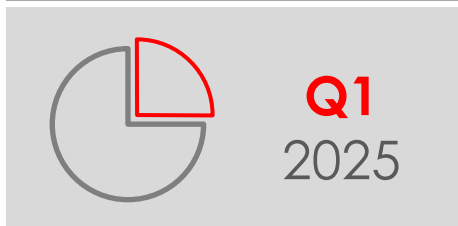


# MARKET R3VIEW Q1 2025



## Make London Rents Great Again?

### A period of uncertainty

While rental prices saw a marginal dip this quarter, broader economic easing and steady demand suggest cautious optimism. However, looming legislative changes and global uncertainties driven by the US administration

could begin to reshape the market in the coming months.

### A looming disruptor?

The rental market has remained resilient, though the upcoming Renters' Rights Bill may influence landlord strategies, potentially tightening stock and pushing prices higher later in 2025.

The Bill, expected by Summer 2025, and going "live" in the latter stages of the year, will ban Section 21 evictions, cap rent hikes, and limit upfront payments. While tenant-friendly, it will impact some of the dynamics of the market including how rent reviews will be performed and how property inspections during the tenancy might be undertaken.

### Landlord & Tenant Confidence Improves

Falling inflation (RPI at 3.4% in

March) will ease cost pressures, boosting landlord sentiment. Tenant demand has also held firm in this period, particularly from corporate relocations and high-net-worth individuals, reinforcing London's appeal despite global economic headwinds (or maybe because of them).

### What next?

Several factors will determine the trajectory of London's rental markets in Q2 and beyond. The influence of the Renters' Rights Bill, global macroeconomic conditions, and ongoing tenant demand are all pivotal drivers.

Predictions are difficult in the current environment of continued global instability, especially in the U.S. At the moment, these could make London a more attractive place for employees and companies in the long term. Make London Rents Great Again? Maybe.

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

## Renters' Rights Bill: high level summary (see R3's detailed update recently published [LINK](#))

### 1. Renter's Rights Bill – what is it?

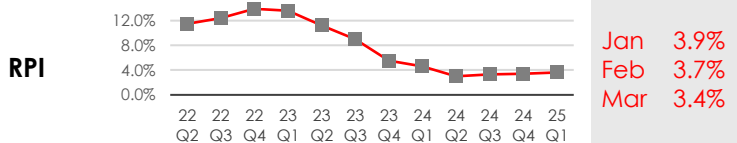
A Bill to make provisions for **changing the law for rented homes**, imposing obligations on landlords and others in relation to rented homes.

### 2. When will it become law?

Currently in the House of Lords, having **recently passed its final reading** in the House of Commons; the government aims to have it passed into law by **summer 2025**.

### 3. Main provisions

- All tenancies are periodic - tenants' notice is 2 months at any time;
- Ban s21, "no fault" evictions;
- Limit rent increases
- Limit rent payments to one month



### RPI All Items: % change over 12 months

RPI is a measure of inflation. It eased to 3.4%, lower than previous months. For London's prime and super-prime rental markets, this could signal stabilising cost pressures. Rents remain high (despite easing this quarter) and upcoming legislation (**see above**) may put upward pressure as Landlords consider options.

Source: Office of National Statistics – Retail Price Index

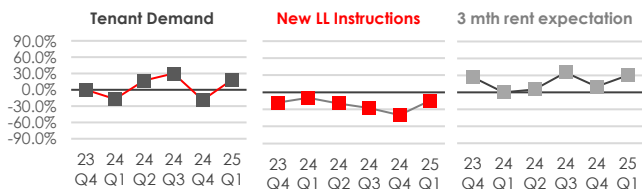
### Rental Price Tracker

A stable quarter, with only a slight downward adjustment to rent. The Renters' Rights Bill could reduce long-term rental stock as landlords look to shift investments, potentially pushing rents up. Too early to say, but one to watch as the Bill approaches its final stages.

Source: HomeLet Rental Index Report Sep 24

	AREAS	AVG. PCM	QTR CHANGE	ANNUAL CHANGE
Rental Tracker	National Avg. (NA)	£1,288	0.3 %	+1.2 %
	NA exc. London	£1,107	0.6 %	+3.5 %
	London	£2,059	-0.6%	-2.0 %

## RICS Lettings Survey (London)



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

As much as sentiment was trending downwards in the last quarter of 2024, it is very much on the up in this first quarter of 2025. This is reflective of much more positive market conditions over the last three months and the confidence which is beginning to grow, in London in particular.

