



The Private Rented Sector Review

Insight and analysis from surveys and market data gathered by The DPS

July 2025

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Introduction

Twice a year, we survey landlords and tenants using our service to gather their thoughts and experiences on renting. This feedback provides a temperature check of attitudes towards the rental market, offering unique insights into changes in the Private Rented Sector (PRS) and what matters to tenants and landlords.

Our half-yearly PRS review combines stakeholder opinions and feedback with market statistics and tenancy data, providing a comprehensive overview of the evolving rental market and attitudes towards the PRS, including future trends.

As the largest provider of deposit protection services in England and Wales, The DPS supports landlords and tenants with a simple, easy-to-use service and top-rated customer experience.

The tenancy deposit market

Difficulties for tenants and landlords continue into 2025

Our latest surveys and market analysis show a continuation of the challenges facing landlords and tenants noted in our **December 2024 review**.

The **Renters' Rights Bill and Energy Performance Certificates (EPC) legislation** continue to hang over the market, driving uncertainty among landlords. Many are unsure how the legislation is going to impact their business or the specific steps they may need to take to comply, leading them to consider their future in the PRS.

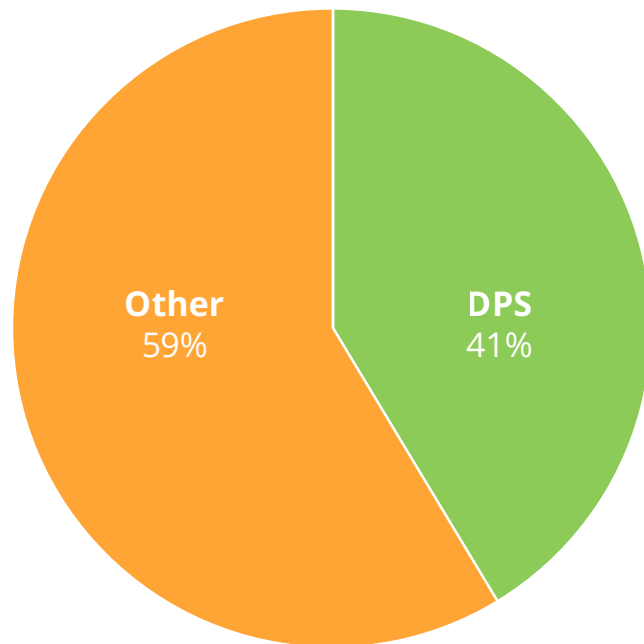
At the same time, a lack of suitable available properties, combined with high rents and difficulty saving for a deposit, remain connected, core issues for many renters. In many cases they're forced to move outside their preferred area to find affordable tenancies, or simply aren't moving at all, despite expressing a desire to if it was feasible.

As a result, **both tenants and landlords have reported levels of concern with the current state of the PRS.**

Additionally, tenants are concerned with being able to save enough to become homeowners. It may well be that until there's an available supply of affordable properties, these concerns will persist, concerns that aren't being eased by the overall size and stagnation of the PRS.



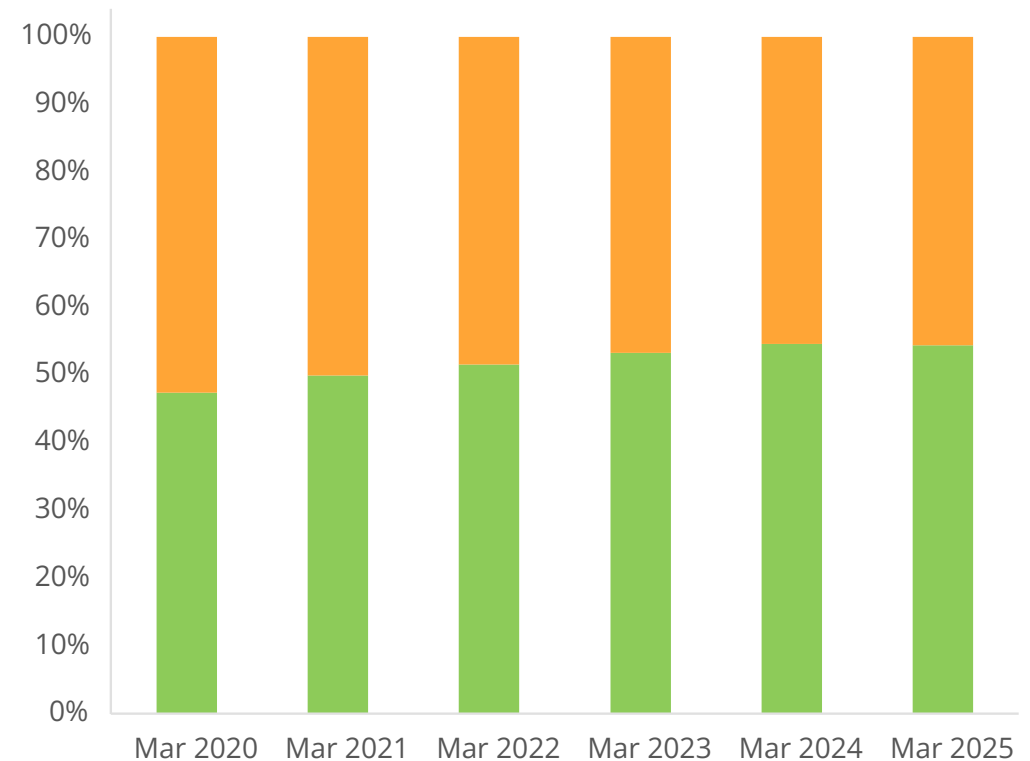
Market size - March 2025* Based on 4.71 million deposits



*Source: MHCLG - TDP Six Monthly Report March 2025

With 1.92 million deposits under our care - 41% of the market - The DPS is the largest deposit protection provider in England and Wales.

Market share - Custodial vs Insured accounts*



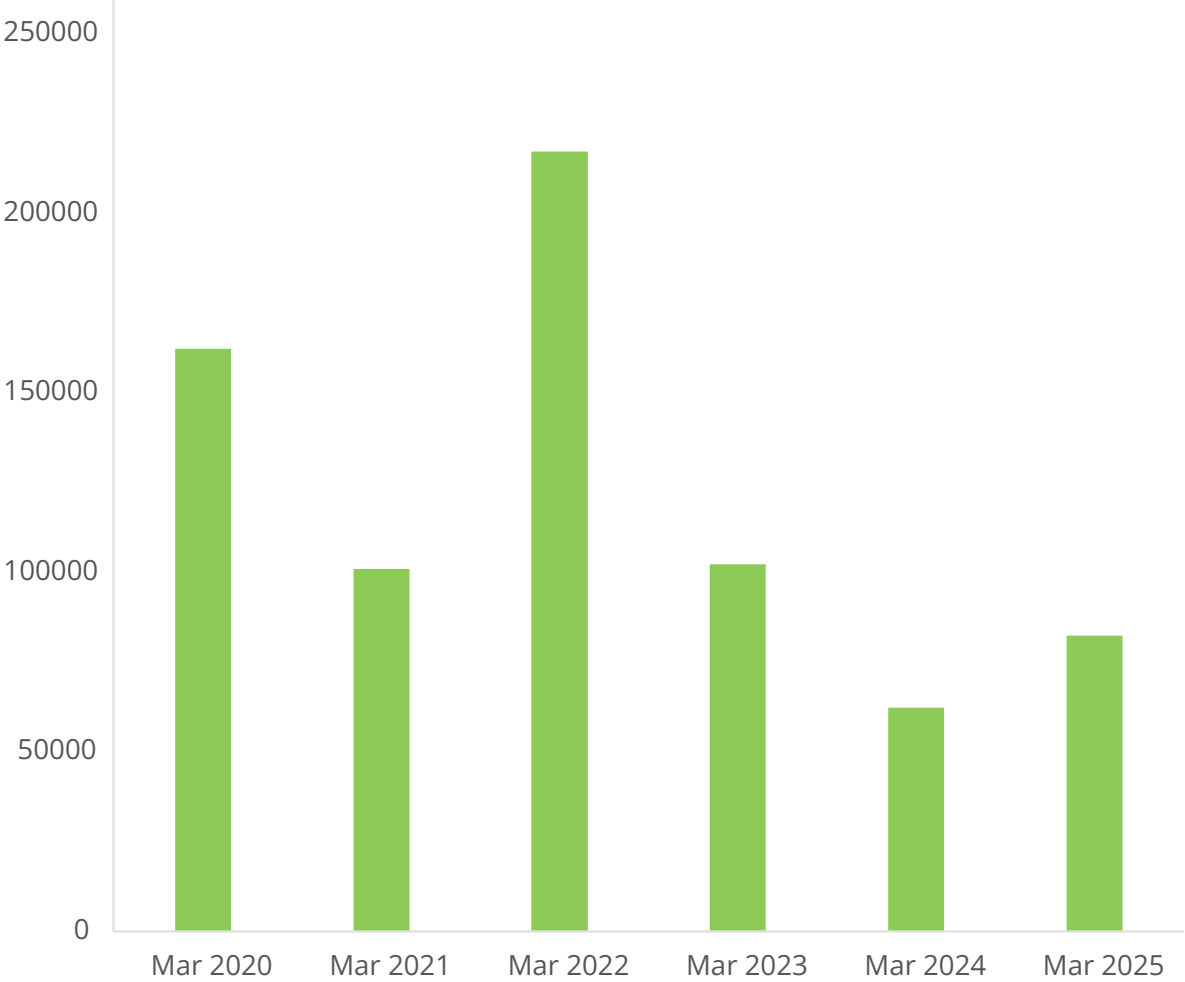
■ Total Custodial deposits ■ Total Insured deposits

*Source: MHCLG - TDP Six Monthly Report March 2025

The tenancy deposit market has seen a gradual shift towards Custodial deposit protection, with 54.4% in Custodial schemes, but the rate of change is slowing.

Though the number of tenancies in England and Wales continues to grow, the rate has slowed. In the **last 12 months**, deposits protected increased by just over 82,000, marking the **second time in eight years** the rental market grew by less than 100,000 tenancies in a year, and less than a third of the 270,000 increase in 2017.

Rental market growth rate, based on number of deposits protected*



*Source: MHCLG - TDP Six Monthly Report March 2025

What could be driving the tenancy slowdown?

Nearly a quarter of surveyed landlords are considering selling all their properties and leaving the PRS. Reasons they cite include:

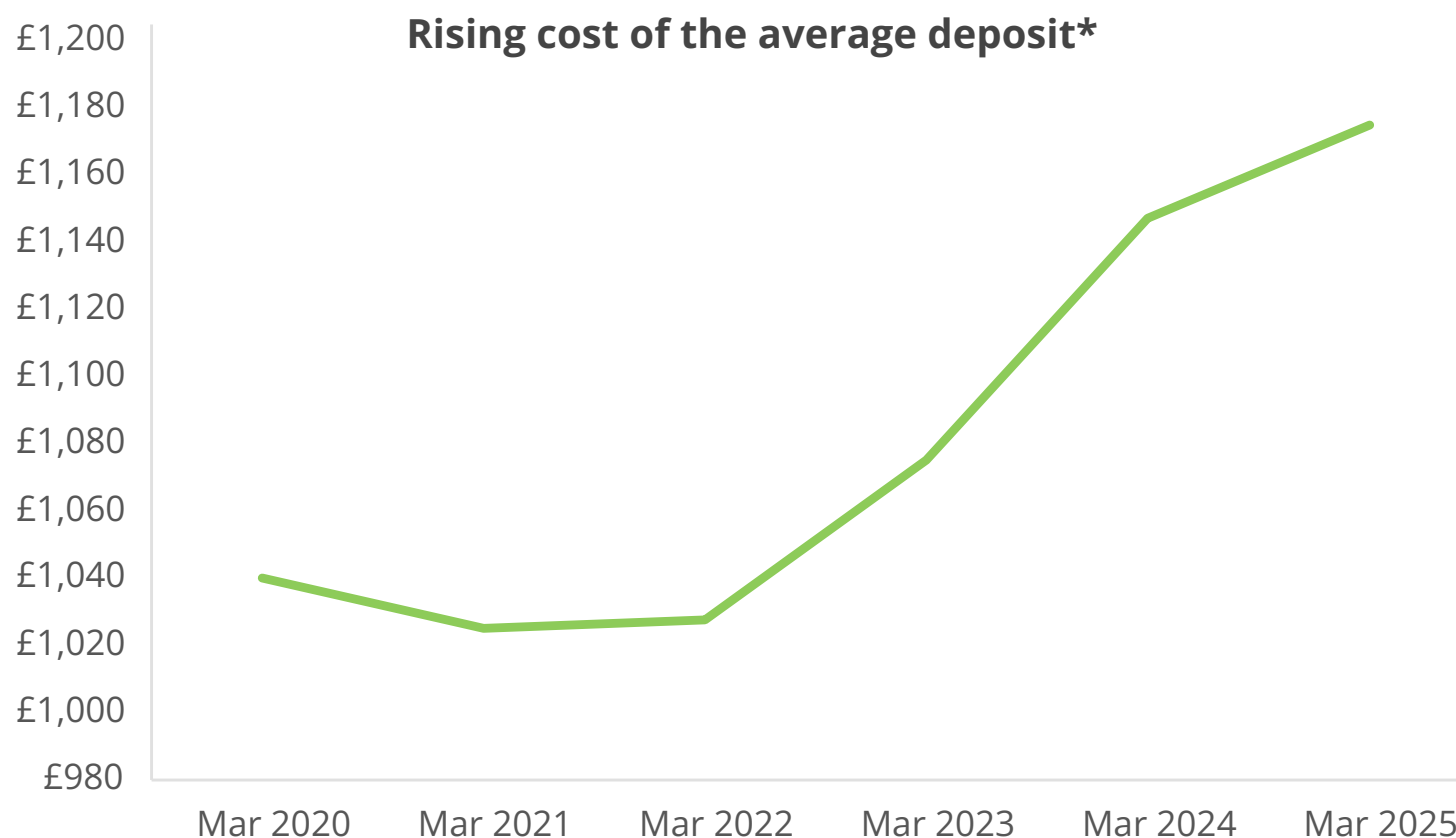
- › increased legislative burdens
 - › Renters' Rights Bill, introducing conditions around rent increases
 - › Section 21 reforms, introducing stricter conditions for eviction
 - › EPC ratings, introducing new standards properties will need to meet prior to being rented
- › changes in capital gains tax, reducing the annual exempt amount and increasing the tax burden when selling a rental property
- › higher interest rates, reducing affordability and driving up mortgage costs

These factors, collectively or individually, could impact generating returns from their property portfolios. For some, the effort required to operate may now outweigh the benefits.



