimistic
- Somewhat pessimistic
- Neither optimistic or pessimistic
- Somewhat optimistic
- Very optimistic



Landlords are more pessimistic about the PRS than agents and tenants.



Agency costs rising across the board

Operating costs continue to climb for the lettings industry, with 91% of agents reporting increases over the past year. For larger agencies, the squeeze is universal – every business with 26 or more staff members said their costs had increased. Smaller operators, by contrast, were less likely to flag labour costs as a concern, reflecting the more limited scale of their operations.

When asked what is driving these rises, supplier costs came out on top, cited by nearly a third (30%) of agents. Wage and National Insurance-related increases also play a significant role, particularly for mid- and large-sized agencies, where up to three-quarters pointed to staffing costs as a key pressure.

91%
of agents reported
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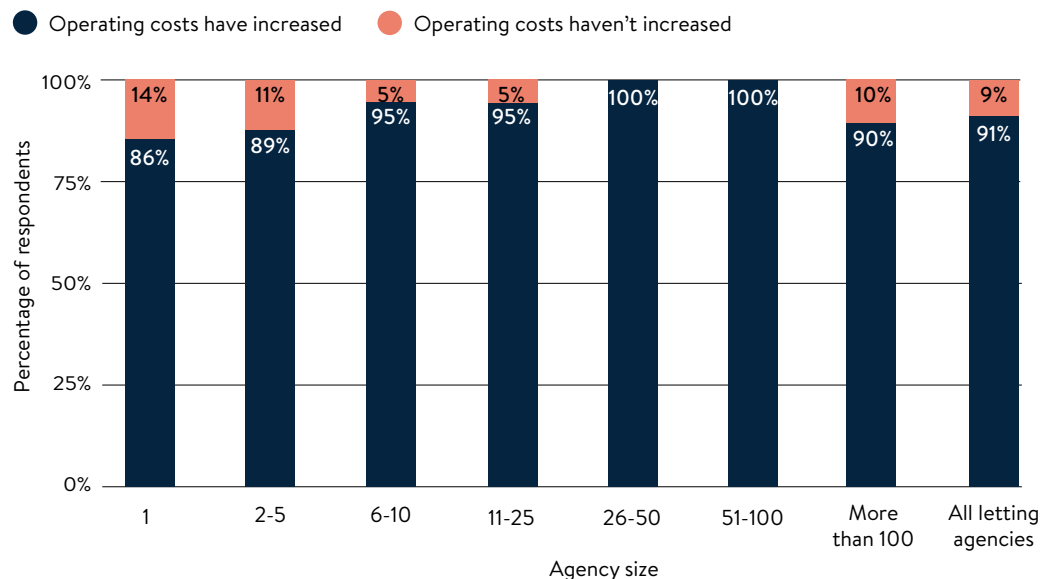
Costas Frangeskou

Chief Group Commercial and
Partnerships Director, Goodlord

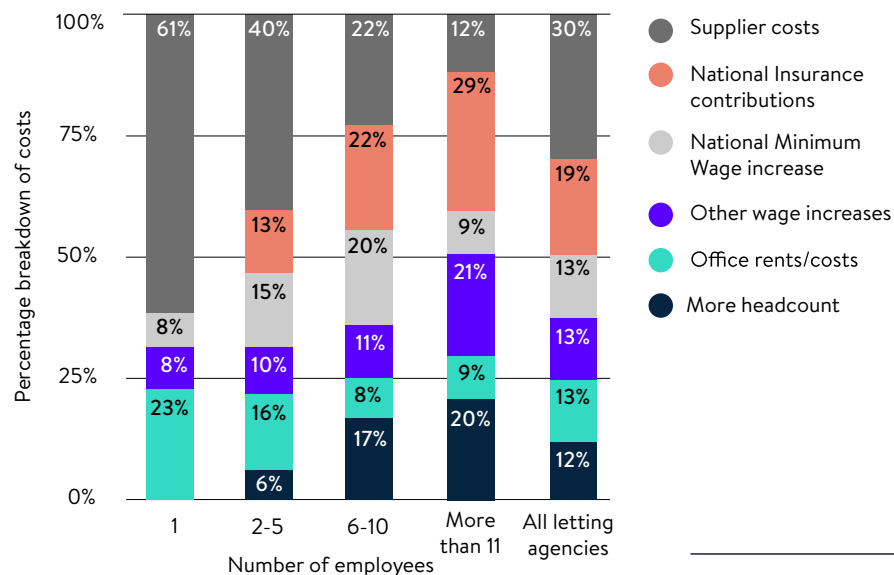
“Supplier costs don’t just add up, they multiply. Managing a mix of different point solutions — one for tenancy progression, another for referencing, and a third for rent collection — means you’re paying multiples of what a single, unified platform would cost. Consolidating to an all-in-one solution is a simpler, more efficient way to manage your needs and costs.”



