

FAR3WELL TO 2025!

Now looking forward to 2026...

“ Our philosophy has always been to keep the focus firmly on the market, not ourselves, delivering clear insights and analysis as part of our Newsletters. **Marco Previero – Head of Research at R3**

NEWSLETTER DECEMBER 2025

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An end of year message with a differ^{R3}nce :)

As well as extending our Christmas greetings this December, we thought it would be interesting to focus on the year's defining moments and indicators for the UK property market, looking at some trends that defined 2025 and what they may signal for the year ahead.

Looking back at 2025

1 Renters' Rights Act 2025

A major new law that bans "no-fault" s21 evictions, creates rolling monthly tenancies, limits rent rises to once a year, and introduces other provisions aimed at improving quality of rented accommodation.



S21 abolished



Periodic tenancies only

“ The new "council tax surcharge" may lower property demand, reduce investor yields, and hurt revenue overall.

Marco Previero R3

[BE News](#)

2 November Budget

It brought significant property news, including a new "mansion tax" (High Value Council Tax Surcharge) from 2028 on properties over £2m and a 2% hike in property income tax for landlords from 2027

3 London retains top spot

Again! The World's Best Cities Report by Ipsos reveals best city "as voted by you!" Each city was assessed for its livability, lovability, and prosperity. Taking all these into account London came out top.



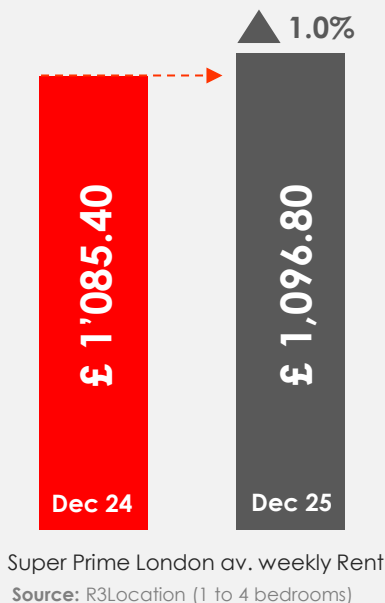
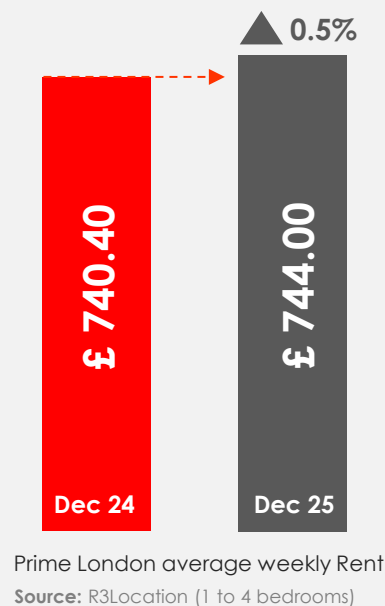
4 Global Financial Centre

New York has held the top position since September 2018, but London has consistently closed the gap in recent reports, with only one rating point separating them in the latest index.

#	Centre	Index
1	New York	766
2	London	765
3	Hong Kong	764
4	Singapore	763

Rental Market

Despite adverse headlines about pressure on rents, average rents have not moved significantly over the last year.



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And looking forward to 2026!

Looking ahead to 2026

We expect 2026 to bring changes to the rental market as a result of the Renters Rights Act ("RRA") and additional cost burdens on Landlords. Supply will be tested, and pressure on rent increases are expected.

1

Renters Rights Act goes live on 1 May 2026

RRA 2025 will reshape the London rental market. These changes will impact tenancy availability and the rental process. Renting will become more costly, and more admin heavy for Landlords.

2

National Insurance for Landlords

Landlords will be further squeezed as part of legislation announced at the Budget with the introduction of 2% National Insurance tax on rental profits. While this will not take effect until April 2027, we expect a market reaction before then.

3

Rental Market Pressures

RRA and additional tax burden on Landlords will likely reduce stock as some will exit the market, or increase rents as Landlords look to pass on additional costs, fees and risks to tenants. This will increase rents across the board.

4

Adjustment Period

None of these changes will come into effect until mid-2026 to mid-2027, so we are expecting a period of adjustment which has already started in the last quarter of this year, with the market continuing to shift over the coming month to "price in" these changes.

Stay informed in 2026

Every year, R3 publishes the following Newsletters, always content-rich, data-driven, and rigorously researched providing clear, in-depth analysis.

2

LEGAL BRIEFS



Every six months, R3 publishes a one pager highlighting legal updates relevant to the lettings market to include information that affects tenants and their rights

4

MARKET R3VIEWS



These 2 paged Newsletters provide an analysis on the rental market and trends relevant to the relocation industry.

4

AR3A INSIGHTS



These quarterly publications focus on the most popular residential areas (by postcode) showing weekly rental prices against property size

[Access our research hub here](#)