The cost of being a tenant

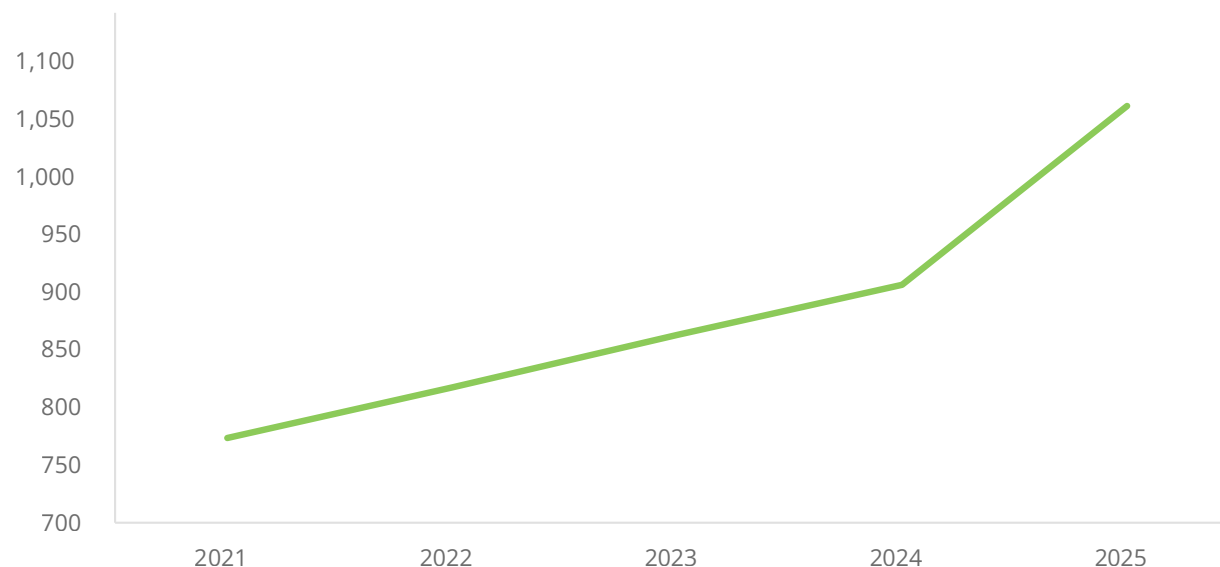
Affordable rent continues to remain a talking point for tenants, though there are some signs the impact is softening. **Rents are likely to have risen in line with average deposit values.** Deposits are typically linked to the cost of renting, with legislation allowing the maximum deposit value to be equivalent to five weeks' rent. Our data indicates the factors driving increased rents include increasing costs to landlords due to legislation changes, higher maintenance costs and maintaining rental values in line with local markets.



*Source: MHCLG - TDP Six Monthly Report March 2025

Rising rental costs appear to be a key reason behind tenants staying in their properties longer. Our data shows average tenancy lengths continue to grow, now standing at just over two years and 11 months (1,061 days), up 155 days from 2024 and over nine months longer than in 2021.

Increase in the average tenancy length (in days)*



*Source: DPS Custodial Deposit Data 2021 – 2025

Higher rents for new tenancies, increased moving costs and difficulty finding suitable properties - driven perhaps by the **year-on-year slowdown in the number of properties added to the market** - appear to be extending the amount of time tenants are staying in their rentals. In addition, as mortgage rates have increased and property purchase prices continue to rise, the challenge of home ownership becomes greater. We believe the result of a combination of these factors is **a decrease in the number of tenants who have moved in the last six months.**

The landlord's view

Every six months we survey our landlords with a range of questions about their lettings portfolios and their experience of the market, the challenges they face and their future intentions. Over 1,100 landlords responded to our latest survey, sharing their thoughts and opinions.



Property portfolios

These respondents reflect a range of different backgrounds, from those with large portfolios working full time as landlords, to those with a single property that was perhaps never intended to be a rental.

Of the 1,115 who replied:

63%

purchased all their properties specifically for use as rentals

16%

either inherited their rental property or originally bought their rental as their main home

47%

own one or two properties, with another 34% owning between three and ten properties

54%

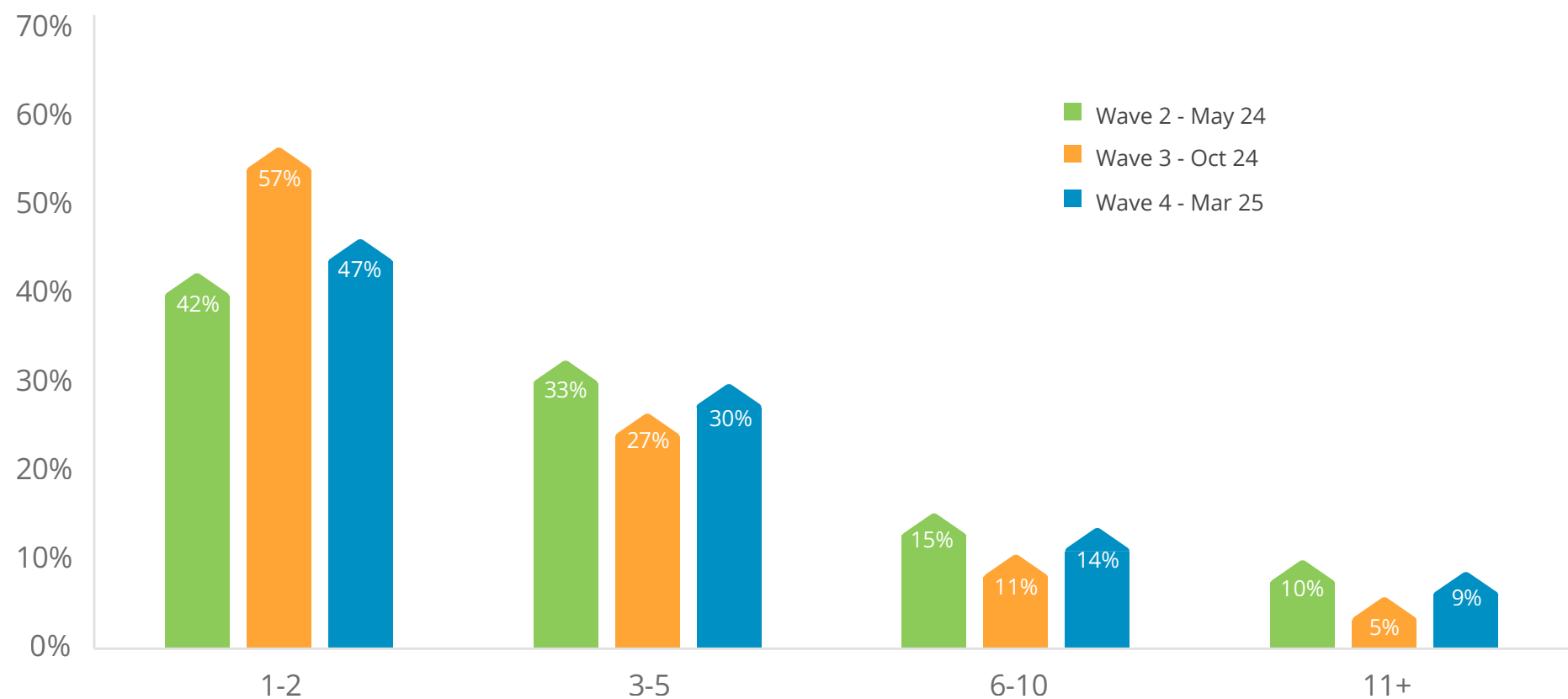
have another primary source of income, with 39% stating rental income remains their main source of income

52%

are considering selling some or all of their portfolio (up 5% from October), with 25% of these considering fully exiting the market within two years

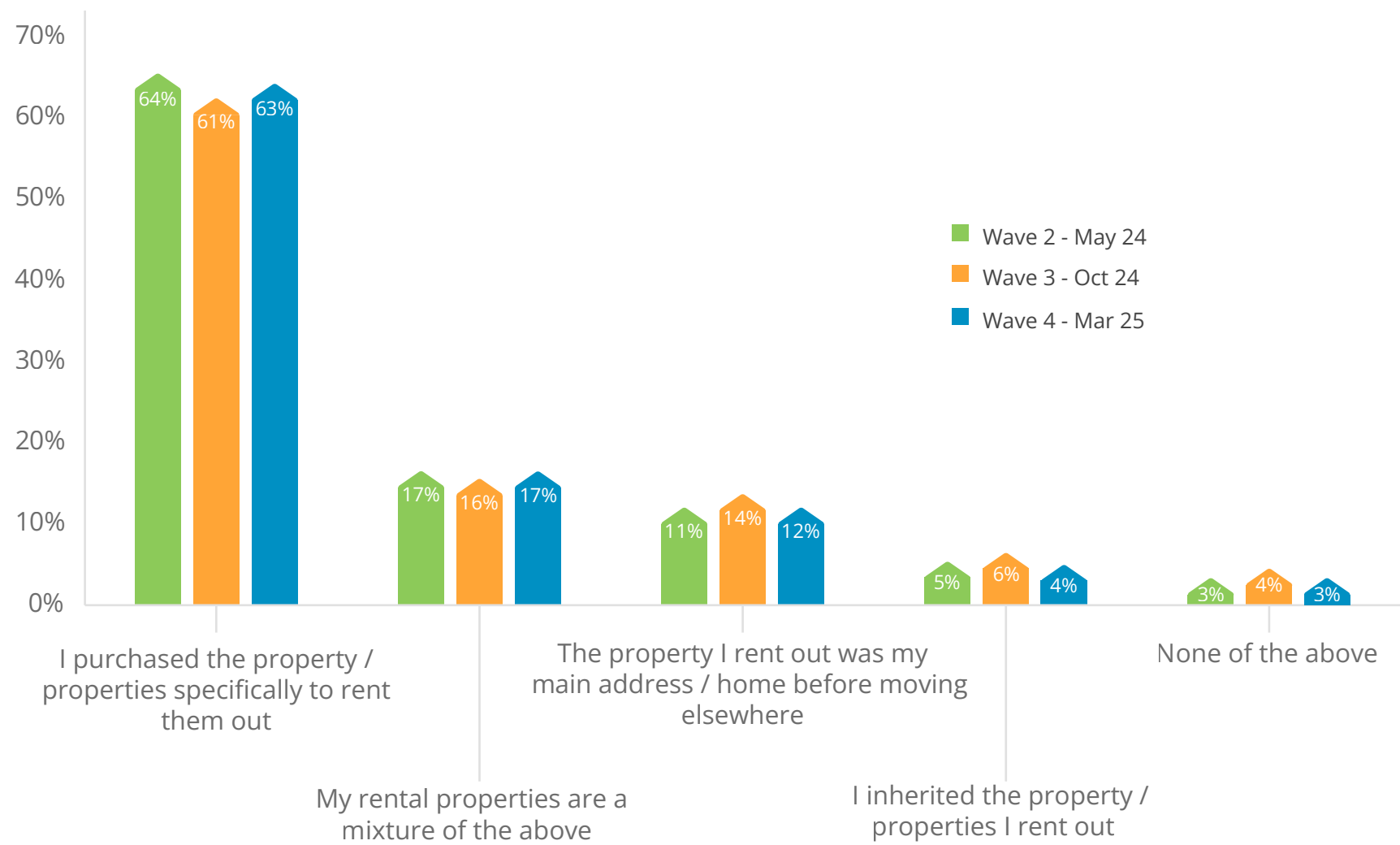
Number of properties landlords own

The following results are based on a series of landlord surveys (waves) The DPS conducted over the past 12 months.

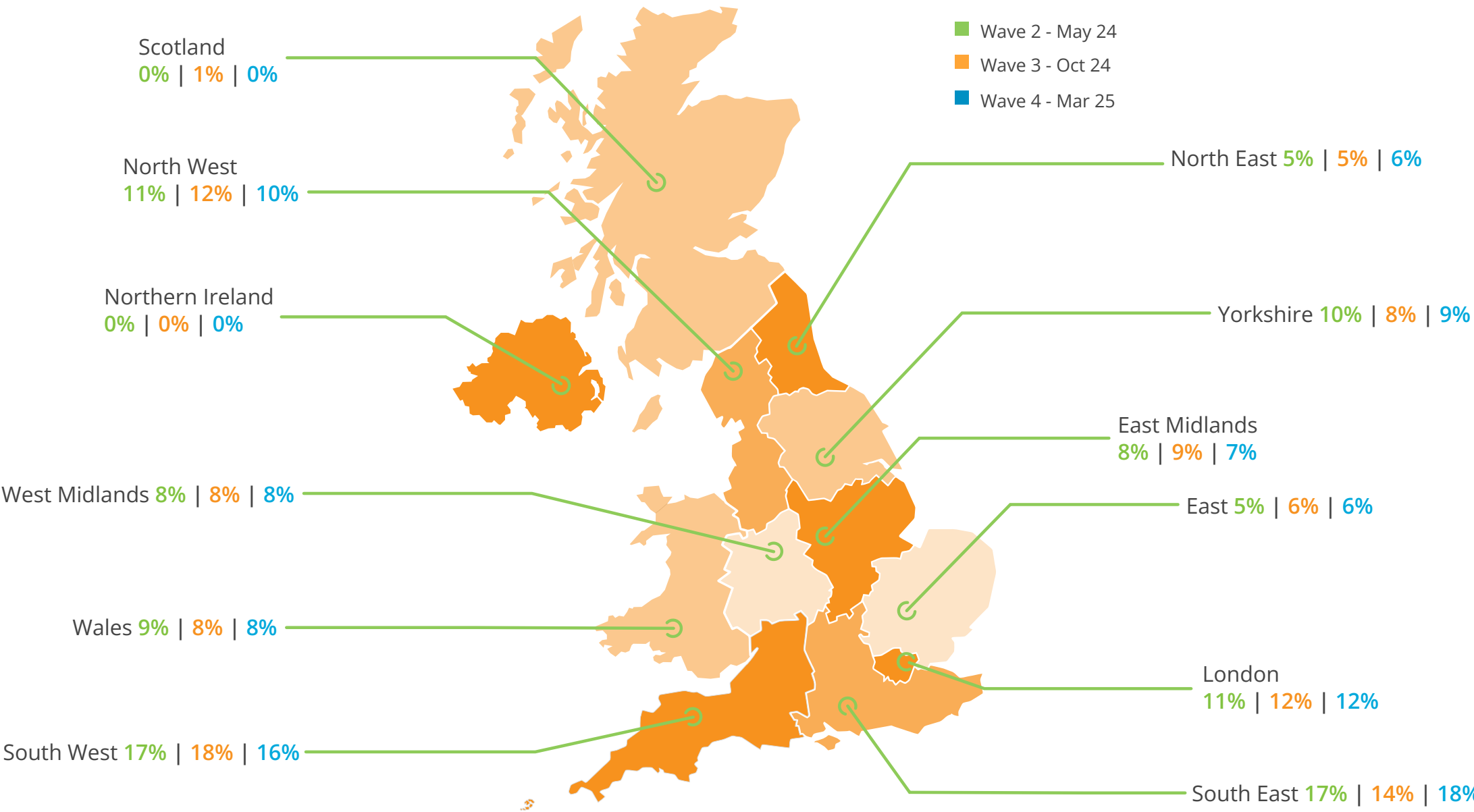


The graph shows the number of properties each landlord owns. In our latest wave, 47% of landlords own one or two properties.