Letting agencies of all sizes report increased operating costs.



Larger agencies are bearing the brunt of increased employment costs, while supplier and office costs dominate for smaller agencies.



Securing new landlords remains the top priority for agents

Against a backdrop of landlords leaving the sector and rising operating costs, agents' top priority for the year ahead is clear: winning new landlords. 7 in 10 agents (70%) cited this as a focus area, alongside finding new ways to generate revenue (61%) and achieving higher management fees (39%).

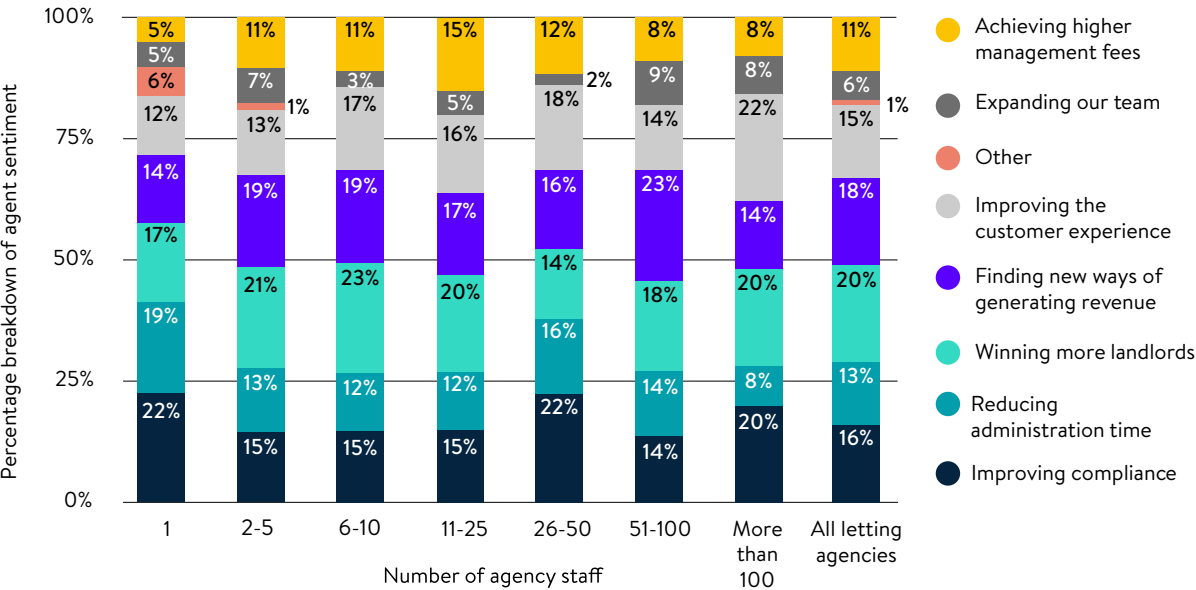
Over half of agents (52%) said improving compliance was a priority. At the same time, 44% are focused on reducing administrative time – much of which is spent managing compliance. Only 19% of agencies had plans to grow their team in the coming year.



Ben Grech
CEO, Reposit

“Winning new business is becoming increasingly challenging for agents because more landlords than not are decreasing their portfolios. In this landscape, turning more let-only landlords into fully-managed and generating more revenue per let is crucial. Agents need to offer more to landlords - be it service, cover in the face of increased arrears or compliance peace of mind.”

