



REPORT

HOUSING

Rebalancing the housing market through tax reform

Tax reforms introduced in 2016 marked a decisive shift in housing policy, reducing landlord demand and freeing up homes for first-time buyers (FTBs).

Published on: 11 September 2025

Written by: Joseph Elliott, Darren Baxter

Reading time: 39 minutes

Executive summary

A recent, though relatively under-discussed, aspect of housing policy has been the use of the tax system to dissuade buy-to-let acquisitions and, in doing so, boost the position of first-time buyers (FTBs).

These reforms helped level the playing field between landlords and owner-occupiers and contributed to helping more than a million households accessing homeownership. At the same time, concerns about potential downsides to renters – namely the risk of higher rents and reduced affordability – have not materialised.

Several reforms introduced since 2016 have focused on strengthening the position of FTBs, recognising that landlords with ready access to borrowing and capital have been able to out-compete residential buyers and drive up prices.

Unsurprisingly, this approach has proved unpopular with landlords and their lobbyists, who have argued that such policies have led to an ‘exodus’ of landlords, causing pressure on renters as they compete for fewer homes (Property118, 2024).

This rhetoric has worsened as interest rates surged following the mini-budget of September 2022. Higher borrowing costs for landlords weakened the buy-to-let model and sparked much

coverage of, and concern about, the financial position of landlords and their willingness to remain in the tenure.

Despite these simple – and often compelling – narratives, the actual impact of fiscal reform on home purchases into the private rented sector (PRS) is less clear and has been subjected to limited analysis. Nor has analysis meaningfully considered what happens to renters when rates of home purchases into, or the overall stock of homes in, the PRS contracts.

This report seeks to plug this gap with new analysis. We begin by examining how these reforms have altered the behaviour of landlords and the dynamics of the PRS. We then consider the implications for tenants, looking at rents and affordability, housing availability and household formation, and the risk of homelessness. We find that:

- fiscal reform has successfully dampened demand from private landlords, driving down home purchases into the PRS and flatlining the size of the sector
- reduced demand from private landlord purchases has benefited residential buyers, particularly FTBs – there are now around 1 million more owner-occupiers than if the trend which preceded the 2016 reforms had been followed, many of whom would have otherwise been living in the PRS
- this has happened with little negative impact on the renters who remain in the PRS, and those impacts that exist can – and should – be managed by policy and regulatory

interventions.

This leads us to conclude that these tax changes, in combination with wider support for FTBs, have had a significant, positive impact on FTBs, and affirms that tax strategies designed to rebalance who has power in the housing market, and with it who owns homes, are viable strategies to pursue. These are important lessons for the Government to learn if it is to meet its goal of supporting more households into homeownership.