How landlords have acquired their rental properties



Rental property locations throughout the UK



Legislative uncertainty drives landlord concerns

The forthcoming Renters' Rights Bill remains a concern for landlords, with many unsure how it will impact their business, or the specific steps they may need to take to comply. This, alongside other recent legislation, taxation and interest rate concerns, is leading many with smaller portfolios to question whether it's worthwhile staying in the PRS.

Of the landlords who indicated they were considering selling some or all of their properties:



89% said changes or proposed changes in legislation or regulation are influential in the intention to sell, unchanged from Oct 2024



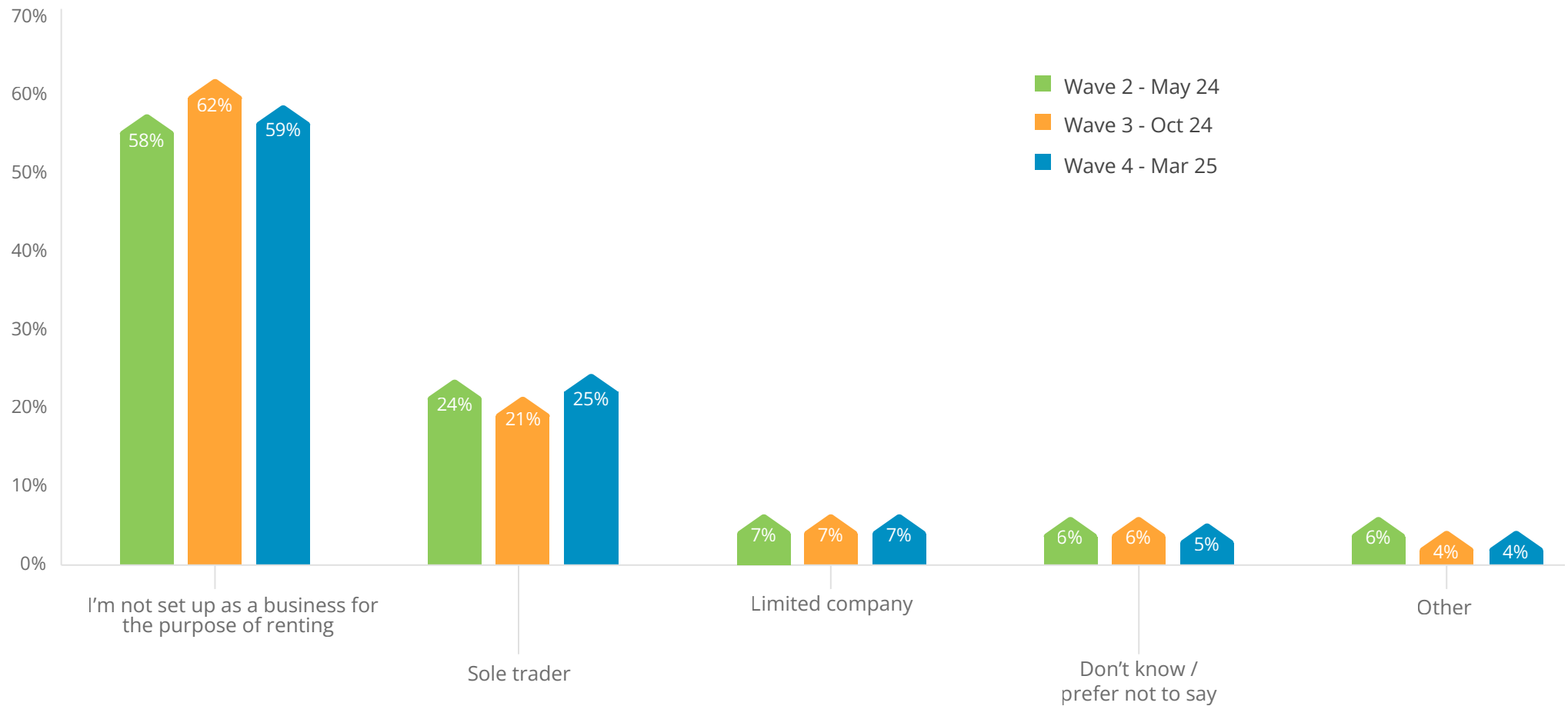
74% said the level of returns after tax no longer makes operating in the PRS an attractive proposition, also unchanged from Oct 2024

Conversely the data suggests full time landlords operating their property portfolios as their primary source of income are less inclined to leave the PRS. Of the landlords with three or more properties, 78% aren't considering selling all their properties in the next one to two years. This rises to 80% for those with six or more properties.

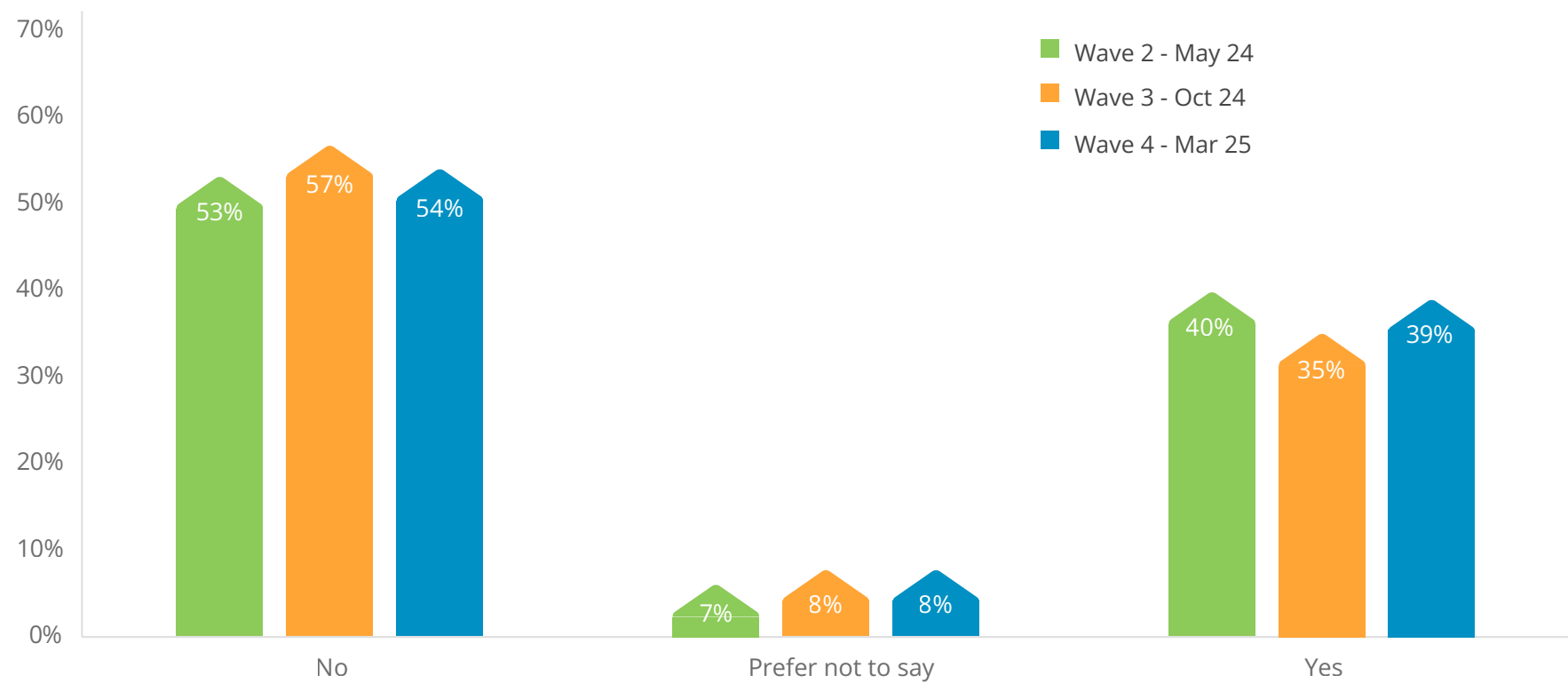
Of the landlords considering buying more properties, 4% recognise the demand for rental property remains strong. While small scale landlords selling their properties could be creating opportunity for private buyers, those buyers are likely to be competing against professional landlords looking to increase their portfolios.

How landlords structure their rental portfolios

While most landlords manage their properties simply as a landlord, a large percentage choose to operate their portfolio as a business, either as a sole trader or a limited company.



Are rental properties the main source of income for landlords?



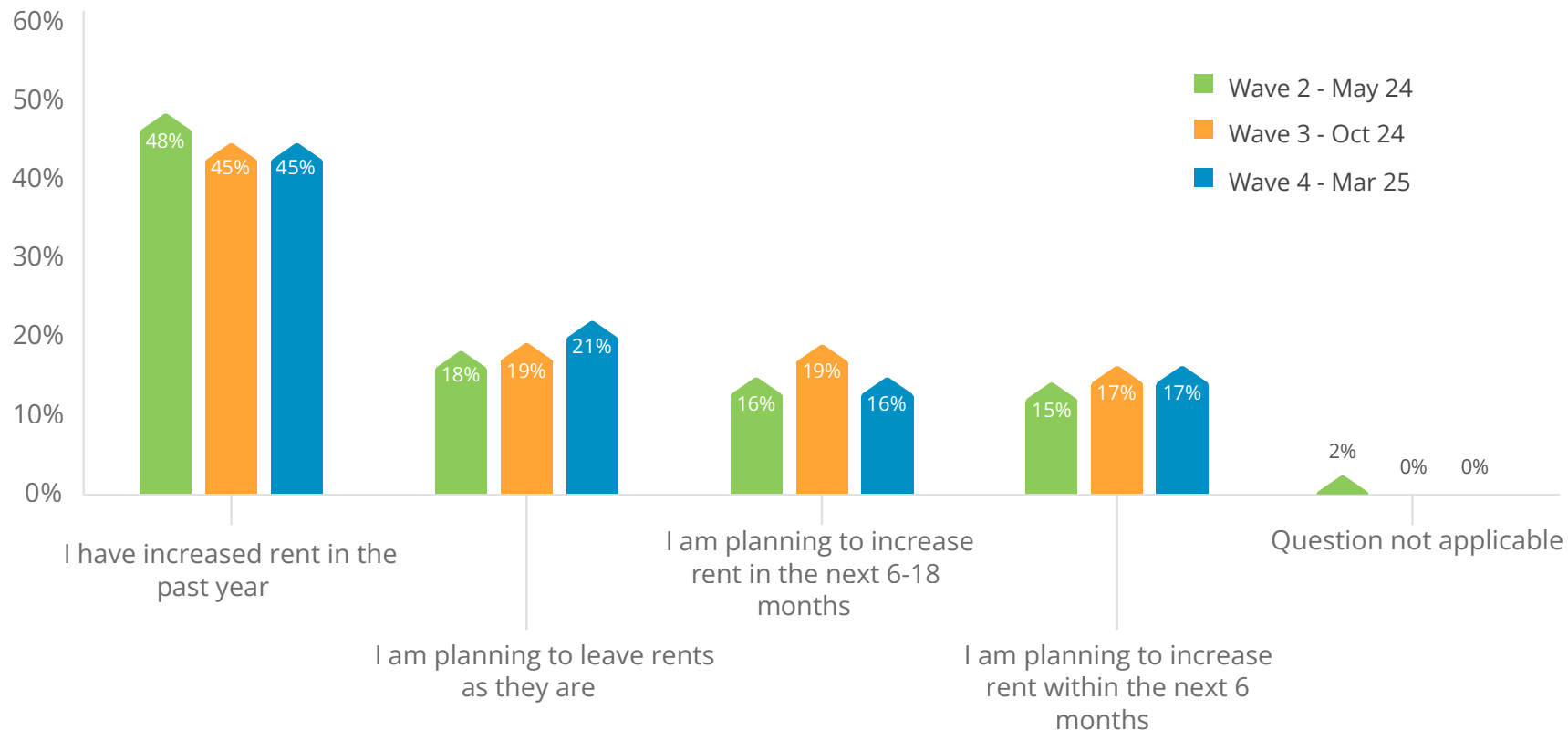
Raising rents and advance payments

The number of landlords raising rents in the past 12 months has slightly decreased, while those planning to increase rents in the next six months has risen.