Agencies are prioritising growth through winning new landlords, improving compliance, and finding new revenue streams.



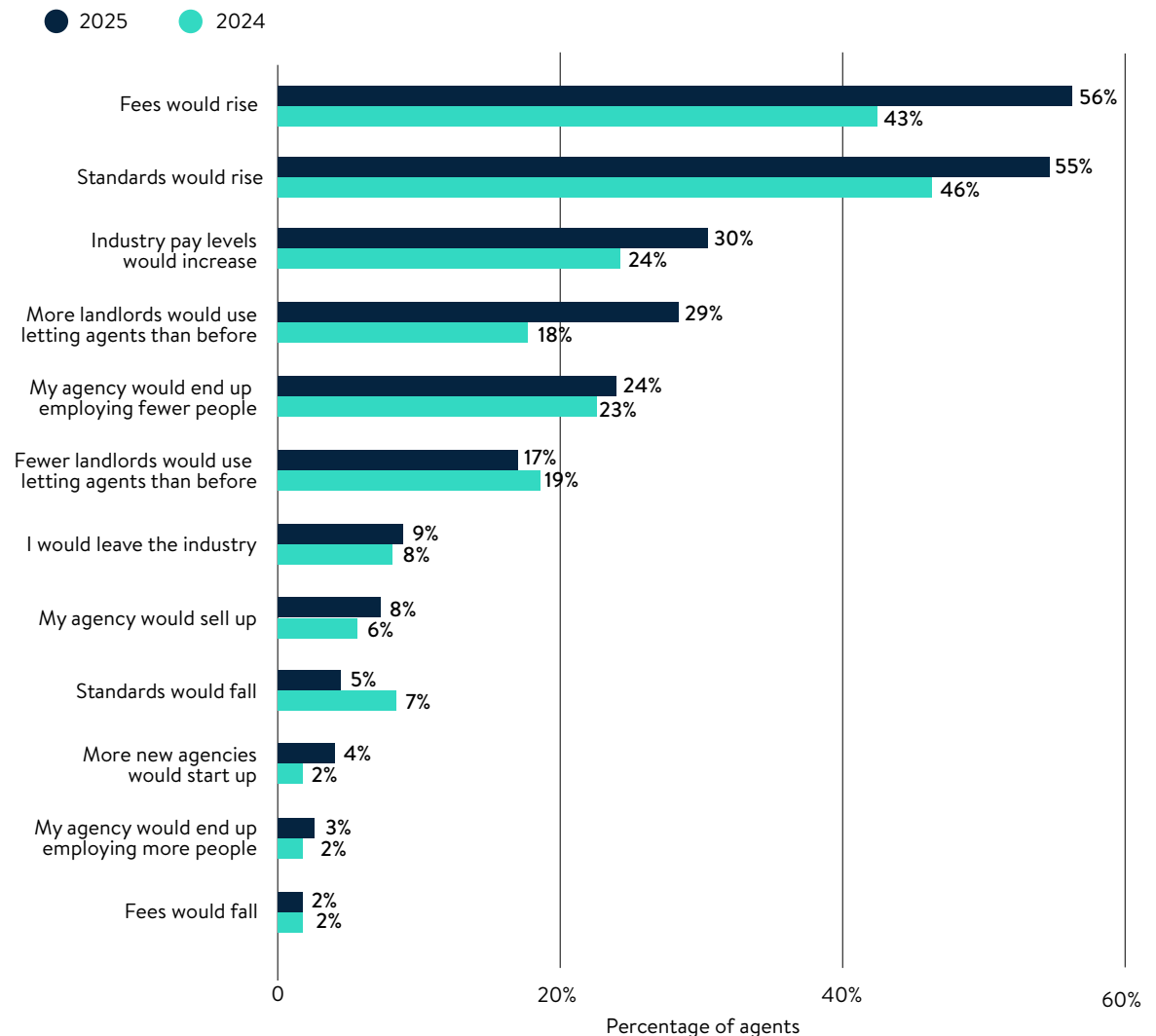
What RoPA could mean for the future of the lettings industry

The prospect of new regulation under the Regulation of Property Agents (RoPA) framework continues to divide opinion in the industry. Labour has indicated its support for measures including mandatory qualifications – with all agents required to hold at least an A-level and agency owners expected to have a degree-level qualification.

