



The Resolution Foundation Housing Outlook

Q2 2026

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Welcome to our latest Housing Outlook, launching a Resolution Foundation research programme on the future of the private rented sector (PRS).¹ The PRS has more than doubled in size since the turn of the century, and the people who live within it look very different today compared to those it housed in the early 2000s. As exiting the tenure has become more challenging over time, tenants have aged and often started families. Today, children are more likely to be living in the PRS than working-age adults. Getting policy right in this space is now more important than ever.

The growth of the PRS is a crucial part of Britain's living standards story: it is the most expensive, least secure, and worst quality of the mainstream tenures. Private renters pay more per square metre for their housing and face a higher housing cost burden than mortgagors or social renters. But the impact on living standards extends beyond household finances, private renters are more likely than owners or social renters to live in damp and energy-inefficient homes, and one-in-six (16 per cent) say their housing situation stops them confidently planning for the future. It is no surprise, then, that living in the PRS has been related to faster biological ageing.

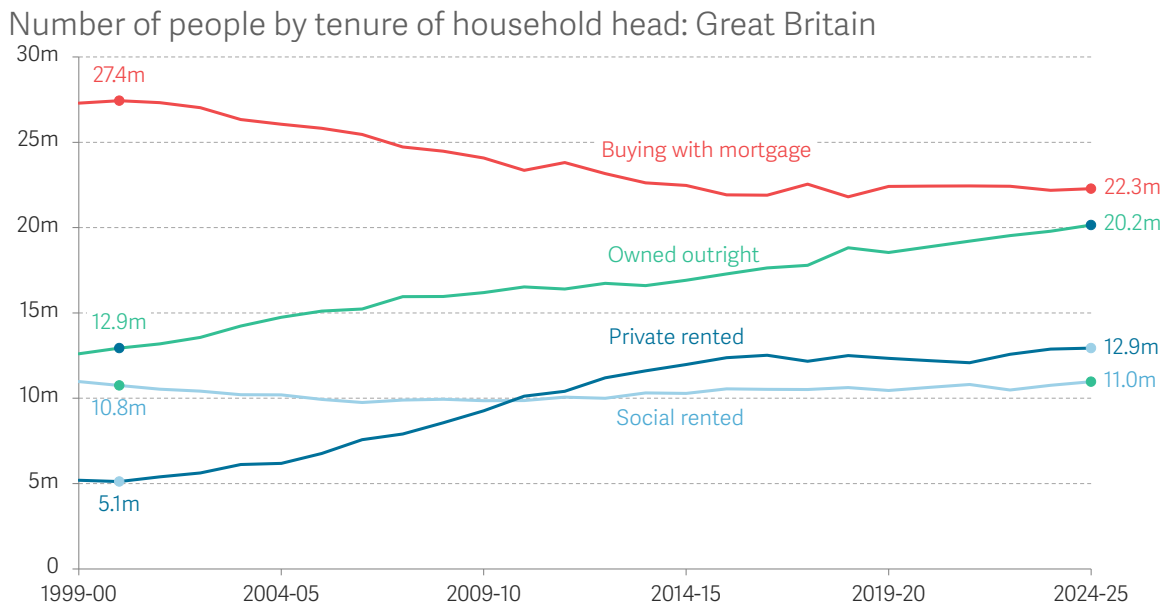
The Renters' Rights Act (RRA) 2025 in England is a significant and welcome step forward, providing meaningful protections in a market that has long operated with minimal regulation. But the RRA (2025) does nothing to address the financial pressure facing lower-income tenants. With Local Housing Allowance frozen in cash terms and the gap between the support available and actual rent levels approaching record highs, there is an urgent need for policy makers to seize the nettle and find a stable settlement for housing support for the poorest of tenants.

The private rented sector has more than doubled in size over the past 25 years

The private rented sector (PRS) has grown hugely since the early 2000s, a shift that has played a significant role in how living standards have changed in Britain over the last quarter century. In 2024-25, 12.9 million people (in 5.2 million households) lived in the PRS, more than double the number in 2000-01 when the figure stood at 5.1 million people (in 2.5 million households) (see Figure 1). The vast majority of this growth took place before 2015-16, when favourable tax and borrowing conditions for landlords, coupled with the large returns that could be made on residential property for those with the capital to invest, spurred supply of rental homes. Meanwhile, worsening affordability for capital-constrained first-time buyers and the flatlining stock of social rent homes boosted demand. Taken together, over this

period, the PRS has experienced an influx of households from all angles and it now contains one-fifth of the population (rising from 9 per cent of the population in 2000-01, to 20 per cent in 2024-25).