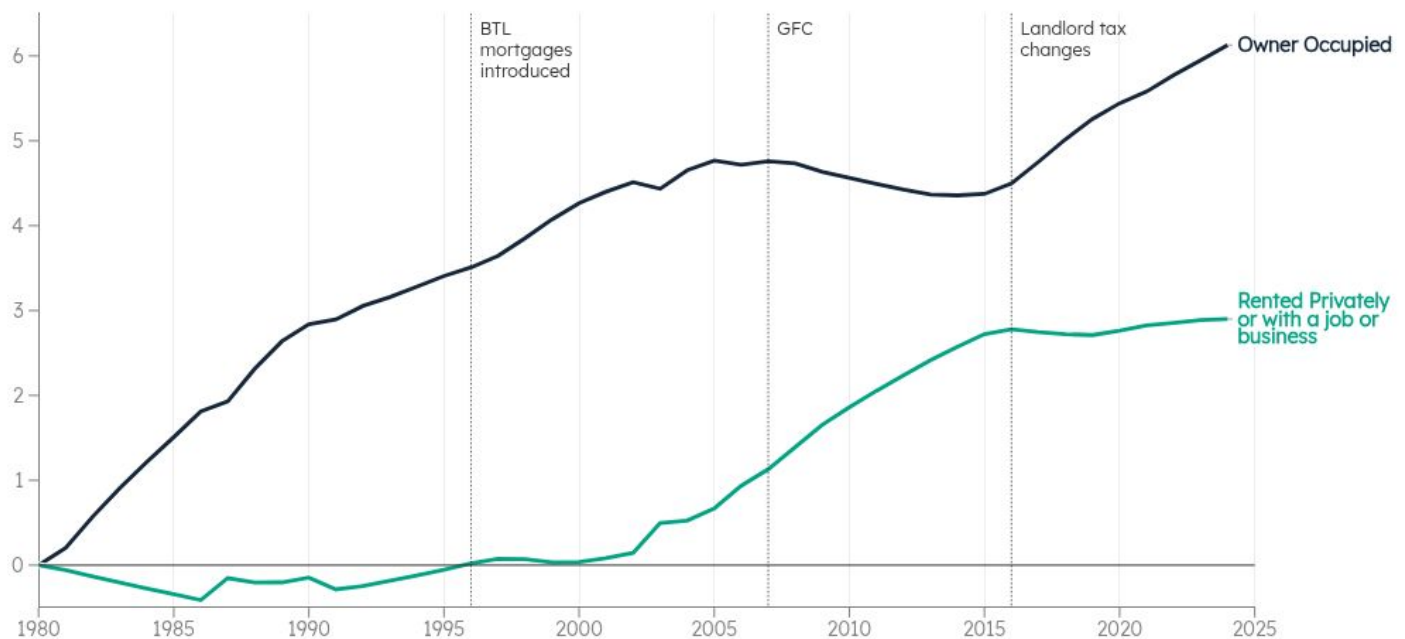
1. Introduction

Tax, borrowing and regulations drove rapid expansion of PRS

The PRS expanded substantially through the 2000s and early 2010s, more than doubling from 2.1 million homes in 2000 to around 4.8 million by 2015.

Figure 1: The private rented sector expanded by 2.7 million homes between 2000 and 2015, and has held relatively constant in size since then

Cumulative change in number of dwellings by tenure since 1980, England, millions



Source: Dwelling Stock Live Table 104, MHCLG, 2024

The expansion of the sector was enabled by a low tax, low regulation and low-interest rate environment and supported by access to credit through buy-to-let mortgages (UK Finance, 2024). These conditions encouraged small-scale, amateur investors to buy and let out properties, largely motivated by using buy-to-let as a savings vehicle and to generate income. English Private Landlord Survey data shows that around 43% of landlords owned just one property and a further 39% owned between 2 and 4. Over 42% said they became a landlord to contribute to their pension and 42% cited a preference to invest in property (together the most cited reasons), followed by over a third who said they became a landlord to supplement income.

This appetite for investment and the growth of the PRS turned many would-be owners into a ready supply of potential tenants, as landlords outcompeted would-be owner-occupiers for access to ownership of properties. House price growth outstripped earnings growth, hurting affordability for owner-occupiers as required deposits also rose further than many household incomes and mortgage lending rules were tightened following the global financial crisis (GFC). Moreover, more demand for housing was pushed to the private rental sector as the supply of social housing stock dwindled.

The growth in the number of households living in the PRS, and with it the increasing numbers living in the tenure for longer, raising children and retiring in homes rented from private landlords, has driven political and policy concerns. Regulation has not kept pace with the

growth of the PRS. As a result, a growing number of tenants have ended up exposed to insecure, low-quality and high-cost housing. This has led to a consensus that action is needed to ensure greater security, quality and protection for tenants.

Several piecemeal reforms targeting quality and security in the PRS took place over the 2010s, culminating in the introduction of the Renters Rights Bill (formerly Renters (Reform) Bill) in 2024, which is currently progressing through Parliament. This bill will serve as a more fundamental reform of the tenure system and includes ending no-fault evictions and implementing tougher minimum decency standards.

Tax regime shift since 2016, more pressure on landlords

Alongside these reforms to the PRS itself, there has been growing acknowledgement that the conditions which have enabled the growth of the PRS are also those which have locked many households in it and out of homeownership. In particular, a favourable tax environment combined with an ability to borrow on rents, not incomes (and therefore borrow higher amounts) has allowed landlords to outcompete would-be FTBs. This has in turn inflated house prices further (Grayston et al., 2024).