This year's survey shows stronger views on the two big potential impacts of regulation: higher standards and higher costs. Over half of agents (55%) said standards would rise if RoPA was implemented, up from 47% last year. A similar share (56%) expect fees to increase, compared with 43% in 2024. A third of respondents (30%) believe industry pay levels would also rise, while nearly three in ten (29%) expect more landlords would use letting agents as a result of greater professionalism.

Almost a quarter of agents (24%) expect their agency to end up employing fewer people as a result of the requirements, and 9% said they would leave the industry altogether if RoPA became law. Smaller agencies remain the most vulnerable: 16% of those managing fewer than 100 properties said they would sell up, compared to less than 10% among larger operators.

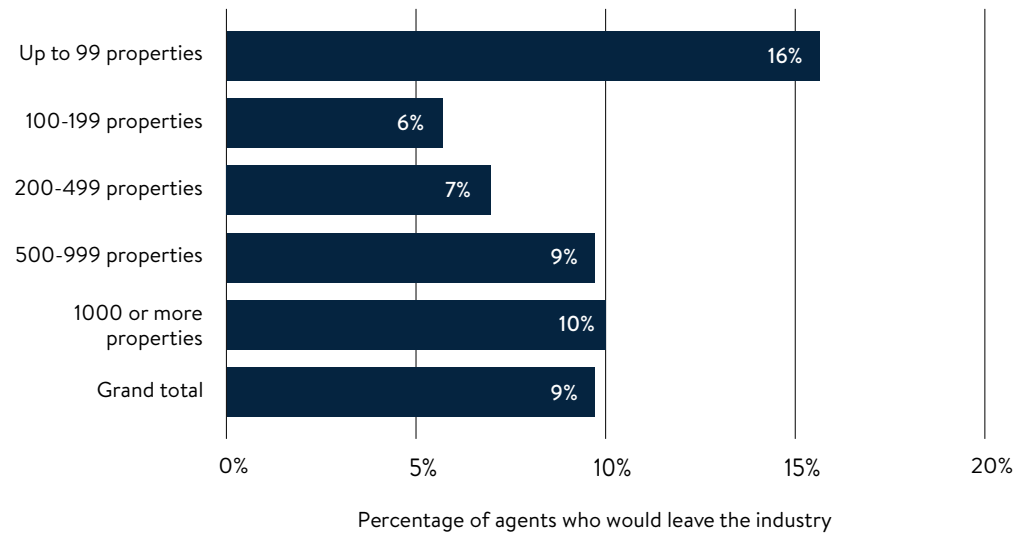
Agents expect RoPA to increase industry standards as well as fees.



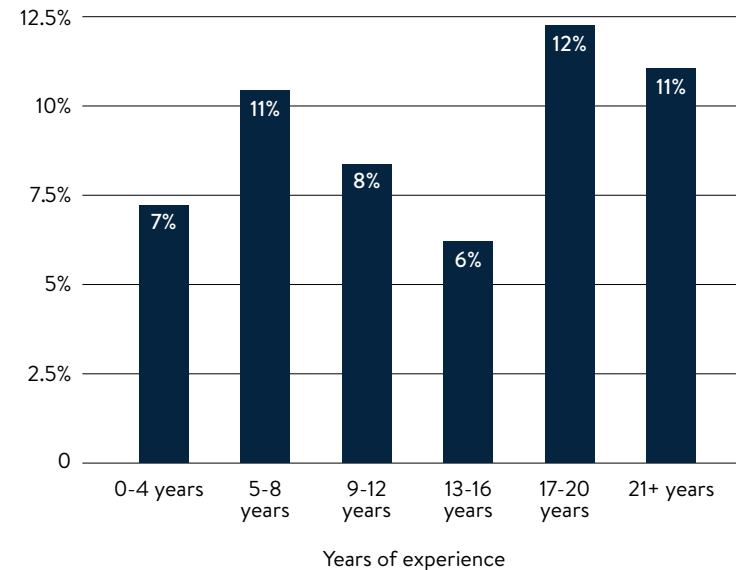
55% of agents said standards would rise if RoPA was implemented, up from 47% last year.