FIGURE 1: **8 million more people live in the private rented sector today than in the early 2000s**



SOURCE: RF analysis of DWP, Households Below Average Income accessed via StatXplore.

The private rented sector is likely to house a large number of people for the foreseeable future

Although the size of the PRS has stabilised since 2015, it is hard to see a scenario where it falls back to the levels we saw in the early 2000s as rapidly as it grew. Despite policy changes over the last decade that have increased the tax burden on landlords, there are no signs that the stock of private rented homes is shrinking.² In terms of demand, only a small minority of private renters are likely to move into sub-market housing: although in 2024-25 166,000 households in England moved into a subsidised unit from another tenure, and over the same period, the social housing waiting list increased by 10,000 to 1.34 million households. In a highly optimistic scenario, the Social and Affordable Homes programme coupled with private sector housebuilding could deliver an additional 84,000 affordable units in England a year.³ If all of those new units were allocated to people on the waiting list for the next decade, the list would still be half a million long.

It seems more likely that any net outflow from the PRS will be among private renters moving into owner occupation. But with the median house price 7.6 times the median salary in England, and low levels of savings among potential first-time buyers, this will remain a challenge for those without access to familial wealth. Even if the Government meets its target to build more homes and home ownership picks up, we can expect large numbers of people to be living in the PRS for a significant period of their lives. Indeed, the proportion of over-65s living in the PRS in Britain is projected to triple from 4 per cent in 2022 to 13 per cent in 2040.

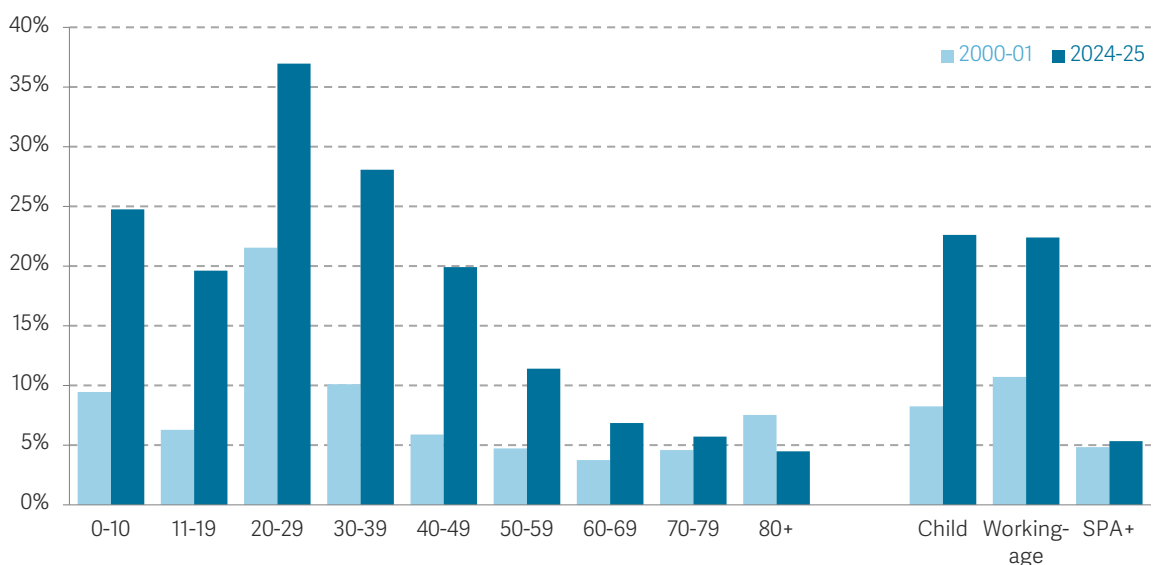
The private rented sector is increasingly a tenure of young families

Although the increase in the number of people in the PRS since the 2000s has been fairly even across the income distribution, there have been stark differences in the increase across the age distribution (see Figure 2). Even though people in their 20s remain the age group most likely to live in the PRS, the biggest percentage point increase in the proportion of people living in the PRS has been among those in their 30s: up from 10 per cent to 28 per cent between 2000-01 and 2024-25.