This led the Government to argue in 2015 that the current tax system ‘supports landlords over and above ordinary homeowners’ (HM Treasury, 2015a), before it announced 2 reforms

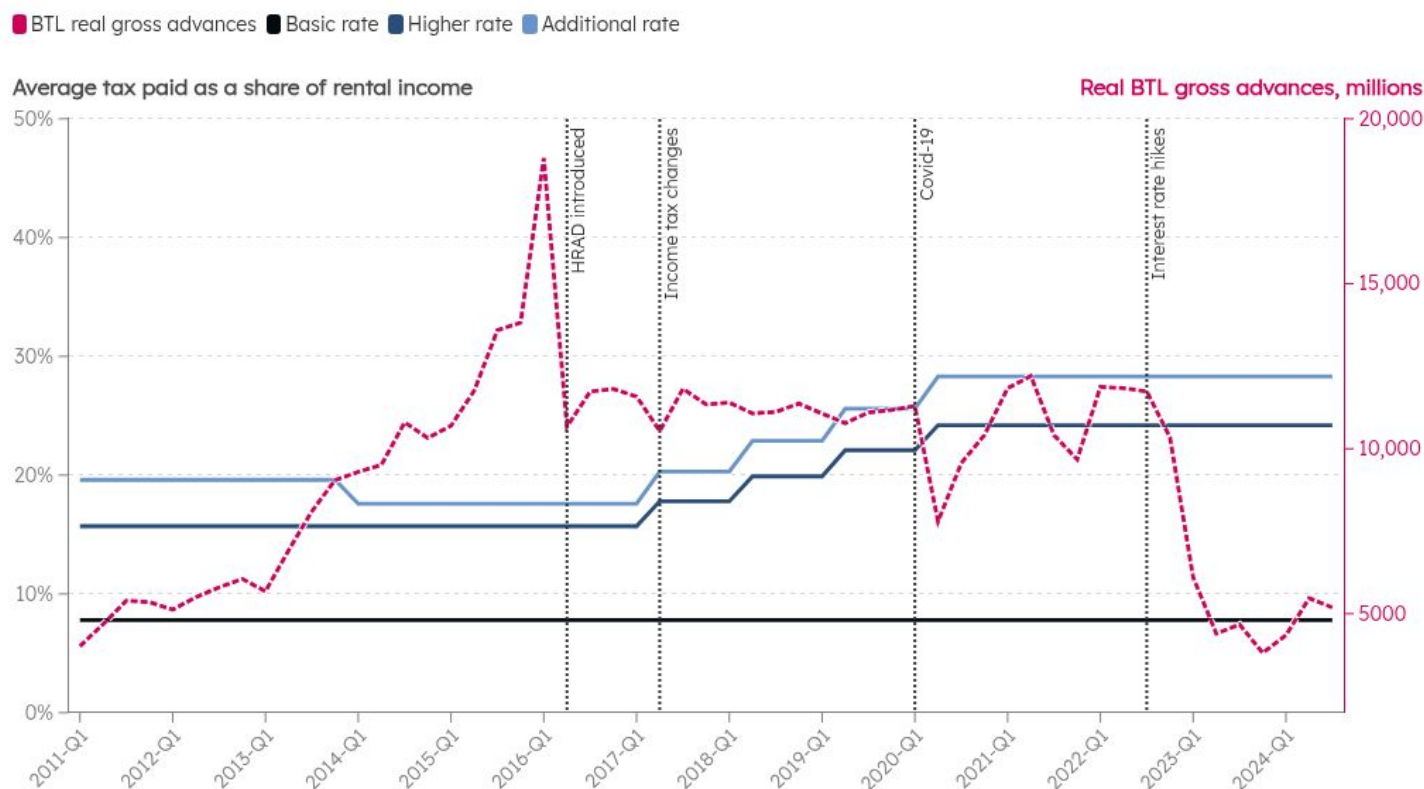
designed to boost the position of FTBs.