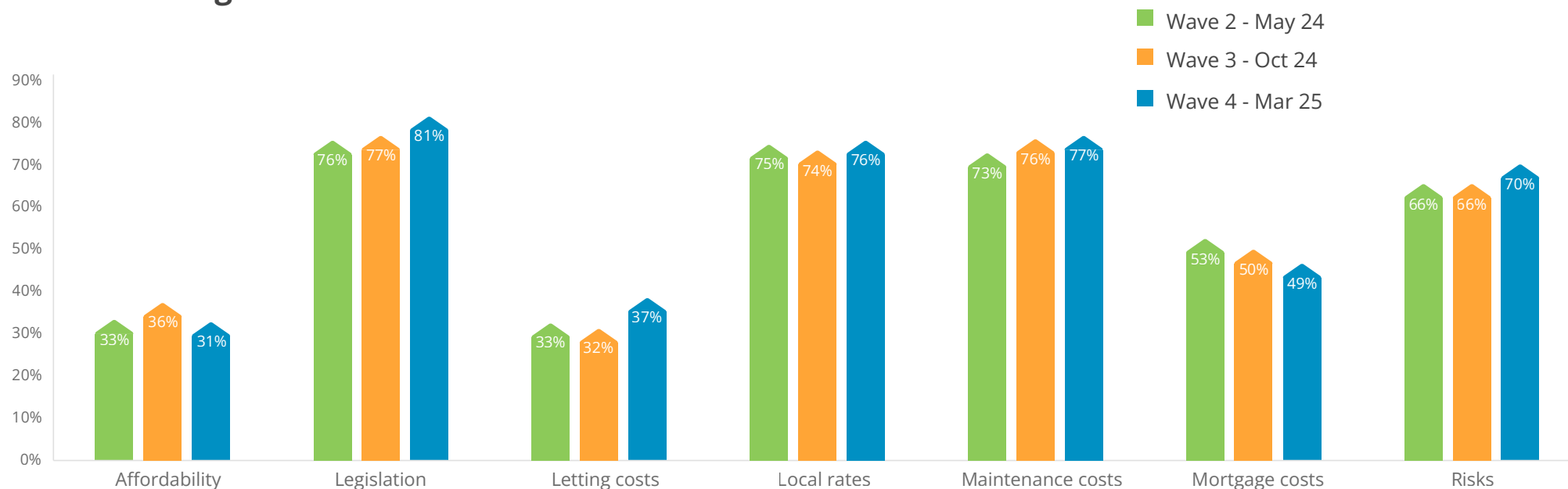
Since May 2024, 45% raised rents (down from 48%), 16% plan to increase rents in the next six months (up 2%), and 16% within 6 to 18 months (no change).

21% plan to keep rents unchanged, up 3% since May 2024. Key drivers for rent increases include legislation, maintenance costs and aligning with local markets.

Landlord plans for rent increases



Factors driving landlords to increase rents

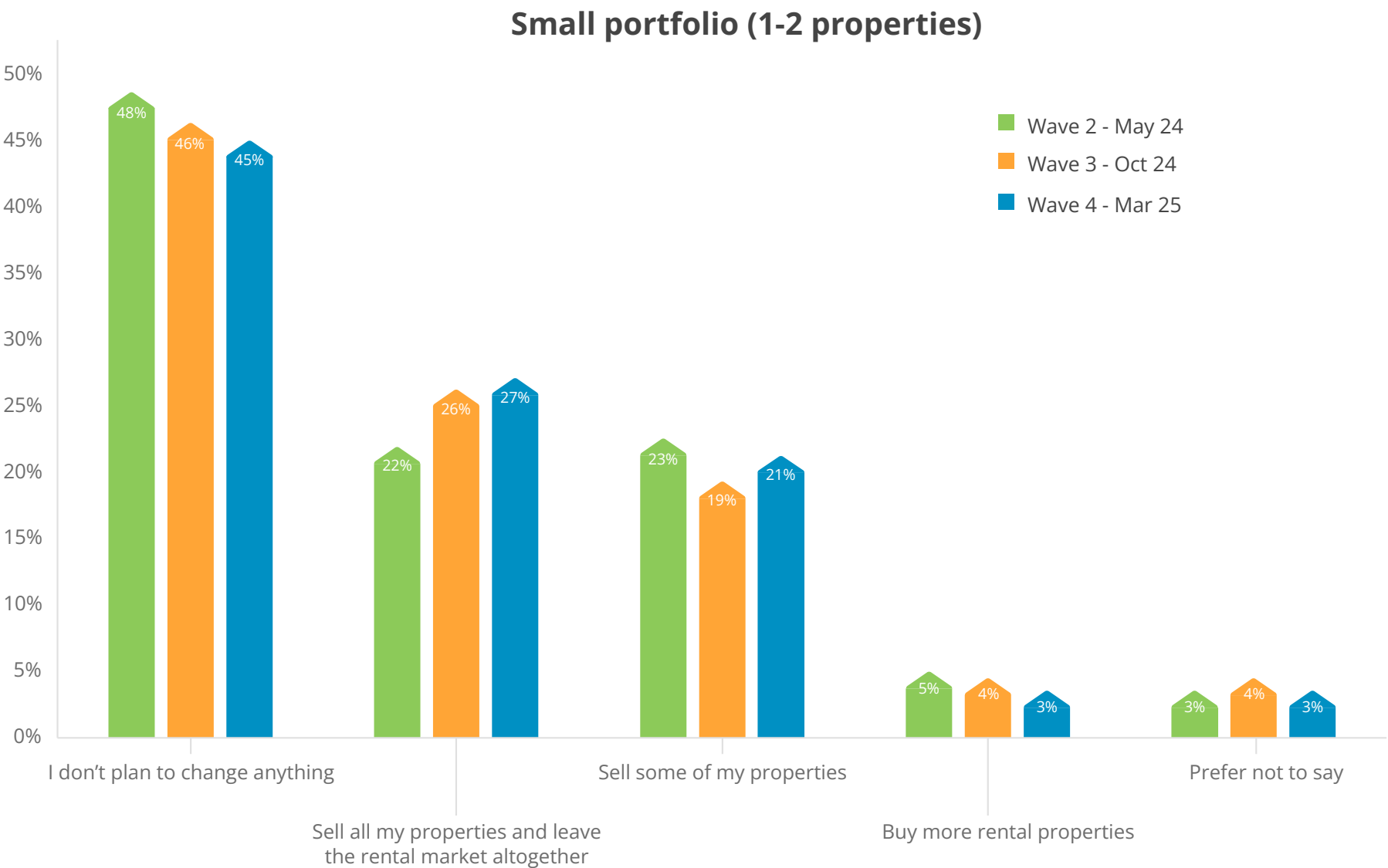


Landlords have also told us the number of tenants putting in offers above the **asking rent stands at 15%, 2% lower than the same point last year but up by 1% since our wave 3 survey.**

The changes in both the amount of rent being taken upfront, and the volume of tenants submitting “above asking rent” offers to secure a tenancy perhaps indicates a cooling in demand for rental properties. Although this is in conflict with the view that **many landlords are considering exiting the market, or at very least divesting some of their rental portfolios.**

Landlord portfolio objectives

We asked landlords what their plans were for their small property portfolio in the next one to two years.



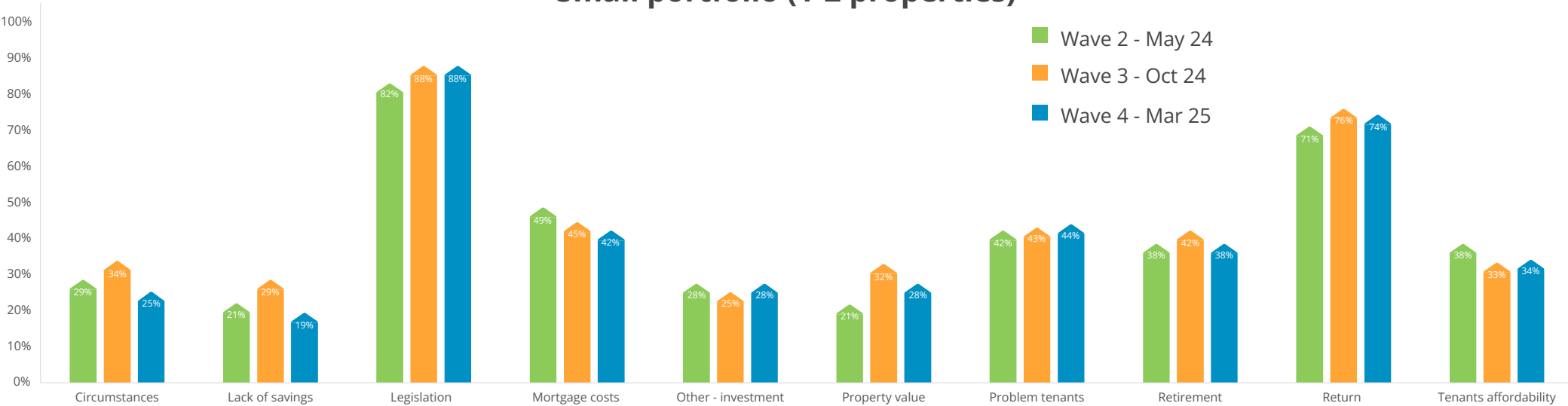
Landlord portfolio objectives

We asked landlords what their plans were for their large property portfolio in the next one to two years.

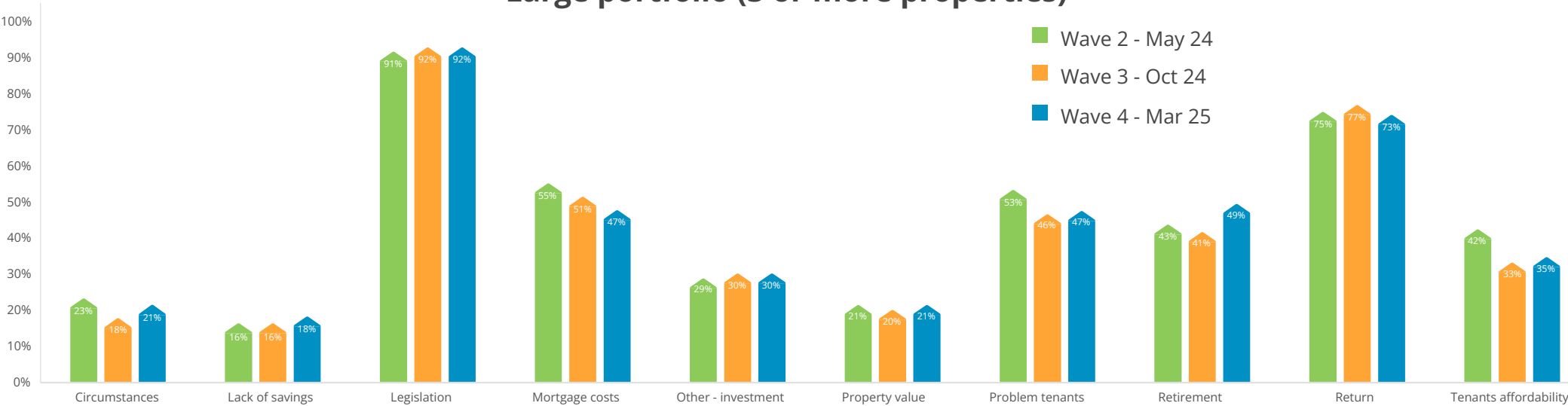


Factors driving landlords to sell their properties

Small portfolio (1-2 properties)



Large portfolio (3 or more properties)



Is demand for rental properties changing?

55% of landlords responding to our survey said they'd offered at least one property for rent. Of these:

35%

said there was no change in the number of people applying to rent their property

36%

said the number of people applying to rent their property has increased but hasn't doubled

16%

said the number of people applying to rent their property has roughly doubled

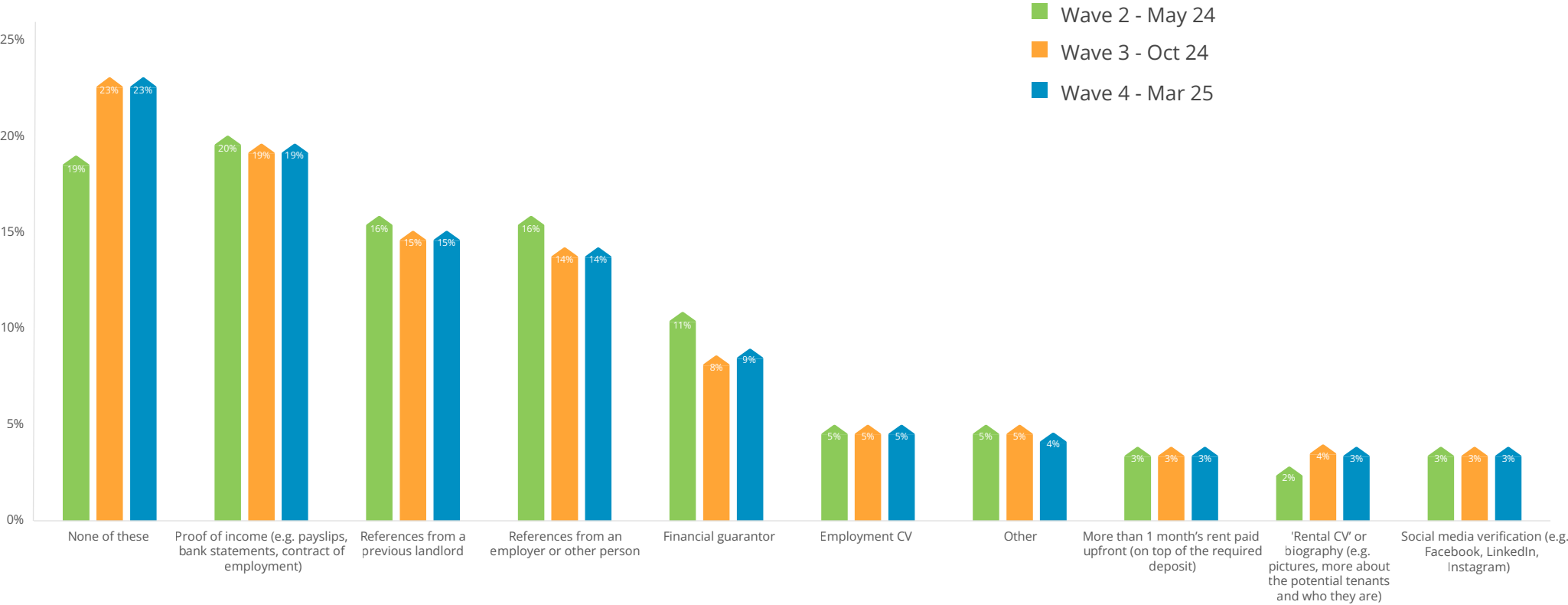
13%

said the number of people applying to rent their property has more than doubled

Different qualifiers landlords use to approve tenants

We asked landlords what non-standard checks or requirements they asked prospective tenants for in the last year.