A recent Resolution Foundation report concluded that higher levels of private renting, and the costs and uncertainty associated with it, are likely to be contributing to the declining fertility rate in the UK. But while being a private tenant may cause some to delay having children or opt out completely, a growing number are not letting that hold them back: over a quarter (27 per cent) of under-1s live in the PRS.⁴ Figure 2 shows the scale of this shift. While fewer than one-in-ten under-11s lived in the PRS in 2000-01, by 2024-25 it was one-in-four. The number of children living in the private rented sector has tripled – from 1.1 million children in 2000-01 to 3.2 million in 2024-25. As a result, children are now more likely than adults to live in the tenure (23 per cent compared to 22 per cent).

FIGURE 2: A quarter of young children live in private rented housing

Proportion of people living in privately rented homes, by age group: GB/UK



NOTES: SPA+ is people over state pension age. The 11-19 group includes only dependent children. The 20-29 group includes adults aged under 20. Data is for Great Britain in 2000-01 and UK in 2024-25.

SOURCE: RF analysis of DWP, Households Below Average Income accessed via StatXplore.

So not only is the PRS much bigger than it was at the turn of the millennium, but the composition of the households living within it has also shifted over time and it now contains many more young families. This may explain why the average number of years private renters have lived in the same home has increased from 3.7 in 2010-11, to 4.7 in 2024-25. Private tenants still spend, on average, less time in a single home than social tenants (12.2 years) or mortgagors (8.9 years), but the PRS has become a less transient tenure than in the past, and increasingly one where many are having and then raising children.

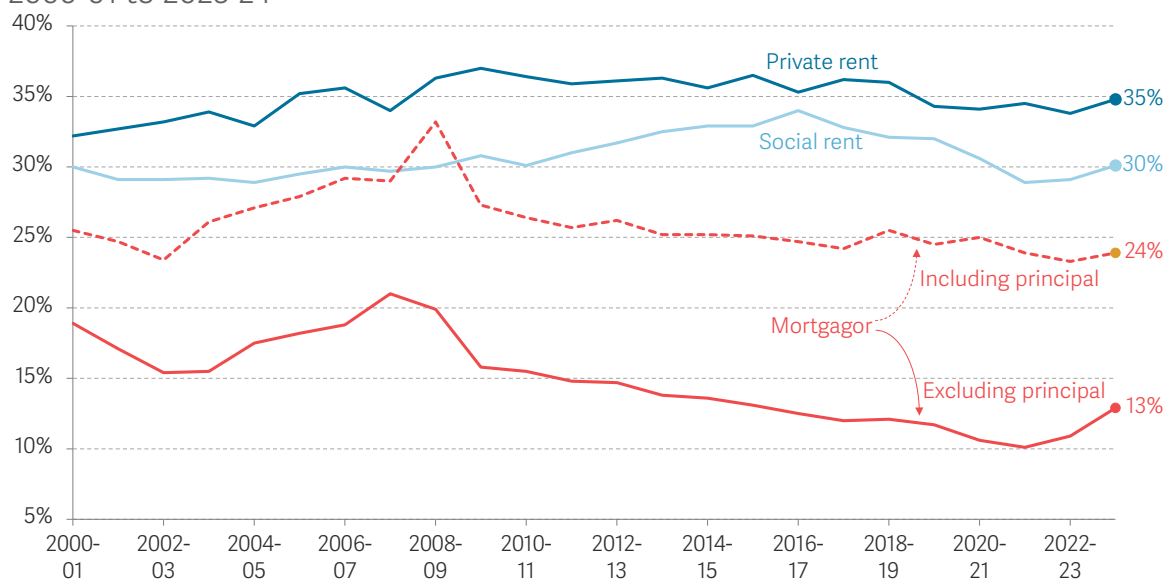
Private tenants spend a higher share of their income on housing than owners or social renters

With more people living in the PRS, what does this mean for living standards? The most obvious and direct way that housing affects living standards is the bite that rent and mortgage payments takes out of people’s income. It will not come as a surprise that private renters spend a larger share of their income on housing costs than mortgagors or social renters. But it may surprise readers that the burden of housing costs on private tenants has remained broadly stable since the 2000s (Figure 3).