First, the 2015 Summer Budget announced that relief for mortgage interest for individual landlords, which had previously allowed landlords to deduct interest payments from their income tax liability, would be restricted to the basic rate of income tax, to be phased in over 4 years from 2017 (HM Treasury, 2015a). It was replaced with a mortgage interest tax relief at 20%.

This mortgage interest tax credit effectively meant basic rate payers were not impacted by the changes unless they were on the verge of the higher rate thresholds and pulled by the changes into the higher bracket.

Figure 2 illustrates the impact on landlords in different tax brackets using average rents, property values, a constant mortgage interest rate and reasonable assumptions about management and maintenance costs. In this example, higher and additional rate taxpayers could expect to see the share of gross rental income paid in tax increase by around 10 percentage points.

Figure 2: Removing the deductibility of mortgage interest from individual private landlord income tax liability has increased the average share of gross rental incomes spent on tax for higher and additional rate tax payers



Source: [Mortgage Lending and Administration Return \(MLAR, FCA, Consumer Price Index with OO housing costs \(CPIH\), ONS](#)
See methodology note for detail on tax calculations. Modelling uses average rents for England, with normative assumptions on maintenance costs and using a fixed interest rate.

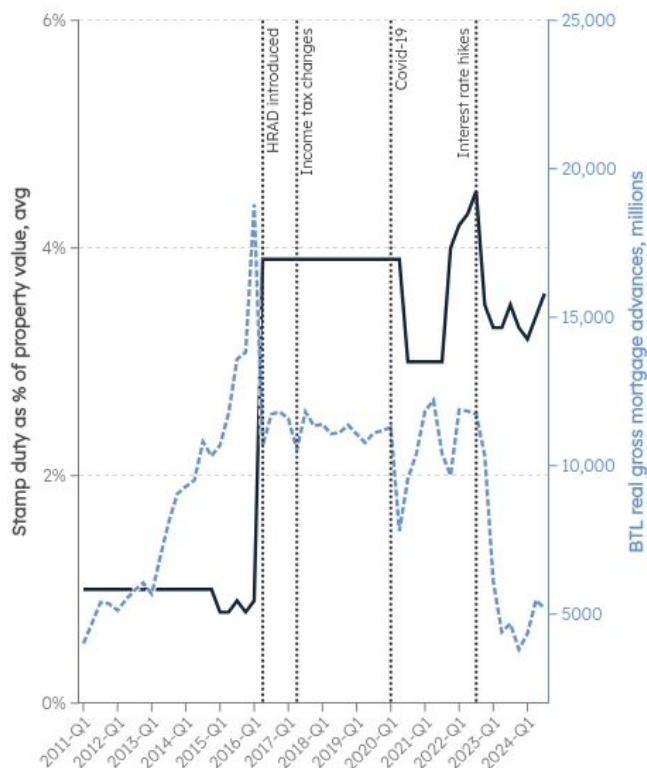
At a reasonable estimate, around a fifth of individual landlords have been affected by these income tax changes. In 2019/20, there were 660,000 higher or additional rate-paying individual landlords who declared income from letting properties, around 30% of individual landlords declaring income to HMRC (Treasury, 2021). Approximately 60% of landlords owned their rental properties with some form of borrowing, 42% with a buy-to-let interest-only

mortgage and 14% with a repayment buy-to-let mortgage; 40% owned outright with no borrowing or debt (ELPS, 2024). If we assume that trends in ownership map onto landlord composition across income tax brackets, we could expect to see around 400,000 individual private landlords in higher or additional tax brackets owning their property with a mortgage.