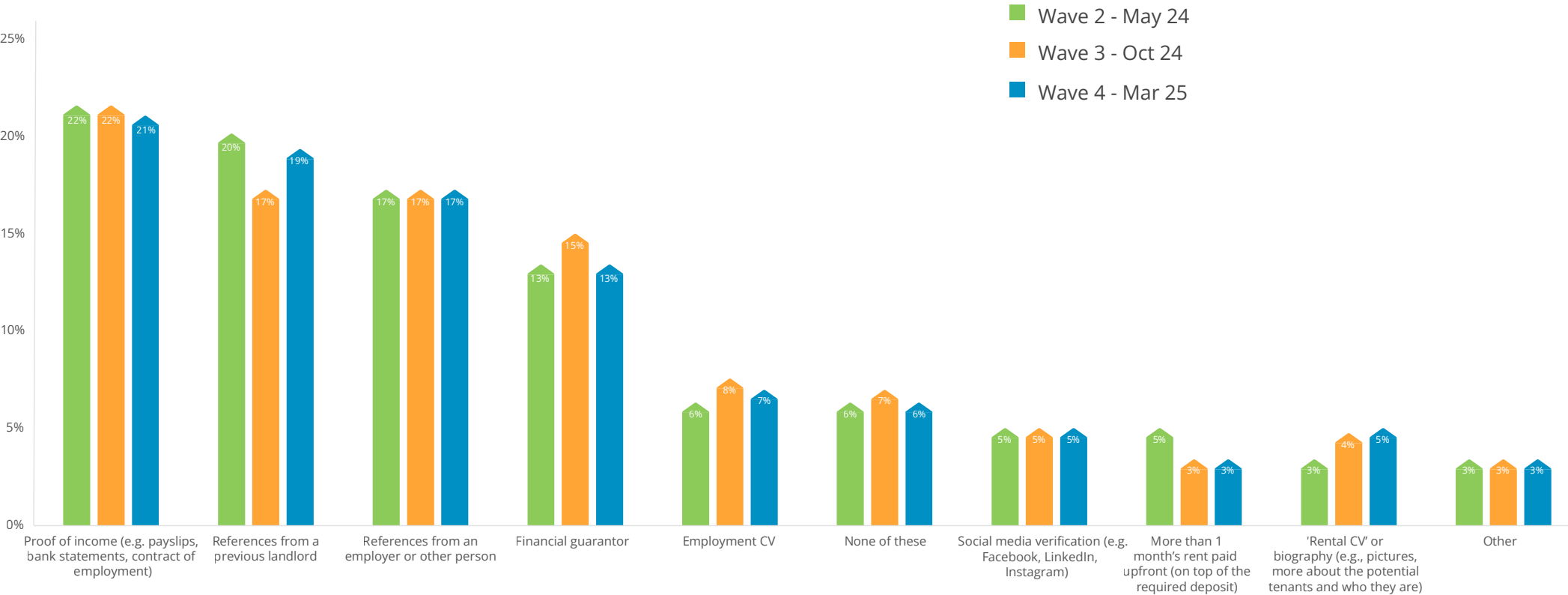
Small portfolio (1-2 properties)



Different qualifiers landlords use to approve tenants

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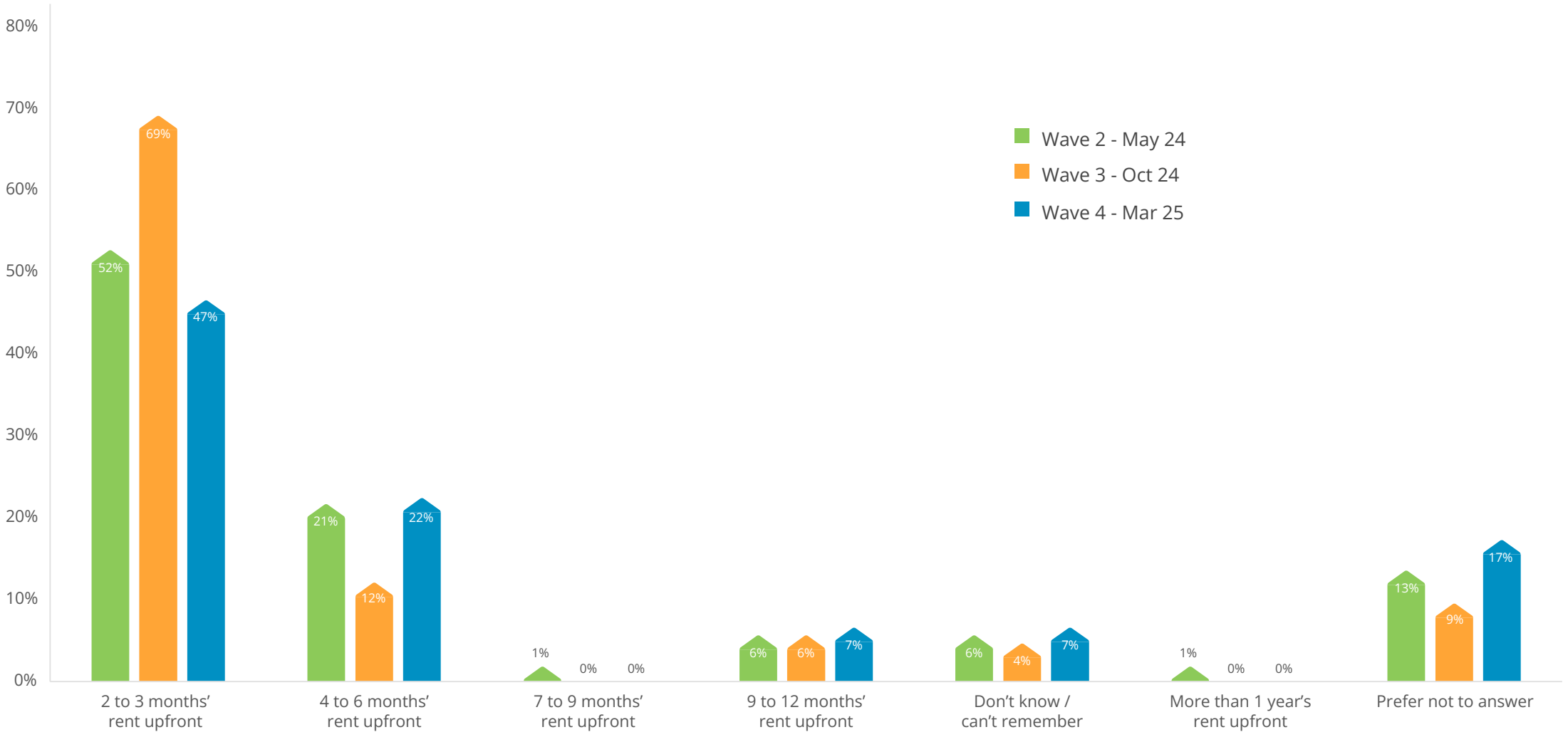
Large portfolio (3 or more properties)



Upfront rent tenants have offered to secure a property

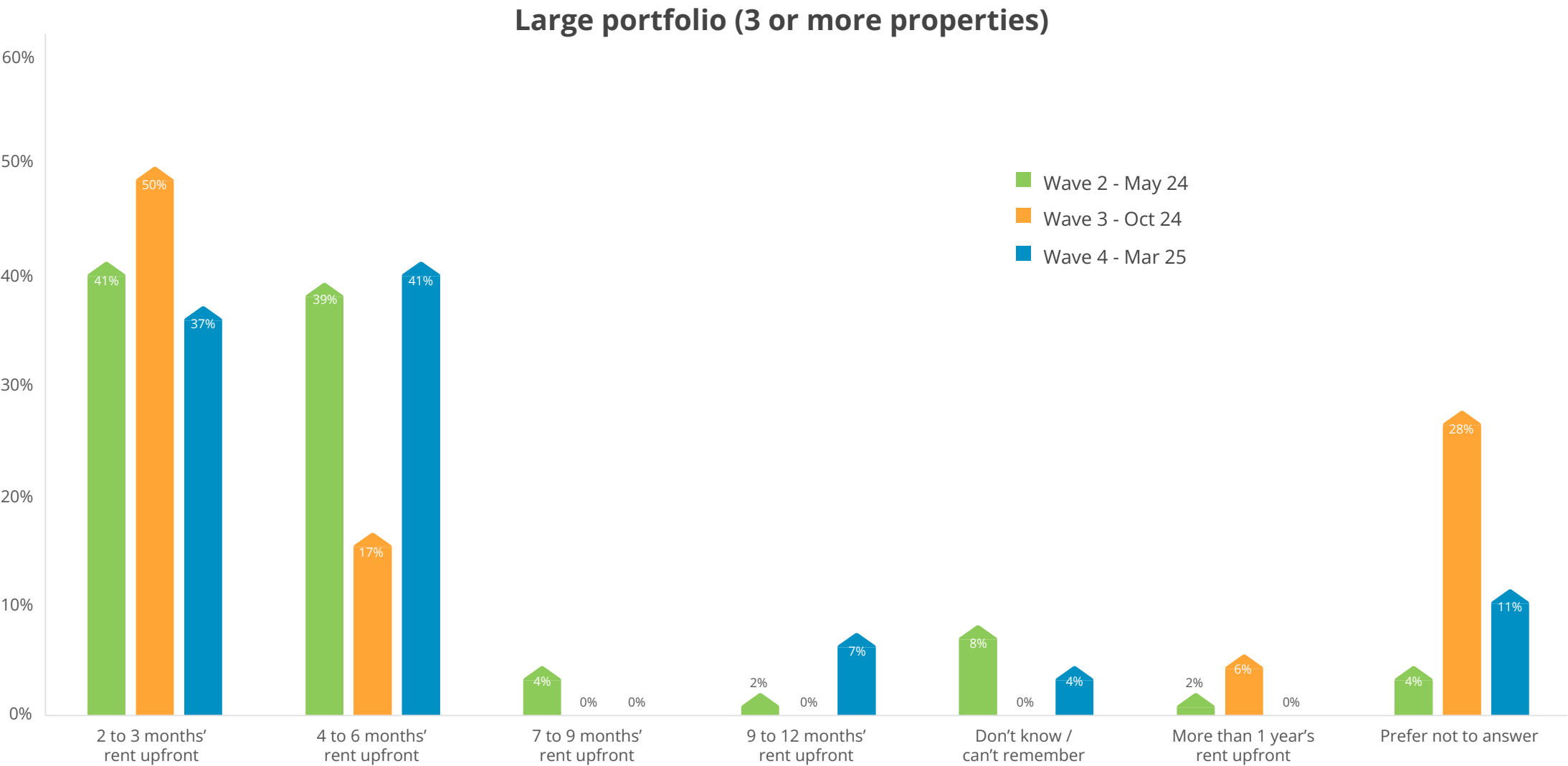
Where landlords told us they received offers of upfront rent to secure a property, we asked them how much.

Small portfolio (1-2 properties)



Upfront rent tenants have offered to secure a property

Where landlords told us they received offers of upfront rent to secure a property, we asked them how much.



Professional and limited company landlord analysis

The following analysis of our survey results, from the perspectives of **professional and limited company landlords**, was conducted by **Zephyr Homeloans**. Zephyr is a mortgage lender that specialises in providing buy-to-let solutions on a wide range of property types to individual and limited company landlords via mortgage brokers.



ZEPHYR
HOMELOANS

78%

with three or more properties are not considering selling their properties in the next one to two years

80%

with six or more properties are not considering selling their properties in the next one to two years

A limited company landlord is defined as owning rental properties through a legal separate business entity, rather than in their name.

7%*

of landlords surveyed
are structured as limited
companies

18%

of landlords with a BTL
limited company are
considering buying more
properties in the next
one to two years

*Given that **53% of landlords** surveyed have **three or more properties**, coupled with a 332% increase in buy-to-let special purpose vehicles (BTL SPV) since 2016, the percentage of limited company landlords seems low. This could indicate **landlords aren't aware of the advantages of a BTL SPV**, a limited company set up exclusively for property investment purposes. A BTL SPV **can offer tax benefits, liability protection, financial flexibility and more, but it's not right for everyone - specialist tax advice is needed.**

Paul Fryers, MD at Zephyr Homeloans, said:

"In what is an evolving PRS market, with many amateur landlords considering to exit, it's a different story for professional landlords. With a continued demand for affordable housing and accessible support from mortgage brokers and lenders, there are still opportunities available for professional landlords to run a successful BTL business for many years to come."

The tenant's view

Increased rents and limited availability driving reduced movement

Our survey of tenants provides them with the opportunity to share their **rental experiences** and give their view of the market – from how they've sourced their current tenancies, to the ease of moving to a new property.

The **1,230 tenants** that responded to our latest survey were drawn from a range of demographic backgrounds.

The number of tenants moving into new rentals continues to fall. **Only 16% of respondents stated they moved in the last 12 months**, down from 20% in October 2024 and 32% from this time last year.



36% told us they would have liked to move, a 1% increase from our last survey. This is likely due to a lack of suitable properties they can afford or because they get outbid by other prospective tenants. Many who would like to move found the quality of the property they currently live in unsatisfactory.

25%

said they were forced to stay living in a property with issues such as dampness or damage

20%

are paying more than they can afford in their current home

15%

say they would like to move as their current property is too small

Tenants who moved told us they found it harder than previously as rents increase, in many cases having to move outside their preferred area to find affordable tenancies.

63%

are paying a higher rent than their previous property

15%

had to put in an offer over the listed price, with more than half of those (61%) offering 0-10% more

54%

had to pay more than a month's rent upfront to secure their new property, with 49% of those paying two to three months upfront, an increase of 5% from October 2024

81%

saw the time it takes for them to commute to work increase, with 43% of those moving telling us it increased by 15-30 minutes each way, up from 30% in October 2024

With many businesses pushing for a return to office, this could drive conflict between employers and their staff, as renters not only contend with increasing costs to rent the property they would like, but also wrestle with the costs to commute to their place of work.