Private renters in the UK spend on average 35 per cent of their income on housing costs, consistently above the (widely used) 30 per cent affordability ratio.⁵ While the housing cost burden has remained high for private tenants, housing costs relative to incomes for mortgagors have dropped during the 2010s thanks to lower interest rates.

FIGURE 3: On average, private renters consistently spend over a third of their income on housing

Average proportion of net income spent on housing costs, by tenure: GB, 2000-01 to 2023-24



NOTES: Income includes benefits such as Housing Benefit and the housing element of Universal Credit. Housing costs often do not include the principal component of mortgage payments as, in contrast to the interest paid on a mortgage, it is not a payment for housing services but instead a form of wealth accumulation. Here we have shown housing costs with and without principal repayment. SOURCE: RF analysis of DWP, Households Below Average Income and Family Resources Survey.

The fact that there are many more people today living in the tenure with the highest housing cost burden has had a profound impact on the living standards story in the UK. The impact that rent has on disposable income is particularly severe for those on lower incomes who receive help towards their rent through the benefit system. The amount of support families can access via Local Housing Allowance (LHA) has been frozen since April 2024 (when it was pegged to the 30th percentile rent level a year earlier). This rebasing took place during a period of rapid rent inflation, which has only recently slowed down so, even though support

was increased just two years ago, the average gap between the help available and the actual 30th percentile level will soon reach record levels. This is an increasingly untenable position given the impact it is having on child poverty.

Private renters pay more per square metre than those living in any other tenure, but get less for their money in return

The PRS also offers poor value for money. Figure 4 presents a scorecard of indicators relating to cost, space and quality of different tenures in England. Across all these metrics except overcrowding, the PRS performs worse than social rent or mortgaged homes.

To begin, private renters spend more per square metre on their housing and have less space per person overall than those living in other tenures. They are also more likely to live in damp and energy-inefficient homes. This has an impact on both the income aspect of living standards (as households spend more to keep their homes warm) and on health outcomes. Living in inadequate housing is associated with increased risk of cardiovascular and respiratory diseases, and mental health conditions.

FIGURE 4: **Pay more, get less: the PRS is the worst performing tenure on cost and quality**

PRS scorecard: England, latest available data

		Mortgagor	Social rent	Private rent
Cost	Share of income spent on rent/mortgage	● 19%	● 28%	● 34%
	Monthly cost per square metre	● £8.39	● £7.72	● £13.47
Space	Square metres per person	● 40	● 36	● 31
	Overcrowding	● 1%	● 9%	● 6%
Quality	Share of homes with damp	● 4%	● 7%	● 10%
	Share of homes that are energy efficient	● 57%	● 72%	● 49%

NOTES: Data on proportion of income spent on rent/mortgage is an average for 2024-25. Data on overcrowding is for 2024-25. Data on damp problems is for 2024. Data on cost per square metre and square metres per person is for 2023 and the statistics are the median. "Energy efficient" homes are those with an EPC rating of A to C and the data is for 2023.

SOURCE: RF analysis of MHCLG, English Housing Survey.

However, there is some hope on the horizon, as the Renters' Rights Act (RRA) 2025 could usher in improvements to the quality of rented homes in England.⁶ Subject to consultation, PRS homes will be required to be energy efficient by 2030 and meet a new Decent Homes Standard in the mid-to-late 2030s. This is an ambitious target: currently, 2.3 million PRS homes in England do not meet the EPC C+ required by 2030 (47 per cent of the stock).⁷ Meeting this requirement will pose a reasonable outlay for affected landlords: the typical cost of improving a private rented dwelling to EPC C is £9,000, equivalent to 75 per cent of

the median annual rental income of landlords with one property.⁸ But owning a property with a higher EPC rating will increase their asset wealth.