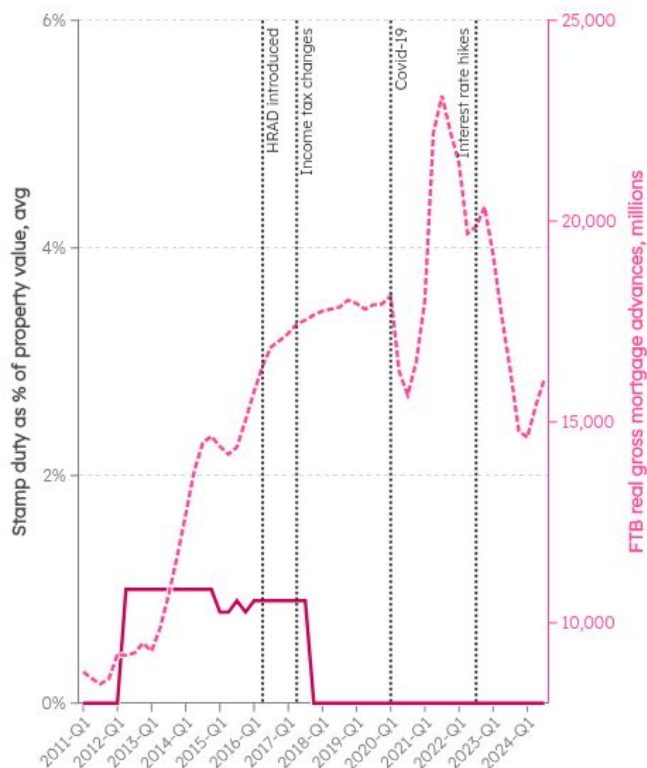
Second, these changes to income tax arrangements were followed up in the 2015 Spending Review and Autumn Statement with an announcement that a 3% Higher Rate of Additional Duty (HRAD) on Stamp Duty Land Tax (SDLT) for additional properties, including properties bought to let out, would be introduced (HM Treasury, 2015b). This became effective on 1 April 2016. We estimate that this change will have increased the average amount of SDLT on a typical landlord purchase from £2,000 before the change to £8,500 after the change, a 325% increase (note here we have used first-time buyer property prices to approximate the price points at which an average landlord is likely to acquire property).

Figure 3: Buy-to-let mortgage borrowing flat lined following the introduction of the Stamp Duty Higher Rate for Additional Dwellings

Buy-to-let



First time buyer



Source: [Mortgage Lending and Administration Return, FCA](#), CPIH series, ONS

First Time Buyer numbers are four-quarters-to-quarter averages to dampen seasonal effects. Buy-to-let are maintained as actual quarterly series. Prices are adjusted by CPIH. See methodology note for stamp duty as a share of purchase price calculations.

Reforms closed short-let tax advantages, increased stamp duty for additional properties

Recent budgets have intensified the trajectory of tightening tax policy on landlords. The 2024 Budget, the last fiscal event of the previous government, removed the preferential tax treatment on the owners of furnished holiday lets, including the ability to deduct borrowing costs from income tax, and abolished the multiple purchase relief on SDLT. It also reduced the rate of Capital Gains Tax on the disposal of properties (HM Treasury, 2025), a move explicitly framed in budget documents as aiming to ‘boost the availability of housing by encouraging residential disposals’.

More recently, in the 2025 Budget, the Chancellor announced that the HRAD would increase to 5%, a notable uplift in the rate of SDLT that purchasers of additional property will have to pay.

Collectively, these factors have led landlords and their lobbyists to claim that they face a ‘hostile environment’, leading to ‘an exodus of landlords’ that is causing scarcity and which is having significant impacts on tenants, such as driving up rents and causing homelessness. These claims are then often accompanied by calls for ‘pro-supply’ policies – usually a repeal of the post-2016 tax changes (NRLA, 2023).

Recently, these calls have become more vocal, as plans to reform the PRS have progressed and the low-interest rate environment that accompanied the growth of the PRS has ended, with rates spiking following the mini-budget of September 2022 and remaining at higher levels than have been the recent norm.

Real impact of tax changes is understudied

Despite these simple – and often compelling – narratives from landlords and their lobbyists, the actual impact of fiscal reform on purchases into the PRS has been subjected to limited analysis.

This is what we are testing in this report. In doing so, we want to explore 3 questions:

- Have the post-2016 fiscal reforms led to fewer home purchases by landlords?
- If so, has this had a positive impact on residential buyers, particularly FTBs?
- Has this had any impact on tenants who remain in the PRS?