The Renters' Rights Bill

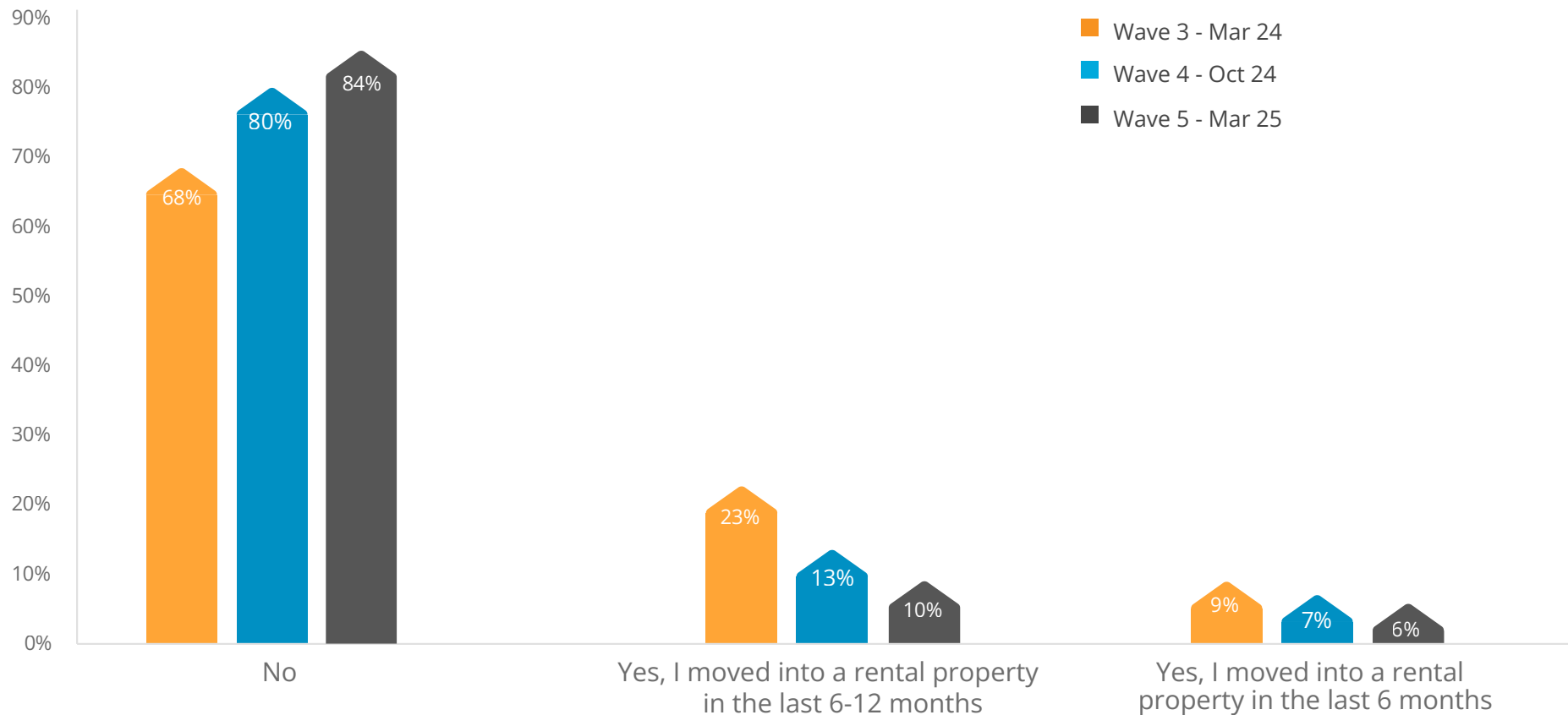
Many of the rental challenges tenants currently face, like paying over the advertised rental rate or providing a large amount of rent upfront, are addressed **within the scope of the Renters' Rights Bill**. This is currently progressing through the legislative phases in Parliament. Key elements of the proposed Bill that could help tenants with the challenges of finding and securing alternative rentals, and coping with existing rental costs include:

- › **rent can only be increased once per year** by serving the correct legal notice
- › landlords can only request **one month's rent in advance** (in addition to a security deposit) – demanding multiple months upfront will no longer be permitted
- › landlords **must publish the agreed rent** and cannot ask for or accept bids above this amount

While these measures are likely to aid tenants, they'll add to the pressures facing landlords. With many smaller landlords already considering exiting the PRS, **could an unintended consequence be further pressure on the cost and availability of housing for renters?**

Tenants that moved in the last year vs those that didn't

We asked tenants if they'd moved in the last 12 months. Many of the subsequent questions we asked were dependent on their response to this question.

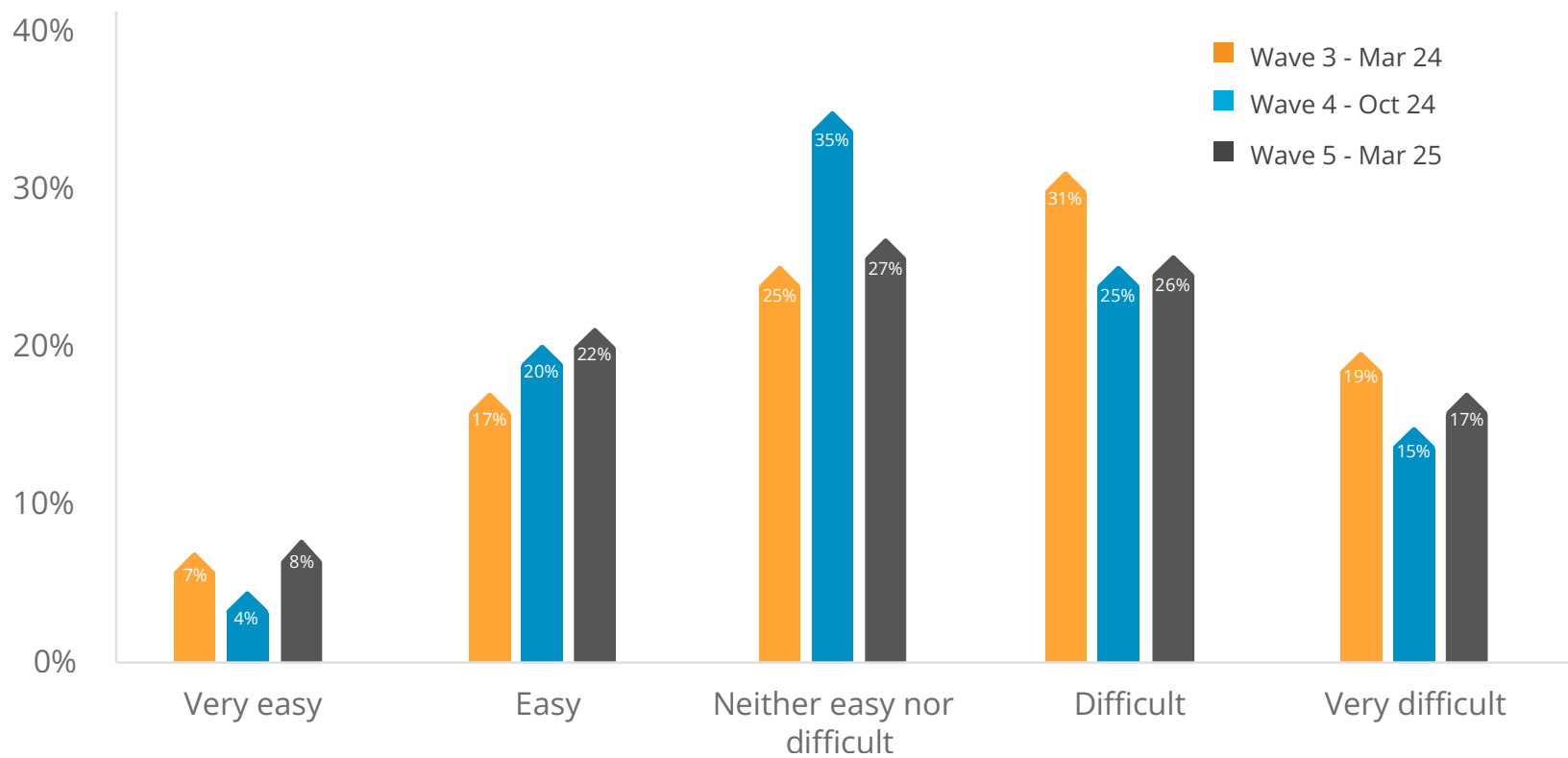


Movers

Where tenants told us they'd moved in the last six months we asked:

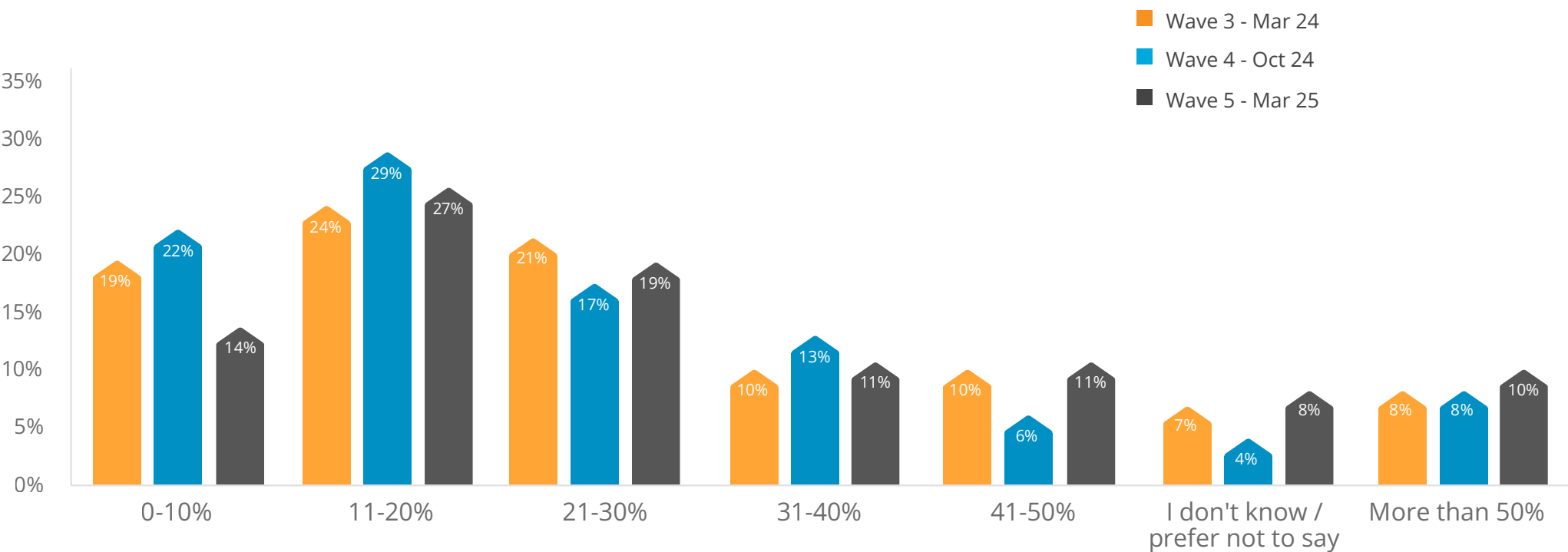
How easy or difficult was it to secure your present rental property?

This graph shows tenant experiences of securing the property. In our latest wave, 27% found it neither easy nor difficult to secure their property, although 43% of tenants found it difficult or very difficult.



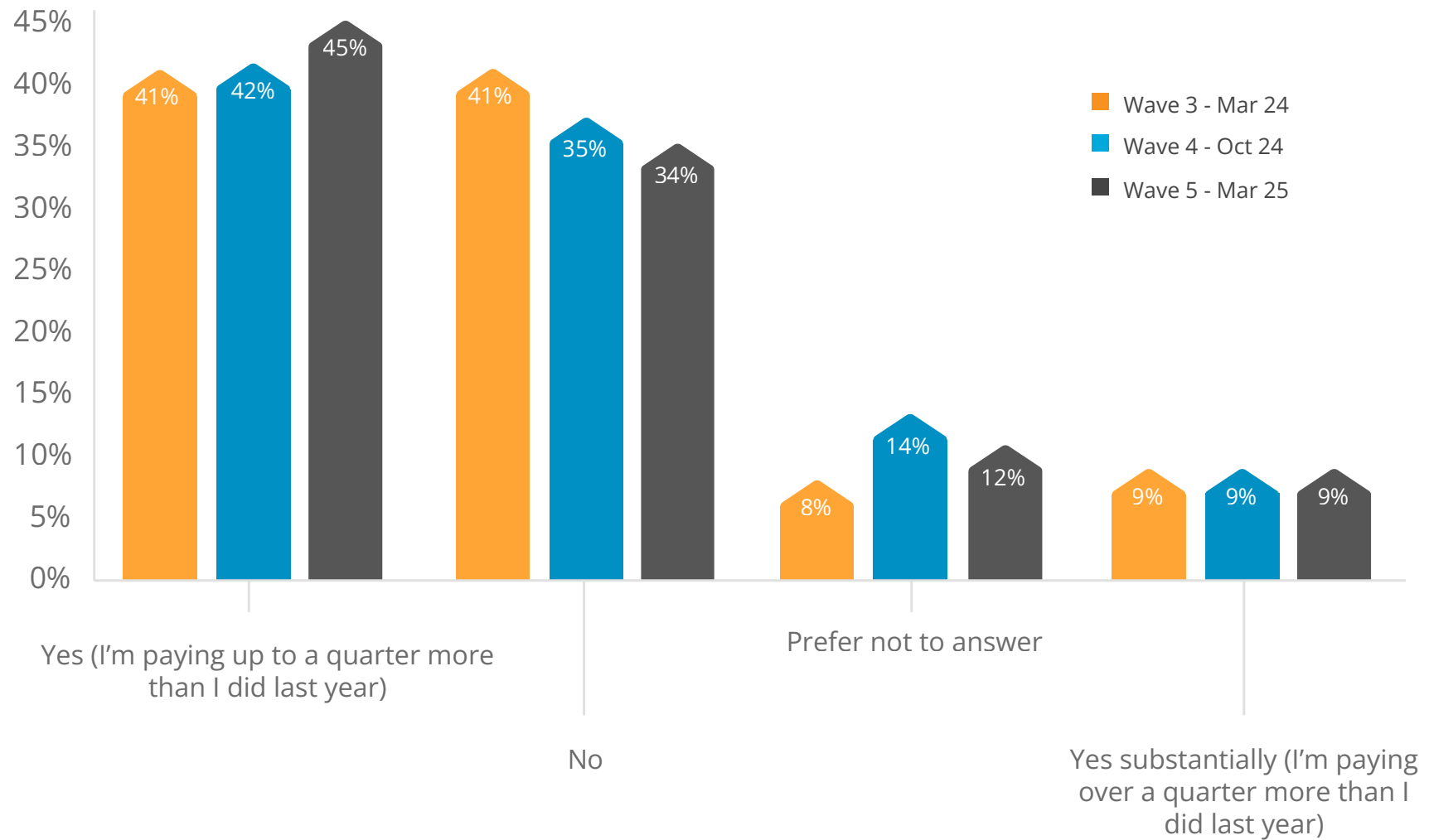
Percentage of tenants experiencing rent increases

We asked all tenants who moved, how much of their rent increased in the new property.