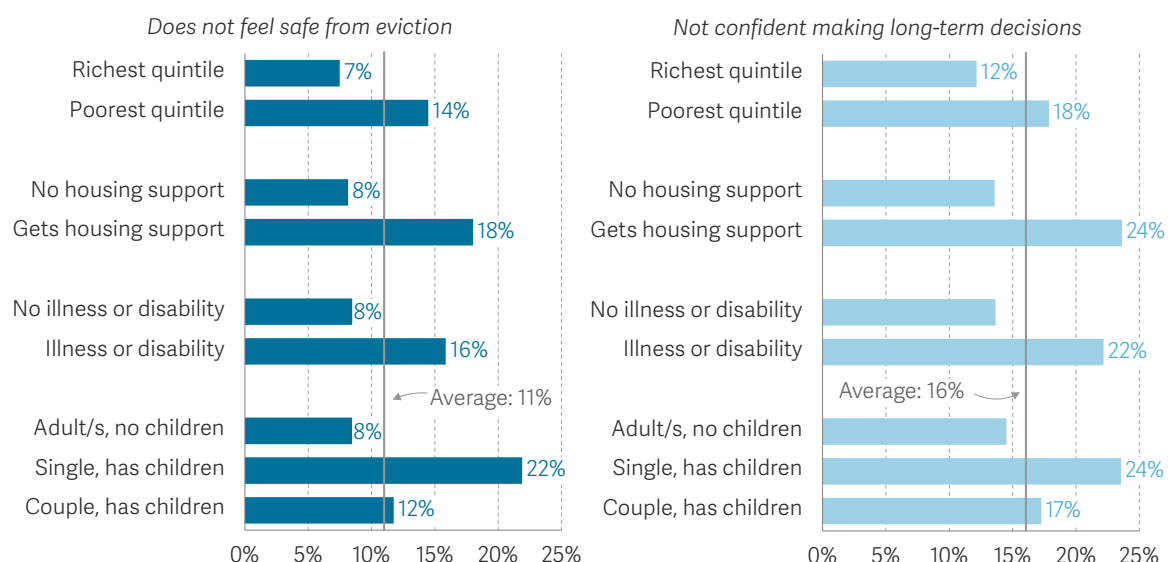
It is possible that landlords operating at narrow margins may decide to exit the tenure, but large-scale exits seem unlikely (and did not occur after previous energy efficiency regulations were introduced).

Single parents, disabled people and those on benefits find the PRS especially insecure

Another feature of the PRS is the flexibility it offers, making it ideal for people who do not want to commit to a place or payments in the longer term. The flip side of this flexibility is insecurity. On the whole, most private renters feel settled in their accommodation. However, in 2022-23, one-in-six private renting households in England (16 per cent) said that their housing situation was not secure enough to feel confident making long-term decisions (see Figure 5). There are much higher levels of uncertainty among particular groups such as those receiving Universal Credit or Housing Benefit and single-parent families (both at 24 per cent) and people with disabilities (at 22 per cent). Similarly, one-in-ten private renters (11 per cent) were fearful of eviction, with rates much higher for single-parent families (22 per cent), and those receiving Universal Credit or Housing Benefit (18 per cent).

FIGURE 5: Single-parent renters and those receiving housing support are much more likely to lack confidence about making long-term decisions

Proportion of private renter households feeling insecure in their housing situation by various characteristics: England, 2022-23



NOTES: 'Not confident making long-term decisions' shows the proportion of households who disagreed with the statement "My housing situation is secure enough for me to feel confident making long-term decisions about my life". 'Does not feel safe from eviction' shows the proportion of households who disagreed with the statement "I currently feel safe from eviction".

SOURCE: MHCLG, English Housing Survey 2022 to 2023: security of tenure - fact sheet.