We believe these are important questions to consider, both in understanding what has happened and is likely to happen in the housing market going forward, and in order to guide how the current government might think about how fiscal policy can support FTBs to access homes going forward.

2. Impact of changing tax regime on landlord home purchases

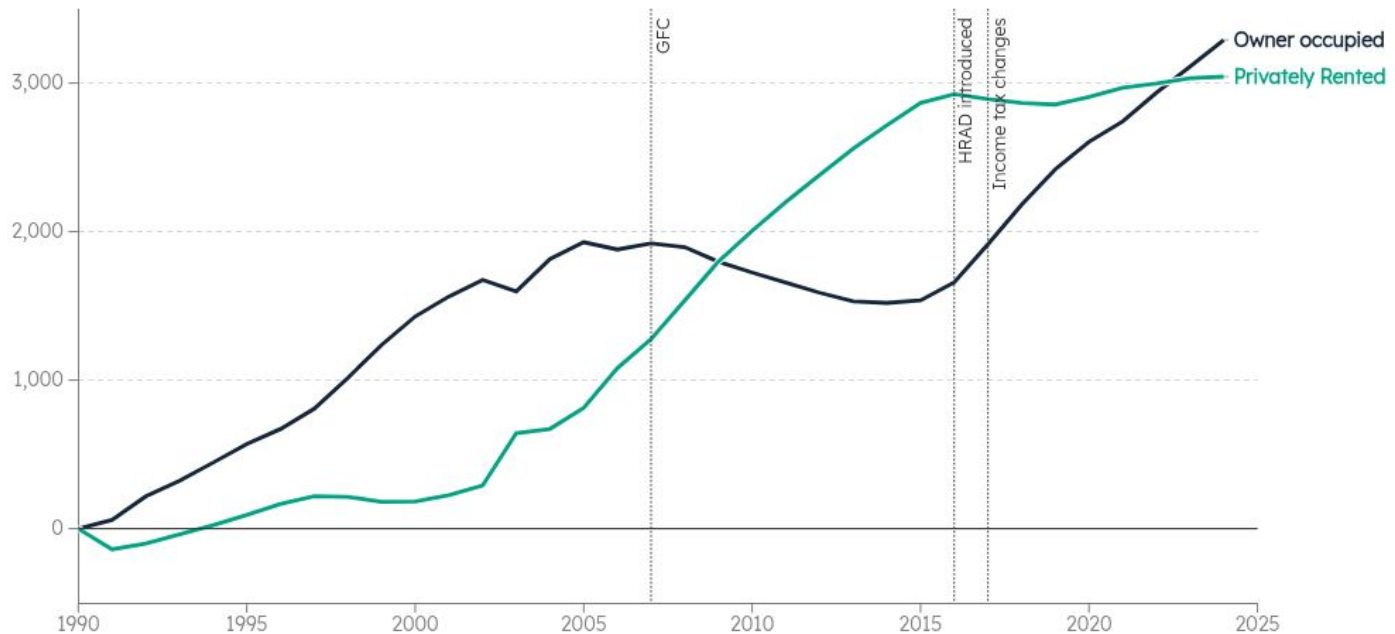
To understand the relationship between levels of landlord home purchases and changes to the tax regime, we have brought together a range of data looking at the amount of lending going to landlords for house purchase, transaction rates for buyers and FTBs, and dwelling stock estimates broken down by tenure. This allows us to consider how the size, and rate of purchases into, the PRS have changed over time and how this relates to changes in the tax regime.

PRS growth stalled after 2016 tax changes; owner-occupation rebounded

Figure 4 shows a clear inflection point: before 2016, the PRS was expanding by around 200,000 homes a year; since then, growth has slowed to just an average of 20,000 annually. In contrast, owner-occupation, which had been falling in the years after the financial crisis, has added over 1.6 million homes since 2015.