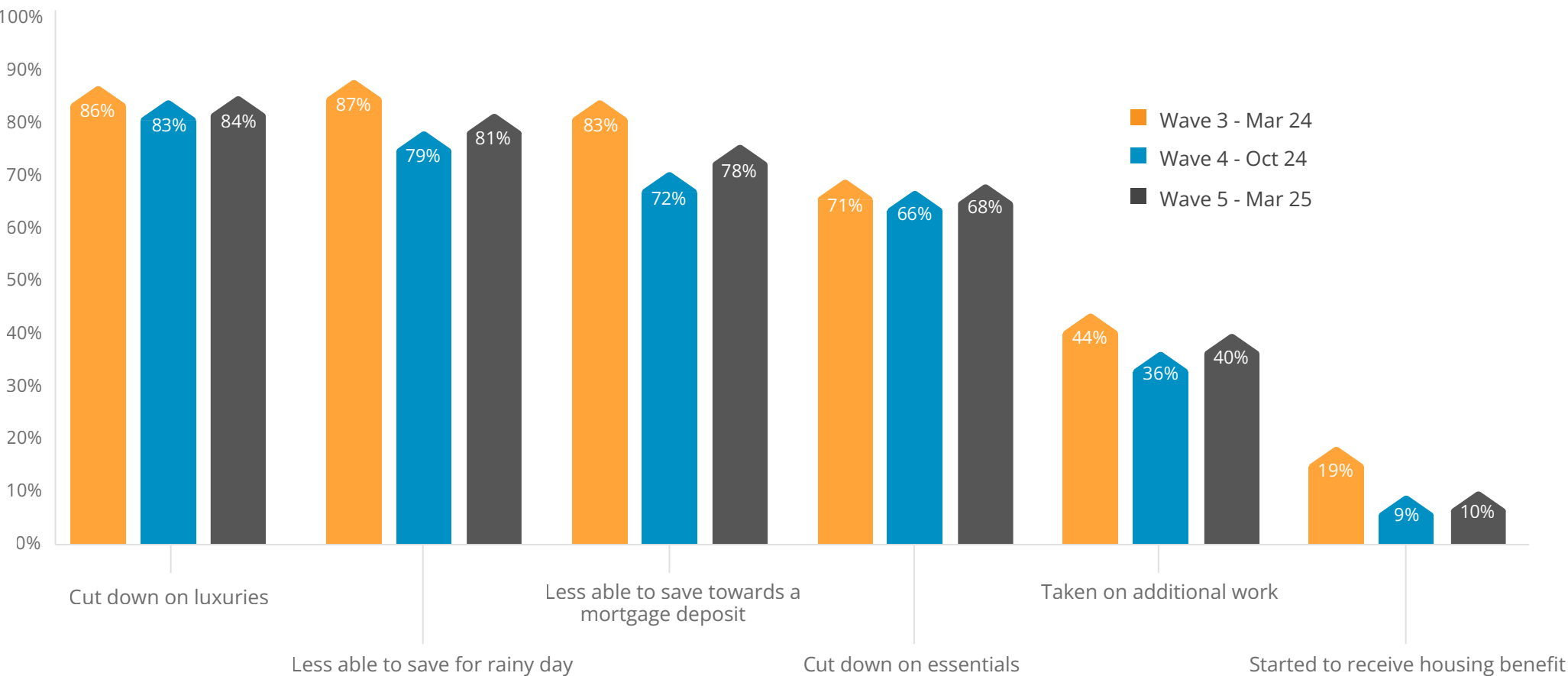
Tenant experiences with rent increases

We asked all tenants if they experienced rent increases and if so, how much more they were now paying.



Impact of higher rents on tenants

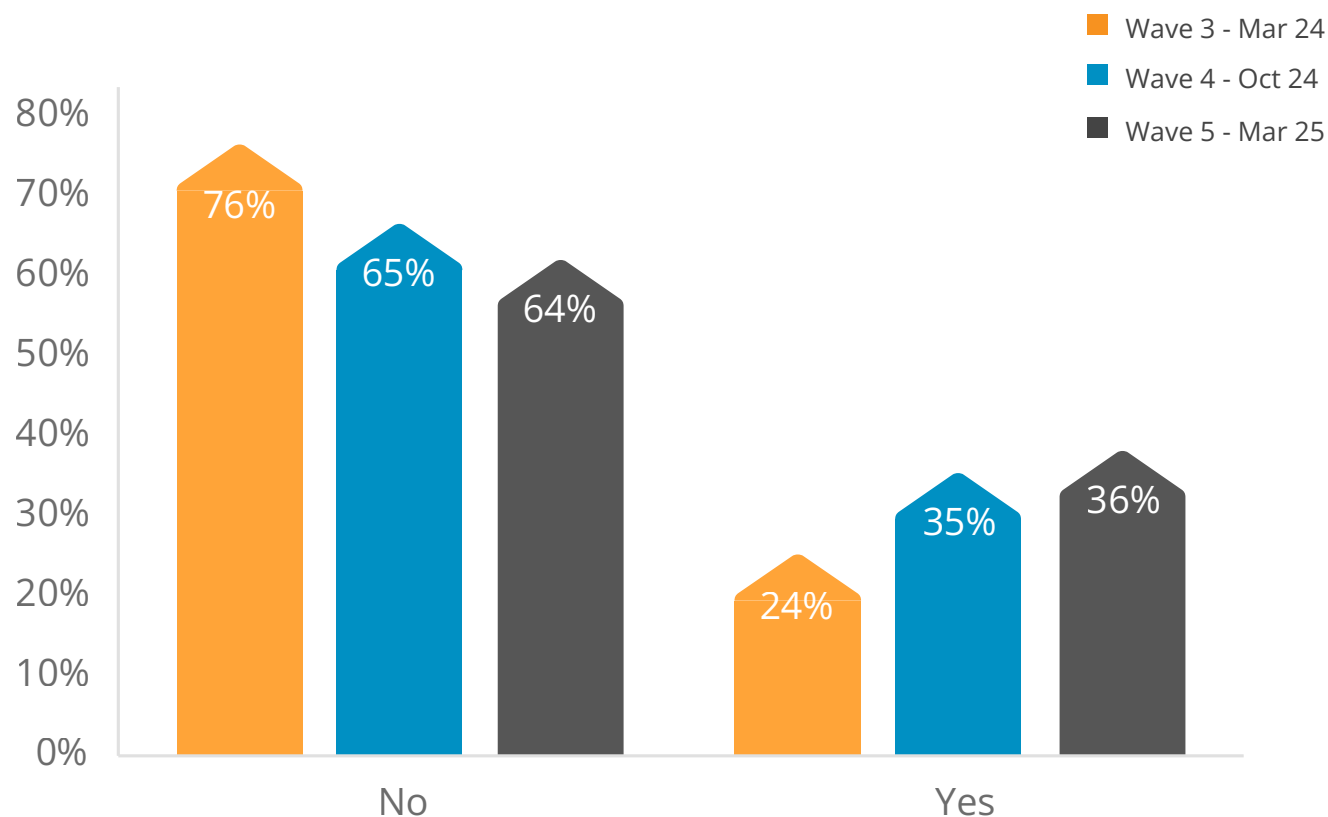
We asked tenants experiencing higher rents how this had affected them.



Non-movers

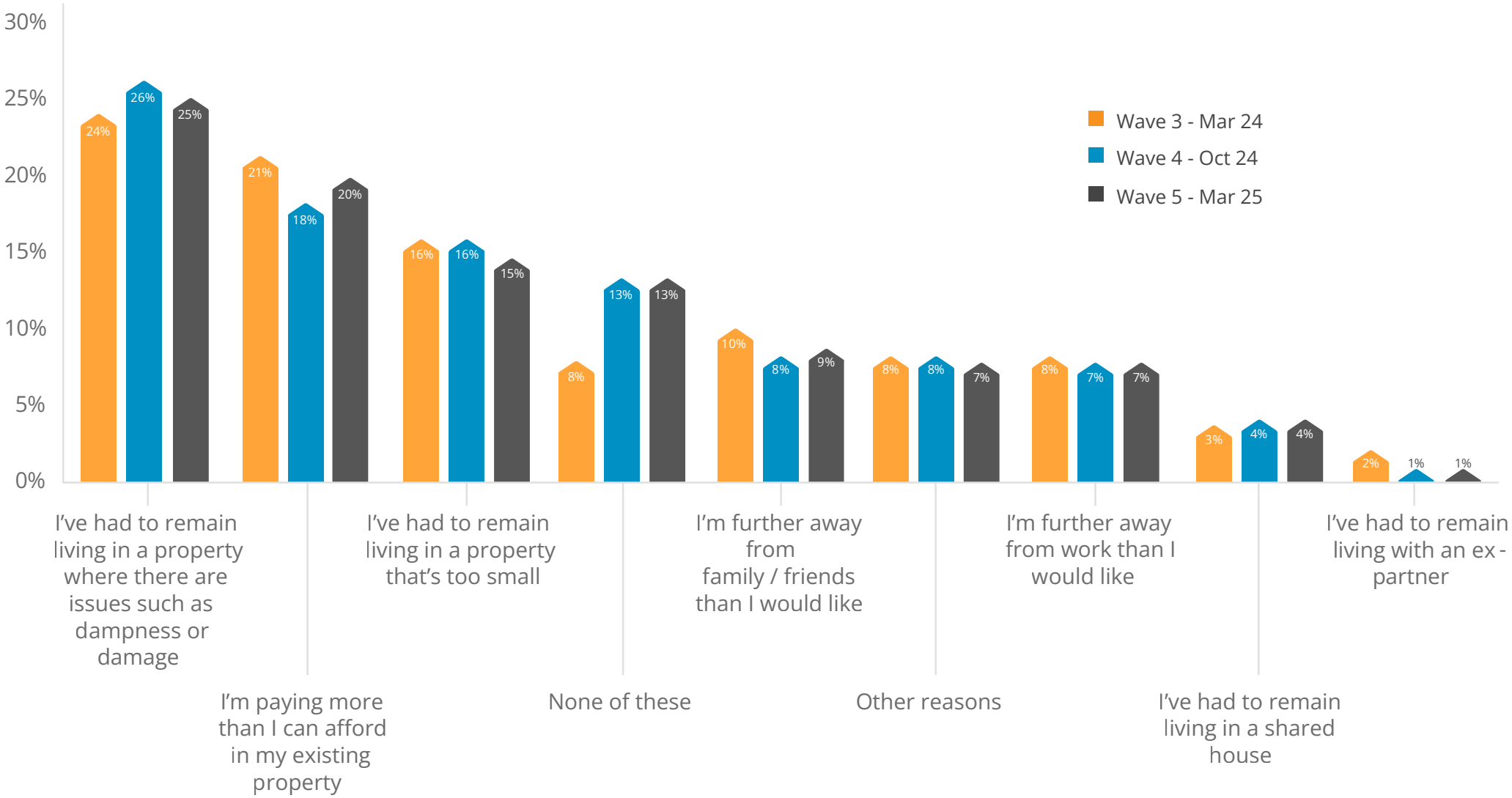
Tenants content to stay in current property vs those that wanted to move

If tenants told us they hadn't moved in the last six months, we asked them if they would have liked to.



Reasons tenants wanted to move

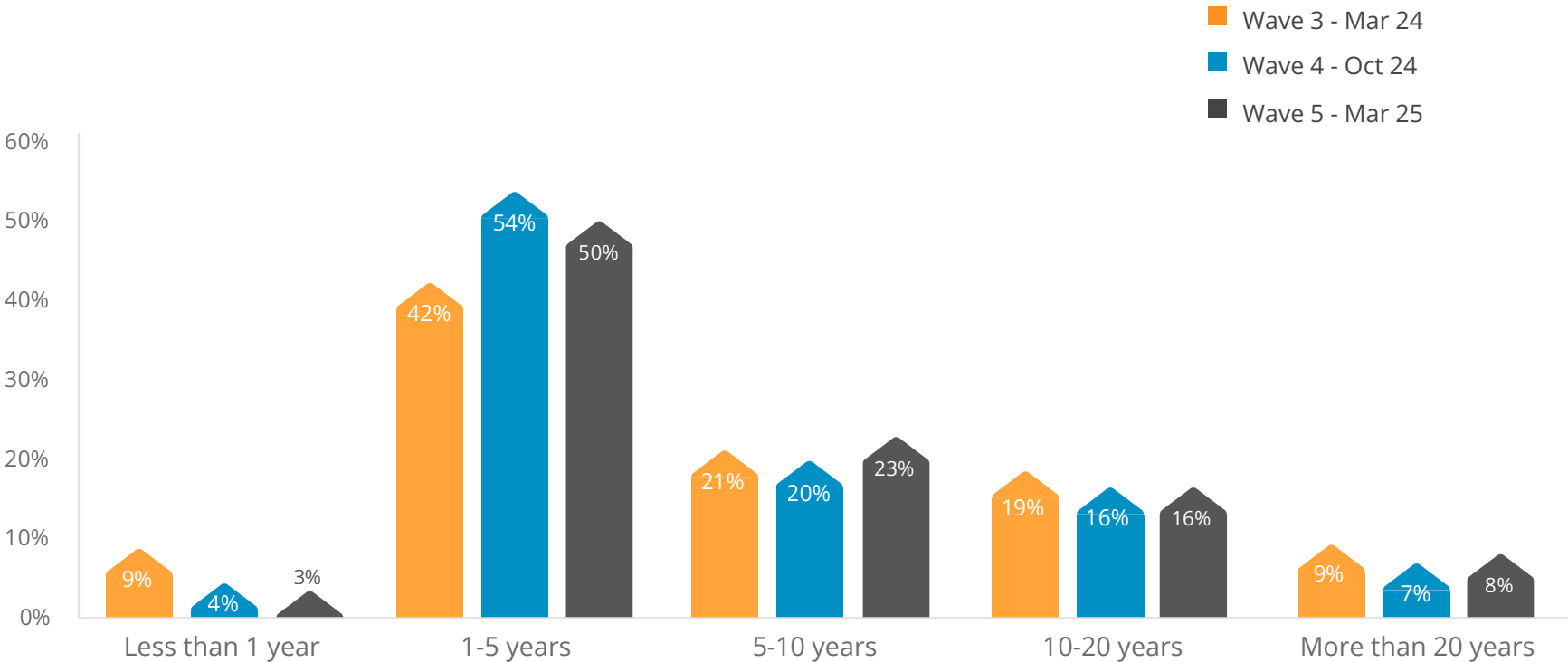
Where tenants told us they would have liked to move, we asked them why.