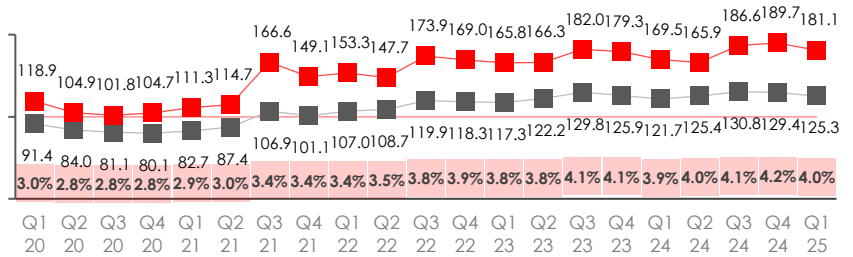
Source: RICS Monthly Market Surveys

**FIGURE 2** Frustrated with the lack of open and reliable consolidated rental data in London, R3 started its own **two rental tracking indices** in Q1 2019.

Our two rental indices recorded a slight decline in Q1 2025, suggesting early signs of market stabilisation. However, recent political uncertainty over tariffs could disrupt this trend over the next 12 months. We continue to monitor this closely. Any prolonged instability State-side may increase demand or accelerate recovery in high-end rental values in London.

**FIGURE 2 – R3 RENTAL INDEX & YIELD**

Prime and Super Prime Rental Index & Yield – started Q1 2019, base 100 against Prime.



Source: R3Location Research

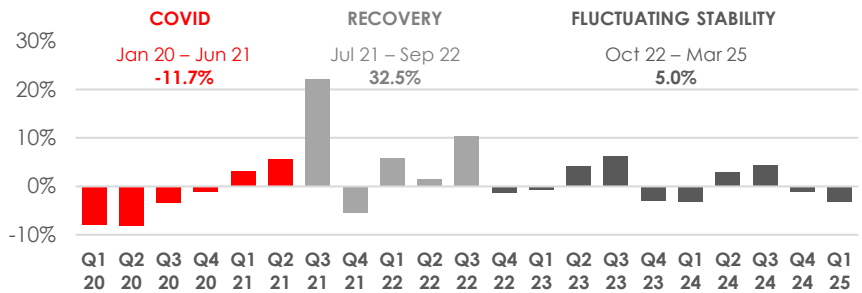
■ R3-SP Index Super Prime Index ■ R3-P Index Prime Index ■ R3-Ave. Yield % Prime Yield

**FIGURE 3** Quarterly Prime and Super Prime Rents % change since Q2 2019.

The rental market has remained in what we call “fluctuating stability” Q4 2022, with modest declines in Q1 2025 suggesting continued balance. Increasing U.S. political and economic instability may drive more global executives to consider London as a secure alternative. And this could see upward pressure in late 2025 on rents. We remain vigilant for early signals of shifting tenant demand.

**FIGURE 3 – QUARTERLY RENTAL % CHANGE**

Quarterly Prime and Super Prime Rents % change



**Marco Previero**

Director and Research Lead at R3

“After over two years of flatlining, London’s prime and super prime rental market is finally showing signs of life. With the US looking shaky, global talent could start eyeing London again post Brexit — just as supply tightens. If that demand kicks in, don’t be surprised if rents bounce back faster than expected over the coming months.”

**FIGURE 4 – Spotlight on...**

Every quarter R3 includes a Spotlight on section. This month, the focus is on ... **The Americans moving to London.**

Our client dreamed of retiring in London, longing to own a piece of the city she loved. With R3’s expertise, she found the perfect two-bedroom flat in Pimlico — a sought-after location (the best location in Pimlico in fact) that brought back fond memories.

Our team managed the entire process, from research and negotiation to validation and completion, ensuring a smooth, stress-free experience.

R3 is emerging as a leading buying service company, alongside its well established relocation arm, combining expertise, market insight, and seamless client-focused transactions.

Follow this link to know more about our Private Client Division - [LINK](#).

**FIGURE 4 – SPOTLIGHT ON... THE AMERICANS MOVING TO THE UK**

As applications to relocate to the UK hit record highs, R3 features as experts in **The Telegraph**

**Meet the Americans moving to Britain**

Applications to relocate to the UK have hit a record high – and they’re not just ‘Donald dashers’

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**The Telegraph**



**Susan Neely,** a former special assistant to president George W Bush and former CEO at some of America’s largest organisations