Agents from smaller agencies are more likely to leave the industry as a result of RoPA.



Mid-level and senior agents would be more likely to leave the industry as a result of RoPA.





AI experimentation

More agents are experimenting with AI, but it's yet to have a transformative impact



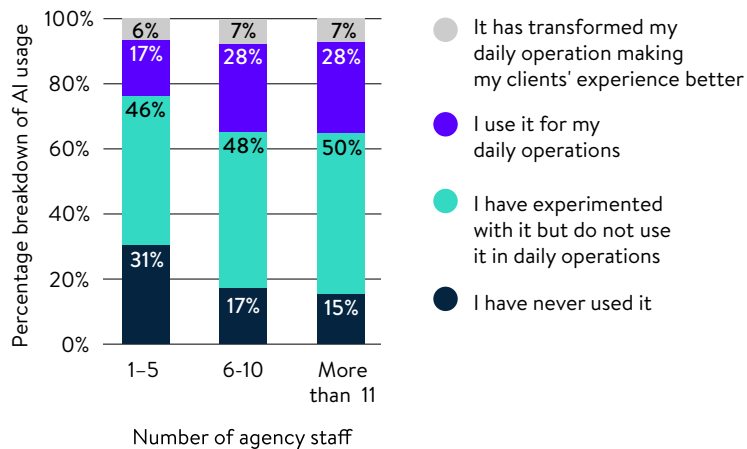
Agencies are increasingly turning to technology to drive efficiencies, and artificial intelligence (AI) is making inroads. Nearly half of agencies (47%) report experimenting with AI, even if they are not yet using it on a day-to-day basis, while a further 22% report using AI in their daily operations.

Larger agencies lead the way on AI adoption. Among firms with six or more staff, more than a quarter (27%) are using it in their daily operations. By contrast, nearly a third (31%) of smaller agencies with 1-5 staff have never used AI at all.

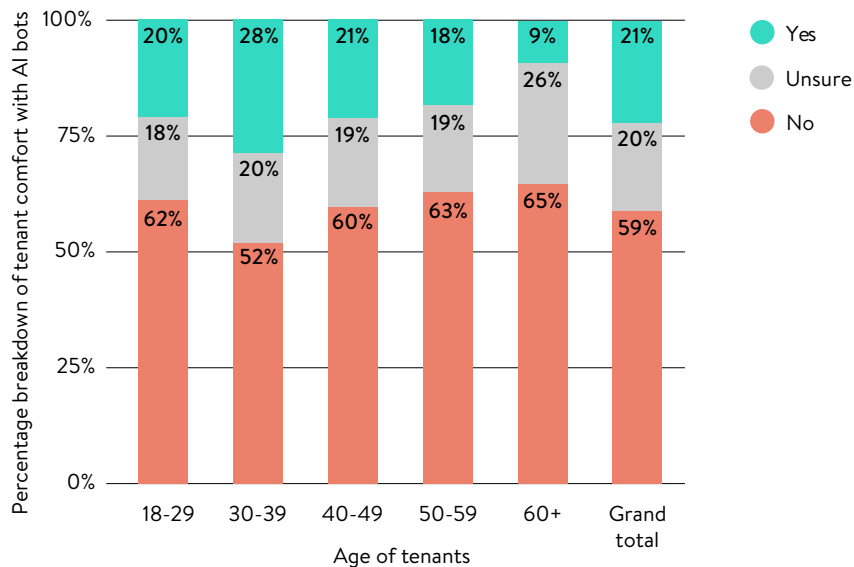
Written tasks like letters and emails were cited as some of the use cases of AI, suggesting that agents are dipping their toes in at the shallow end. While fledgling use cases include marketing and social media, it remains to be seen whether AI will be used for more strategic purposes as education around the technology grows. This levels with the fact that only 7% of agencies say AI has transformed their operations and improved the client experience.