So, are these feelings of insecurity justified? A majority of private renters (63 per cent) in England left their previous tenancy because they wanted to, but evictions are far from

rare and have become much more widespread. In 2024-25, one-in-seven renters (14 per cent) in England moved home because they were asked to do so by their letting agency or landlord, up from one-in-twelve (8 per cent) in 2019-20. Data on people using Citizens Advice also indicates that evictions have become more common. The rate of people seeking their help having been served a Section 21 (no-fault) eviction notice surged after the pandemic, settling at a rate five times higher than it was in 2019. In light of these trends, it is unsurprising that feelings of insecurity among private renters are as high as they are. The banning of Section 21 evictions in England from May 2026 as part of the RRA (2025) is a very timely intervention indeed.⁹

The Renters' Rights Act may be a significant step forward, but it is far from job done

The PRS has fundamentally changed over the past 25 years: critically, it is now home to a growing proportion of young families many of whom likely have little prospect of moving to another tenure. The good news is that the majority (81 per cent) of private renters report being satisfied with their accommodation and most (66 per cent) are satisfied with their tenure.

But the growth in the PRS still has profound implications for living standards. Not only is the PRS the most expensive and poorest value-for-money tenure, living with the fundamental insecurity of the PRS makes it harder to plan for the future, and it can have a negative impact on health. Research has found that living in the PRS is related to faster biological ageing with tenants ageing by an additional 2.5 weeks per year – more than that seen among those who are unemployed (1.5 weeks per year).

The RRA (2025) places guardrails in a largely unregulated market in England; abolishing no-fault evictions and introducing minimum energy efficiency and quality standards will offer meaningful improvement for tenants. But the Act cannot address everything. With LHA frozen and the gap between support and actual rents approaching record levels, lower-income tenants remain highly exposed to rent increases and action to address this is becoming increasingly urgent.

With the PRS set to remain a major tenure for the foreseeable future and the first home of one-in-four babies, the stakes for getting policy right in this area are high. Consequently, over the next year we will be undertaking a research programme on the PRS to identify the policies needed to transform it into a tenure that enhances rather than undermines living standards.

¹ With thanks to colleagues Lindsay Judge and Mike Brewer for their insights and expertise. Data citations: Department for Work and Pensions, NatCen Social Research. (2021). Family Resources Survey. [data series]. 4th Release. UK Data Service. SN: 200017, DOI: <http://doi.org/10.5255/UKDA-Series-200017>. Department for Work and Pensions. (2021). Households Below Average Income. [data series]. 3rd Release. UK Data Service. SN: 2000022, DOI: <http://doi.org/10.5255/UKDA-Series-2000022>. Ministry of Housing, Communities and Local Government. (2019). English Housing Survey. [data series]. 4th Release. UK Data Service. SN: 200010, DOI: <http://doi.org/10.5255/UKDA-Series-200010>.

² The most notable example being the phasing out of tax relief that buy-to-let landlords were entitled to claim on their mortgage interest by 2020.

³ This calculation assumes that the Social and Affordable Home Programmes delivers 30,000 a year and the private sector delivers another 54,000 a year (equivalent to 20 per cent of a 270,000 units, the number of additional dwellings would be built in England annually if the Government met its 1.5 million net additional dwellings target minus the contribution from the Social and Affordable Home Programme).

⁴ RF analysis of DWP, Households Below Average Income 2021/22 to 2023/24

⁵ Income includes benefits such as Housing Benefit and the housing element of Universal Credit.

⁶ The same energy efficiency standards for the PRS in England will also apply in Wales. The Scottish Government has proposed regulations that would require all privately rented properties to reach EPC Heat Retention Rating Band C from 2028 for new tenancies, and by 2033 for all privately rented homes.

⁷ Accounting for the small number of properties deemed unable to reach EPC C+ and exempt from the requirement.

Source: RF analysis of MHCLG, English Housing Survey, Headline Report Chapter 2 Energy Efficiency Annex Tables, 2024-25

⁸ The median rental income of landlords with one property is £12,000 a year. Source: RF analysis of MHCLG, English Housing Survey, Headline Report Chapter 2 Energy Efficiency Annex Tables, 2024-25 and MHCLG, English Private Landlord Survey, Chapter 2 Annex Tables, 2024.

⁹ No-fault evictions have been abolished in Scotland under the Private Housing (Tenancies) (Scotland) Act 2016, which came into force on 1 December 2017. Wales has not abolished no-fault evictions but has reformed them under the Renting Homes (Wales) Act 2016 (in force from 1 December 2022), which replaced Section 21 notices with Section 173 notices requiring a minimum six months' notice and prohibiting their use within the first six months of a tenancy — effectively giving tenants at least 12 months' security from the start of a contract.