Demographics

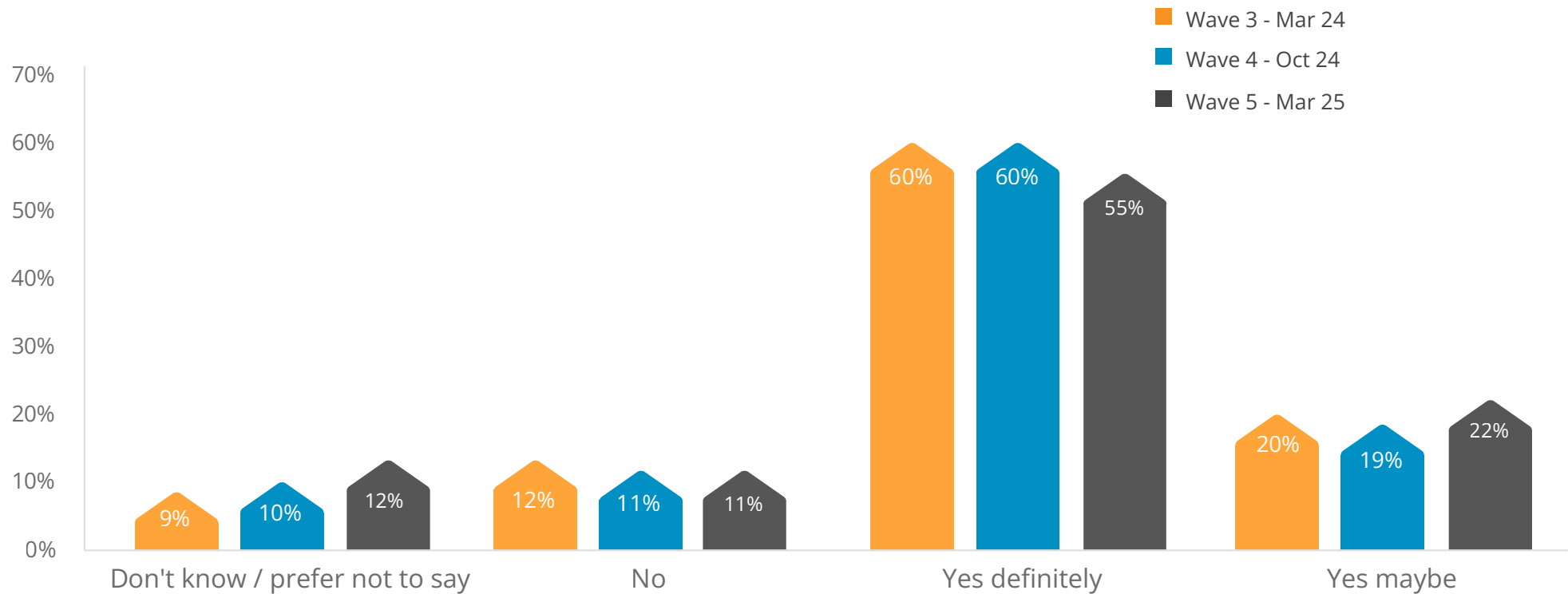
We asked tenants several demographic questions to understand more about the respondents and potentially identify any trends within groups.

Length of time tenant has spent as a renter

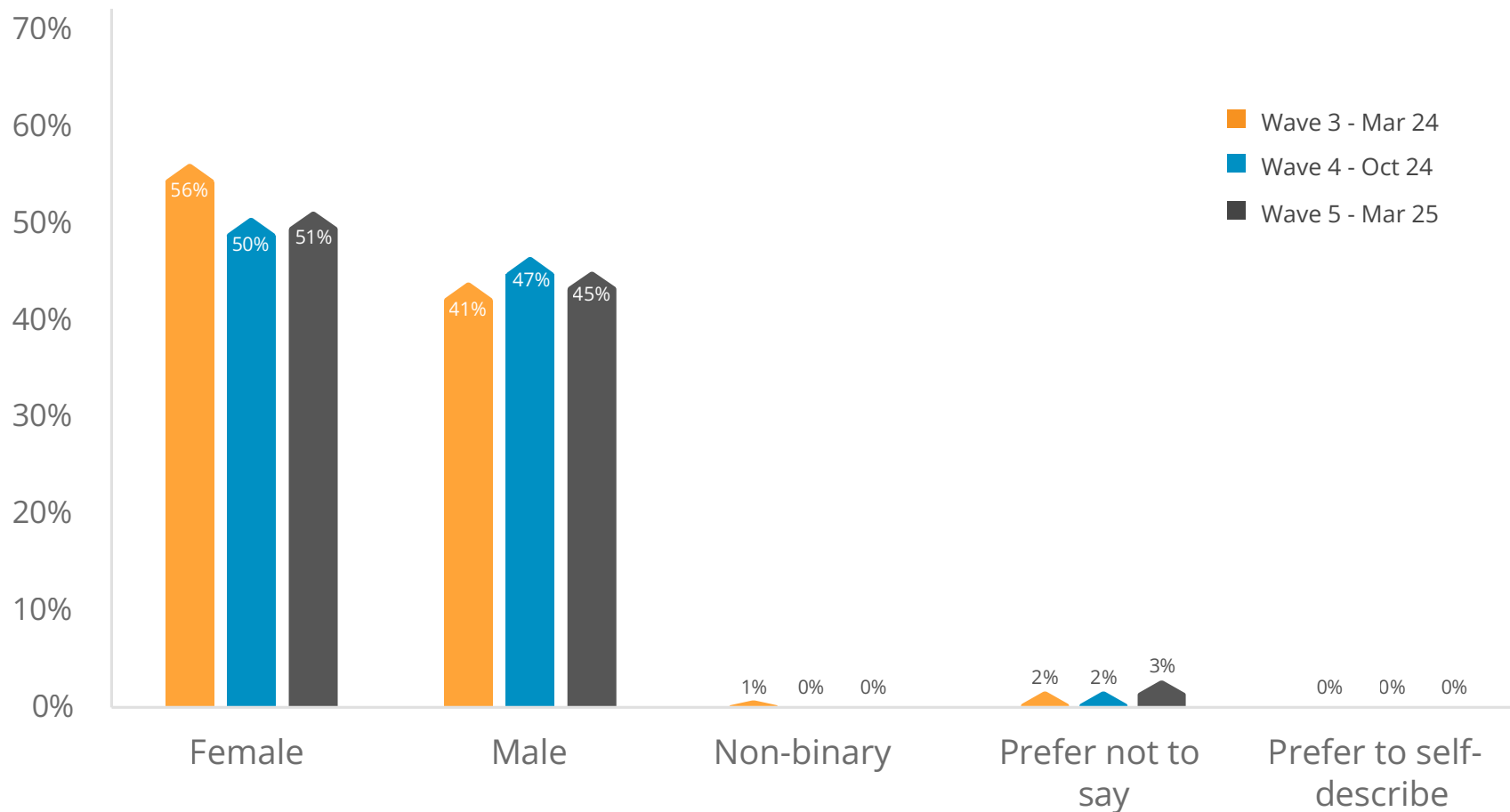


Tenant attitudes towards owning a home

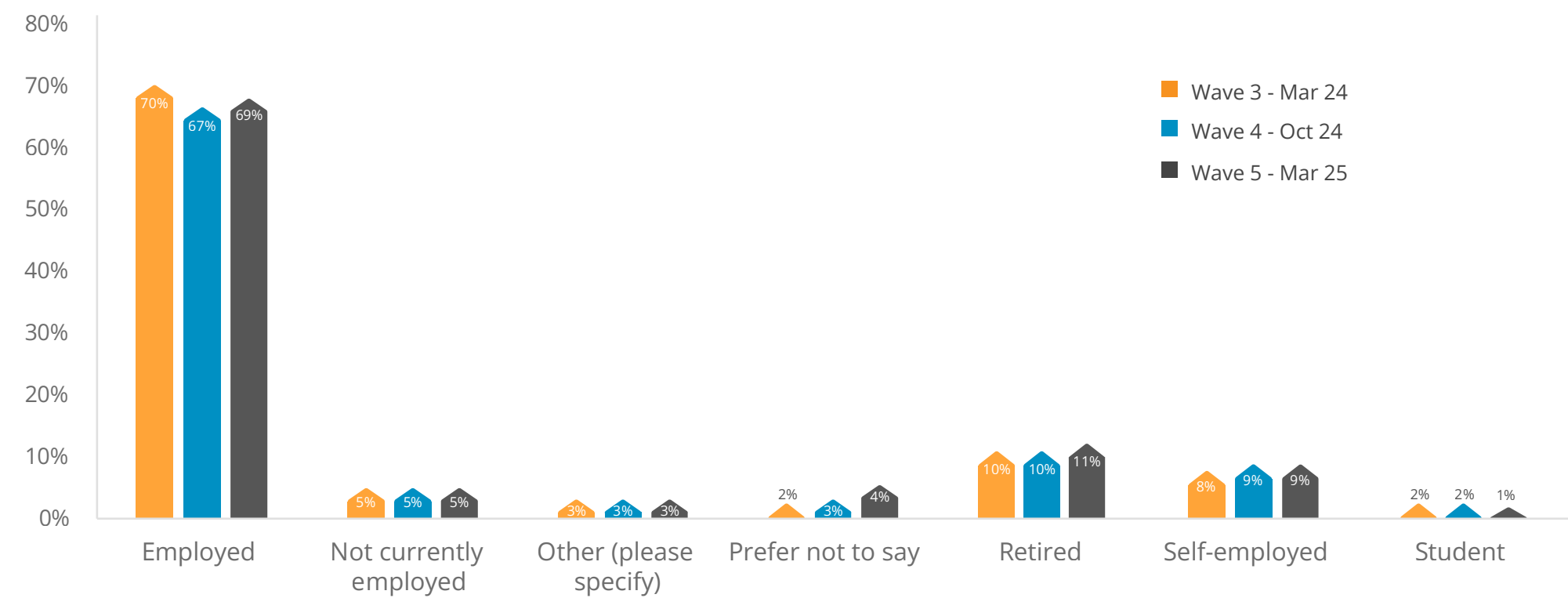
We asked all tenants if they were interested in owning their own home in the future.



Tenant gender

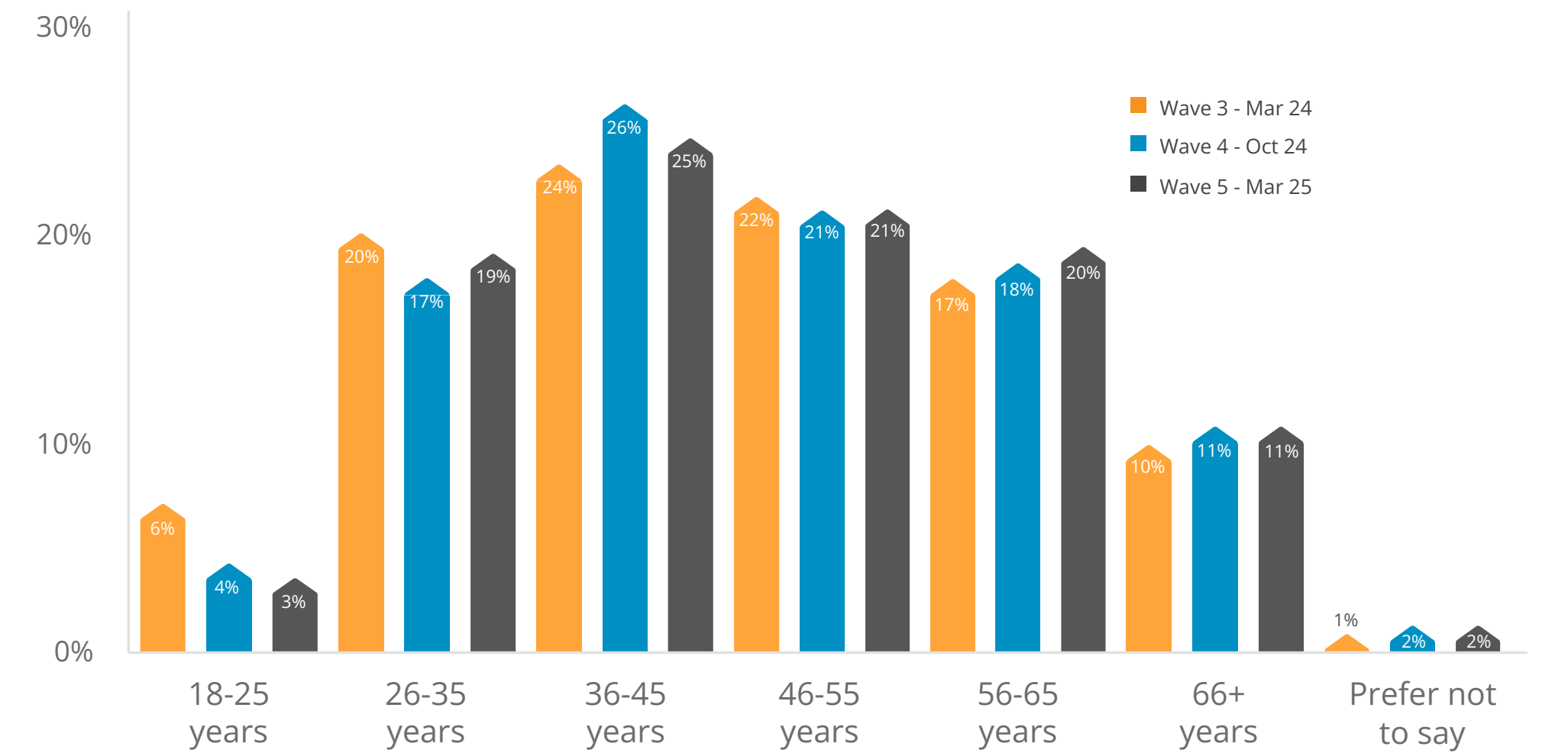


Tenant employment status



Tenant age range

This shows the percentage of renters in different age ranges. Consistently we see the highest percentages in the 36-45 and 46-55 brackets.



In **2007**, we launched The Deposit Protection Service (The DPS), the first Custodial Tenancy Deposit Protection Scheme. We've been **an integral part of the Private Rented Sector (PRS)** ever since.

The DPS supports **the needs of hundreds of thousands of landlords and millions of tenants**, providing a simple, easy-to-use service and a top-rated customer experience.

With **over 1.92m deposits under our protection**, we're the **largest provider of deposit protection services in England and Wales**. We're also the **top rated deposit protection scheme** for customer service on Trustpilot*.

*as of 15th July 2025