22%
of agencies
are using AI
in their daily
operations.

Most agencies, especially larger ones, are experimenting with AI.



Older tenants are the least comfortable with AI bots, but millennials are more open to the idea.



Tenants remain wary of interacting with AI bots

On the other hand, tenants are far less comfortable interacting with it. More than half (59%) of tenants said they wouldn't feel comfortable speaking to an AI bot, and a further 20% were unsure. Only 1 in 5 tenants (21%) felt comfortable interacting with AI, with those between the ages of 30-39 the most comfortable overall. By comparison, those above 60 were the least comfortable by some distance.

This suggests that while AI chatbots could be a welcome addition to the customer service mix, they're some way off being a one-size-fits-all solution.



PRO REFERENCING

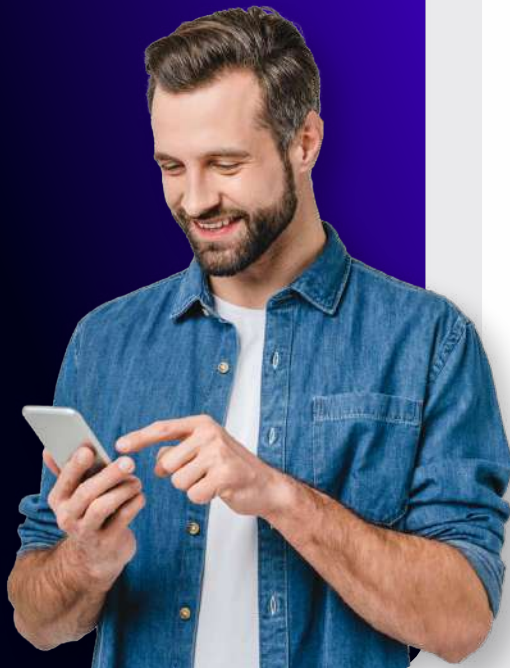
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Free referencing for the rest of the year

With references
returned in 48 hours
or less, guaranteed.

*Terms and Conditions apply

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With PRO, you get:

- ✓ **Unique fraud-protection:**
Gives you and your landlords access to more trusted sources
- ✓ **Faster move-ins:**
Referenced returned in 24 hours on average, 48 hours guaranteed*
- ✓ **Full compliance:**
Digital Right to Rent (IDVT), PEPs, AML & Sanctions checks included.
- ✓ **Rent & legal protection:**
With a satisfactory PRO reference, you can apply for Rent Protection and Legal Expenses Insurance, accepted by leading providers.
- ✓ **Better user experience:**
Tenants give PRO Referencing a 90% satisfaction score.



If we don't deliver, **you can cancel at any time.**



Claim the offer today

Private rented sector reform is badly needed. But it's not the solution to the housing crisis.



The intentions of the Renters' Rights Bill are clearly well-meaning. However, as this report reveals, there is much more to the government's proposed reforms than meets the eye.

The data now confirms that repeated warnings about unintended consequences were reasonable. The abolition of fixed-term tenancies poses an existential threat to the agency revenue model. Court backlogs are a near certainty, making the eviction process longer and harder for landlords. And tenants will have to contend with even higher asking rents, which could push affordability to breaking point.

But the purpose of this report isn't to say "we told you so". The legislation

won't change fundamentally before it becomes law, and English agents, landlords, and tenants alike must adapt to the new landscape, just as their Scottish counterparts have.

What is clear is that all of the key stakeholders in the PRS need help. Supply is shrinking as more landlords leave the market, and most tenants don't plan to become homeowners any time soon.

Unless the government responds with increased housing supply, a modernised court system, and incentives for investors to both enter and remain in the PRS, the picture cannot improve.



William Reeve

CEO, Goodlord

"Successive governments have failed to build enough affordable housing, and the private rented sector bears the brunt of this. It is the difficult — but not insurmountable — task of the incumbent Labour administration to put this right. To achieve its manifesto pledges, it must accelerate the pace of reform and lean on the experience of those on the ground to ensure successful implementation."

State of the Lettings Industry Report



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