

## Q1 2026 : 1 May is D-Day for Landlords

“ Q1 supply-demand imbalance in London remains: listings are well below the five-year average while tenant numbers are rising. The Renters Rights Act from 1 May is a major reason why landlords are hesitating to stick.

### NEWSLETTER

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### Supply / Demand imbalance

The first quarter of 2026 point to an imbalance between supply and demand. New rental listings fell in London compared to the same period last year, while prospective tenants are on the up. Listings are now well below their five-year average.

### Why is supply falling?

The cumulative effect of both adverse regulatory and tax changes continues to deter Landlords. The upcoming Renters Rights Act effective from 1 May introduces uncertainties on rent increases and rules for repossession. Many landlords are considering options (hold or sell), especially for private landlords holding one or two properties.

### Rent growth across Prime London

Rents continue to rise slowly, though not necessarily in real terms given current rate of inflation, and March brought additional, geopolitical demand spike compared to the same period last year.

The conflict in the Middle East is now entering its sixth week, and despite some tentative attempts at

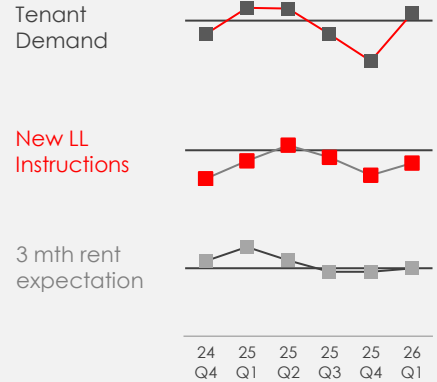
Maintaining a ceasefire, has created material uncertainty. Markets, including the rental market, hate uncertainty. Pressure on energy costs driving inflation upwards has pushed five-year mortgage rates close to 5%. As a result, prospective buyers may be biding their time by renting while gaining better clarity on the longer-term implications of the conflict.

### Renters Rights Act 2025

Finally, remember that the Renters Rights Act 2025 comes into force on 1 May. Key changes on that date are the abolishing of s21 "no-fault" evictions and the end of Assured Shorthold Tenancies (AST) in favour of Assured Periodic (rolling) Tenancies (APT), capped annual rental increases and more restrictive use of mandatory grounds for possession, usually requiring four months notice from Landlords. Remember that the conversion from AST to APT will be automatic on 1 May 2026.

For more information on all this, please do refer to our factsheet which can be found [here](#).

## Market Pulse

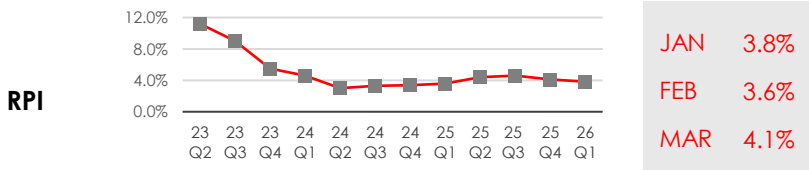


Source: RICS Monthly Market Surveys

### 3 mths % change responses (down/up/same)

Tenant Demand over the last three months has looked more positive than in previous quarters, with a reversal of trend in Q1 2026. New instructions from landlords slightly on the up, despite new legislation and subdued forecast rent expectation from the industry suggests a relatively flat market over the next quarter.

FIGURE 1 – Property Market Dashboard: Quarterly summary of key performance indicators



Source: Office of National Statistics – Retail Price Index

	AREAS	AVG. PCM	QTR CHANGE	ANNUAL CHANGE
Rental Tracker	National Avg. (NA)	£1,311	-0.5%	+1.8%
	NA exc. London	£1,125	0.1%	+1.6%
	London	£2,097	-1.5%	+1.8%

Source: Latest HomeLet Rental Index Report

### Rental Price Tracker

London experienced a real spike in rents over Q2 and Q3 2025, so it is not surprising to see rents generally adjusting to a more natural level in the last two quarters. Overall, rents have increased at similar rates and between 1.6% and 1.8% annually.

### R3 Prime Index

Index **128.8**



**1.4%**  
Annual



**1.8%**  
Quarter

### R3 Super Prime Index

Index **183.8**



**6.1%**  
Annual



**5.3%**  
Quarter



#### Marco Previero

Director & Research Lead at R3



*Rents are rising slowly in London but not in real terms. From 1 May, the Renters Rights Act will also add to this pressure by capping annual increases, another reason for Landlords to question whether to stick to their investments or to exit the market entirely, as many are doing.*

#### R3 Indices

Frustrated with the lack of open and reliable consolidated rental data in London, R3 started its own **two rental tracking indices** in Q1 2019 for Prime and Super Prime London at 100 and 140 base

R3's latest indices show prime and super-prime rents continue a downward trend from the previous quarter but still maintain some growth annually. These nominal ebbs and flows on the rental market have been ongoing since Q4 22 (**FIGURE 2**) without any real trend emerging. It seems the market has been broadly flat with rents up nominally 9% in that period against an 18% increase in real term over the same period.

What felt like a knee-jerk reaction following the ratification of RRA2025, has turned into something much milder and we are expecting more of the same for the rest of the year.

## SPOTLIGHT ON...

### Search & Acquisition

*“Spotlight On” this quarter features our Search & Acquisition Division:*

*Did you know we help people buy? For more info see [LINK](#). Here's why you should consider using a Buying Agent when looking for your next property.*

**Expertise** Extensive knowledge of the property market, helping to secure the best deal

**Time-Saving** Saving on research time, more focused search, scheduling viewings, managing the process

**Off-market** Access to off-market properties, being those that are not publicly listed, giving you a competitive advantage

**Financial Savings** Negotiating effectively; identifying the true market value with access to key market intelligence

**Best Interest** It makes sense to use a trusted expert that works for you in the context of a complex financial investment

**FIGURE 2 – QUARTERLY RENTAL % CHANGE** Quarterly Prime and Super Prime Rents % change