Figure 4: There is a clear inflection point following 2016 where the growth of the private rented sector plateaued and owner occupation grew substantially again

Change in total number of dwellings by tenure since 1990, England (000s)



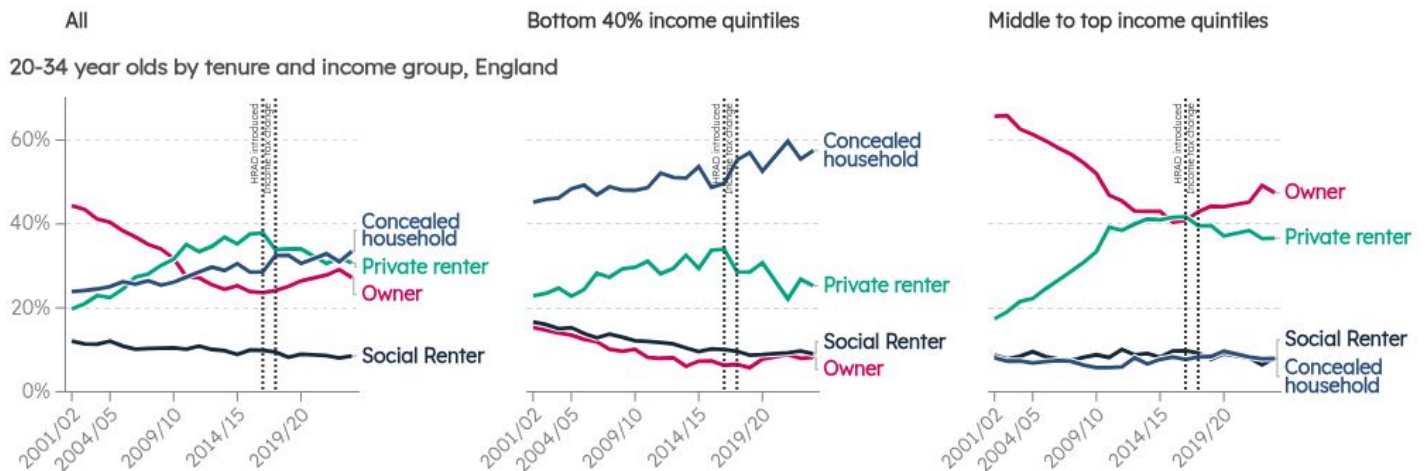
Source: Dwelling Stock Live Table 104, MHCLG 2024

Range of sources corroborate trends, from large-scale surveys to mortgage lending data

Survey data confirms the same turning point. Homeownership hit a low of 62% in 2016/17, with private renting peaking at 21%. Since then, private renting has edged down to 19% and owner-occupation has risen to over 64%, equivalent to 1.1 million more owner-occupier households than if pre-2016 trends had continued.

This shift is especially marked among 20–34-year-olds: between 2000 and 2016, homeownership collapsed from 44% to 24%, and instead, almost half of this group were renting. Since 2016, the trends have begun to unwind, with renting falling by 7 percentage points and ownership climbing by 4. Among middle- and higher-income young adults, the change is sharper still, with ownership rising from 40% in 2016 to 47% in 2023, while private renting dropped from 42% to 37%.

Figure 5: Following a rapid decline through the 2000s and early 2010s, rates of home ownership among middle to higher income 20–34 year olds began climbing again in the mid-2010s



Source: JRF analysis of Households Below Average Income, DWP

Note this analysis uses equivalized family level income (i.e. excluding incomes of parents) quintiles before housing costs. Concealed households are predominantly adults who are living with their parents. They are not the 'main householder' (i.e. person responsible for the housing / home owner / lead renter) or the spouse / partner / cohabitee of the main householder, and are not living in 'shared' household arrangements (i.e. sharing renters). 2020/21 excluded due to data quality concerns.

The post-2016 rise in ownership has been driven by FTBs. English Housing Survey data show that the number of ‘recent’ FTBs (those purchasing within the last 3 years) fell from nearly 1 million in the mid-1990s to around 650,000 by 2015/16. Since then, numbers have surged – reaching 975,000 by 2023/24, back to 1990s levels. Net moves into ownership also nearly doubled between 2013–15 and 2020–23.

The numbers of recent first time buyers has grown strongly following the introduction of tax changes on private landlords

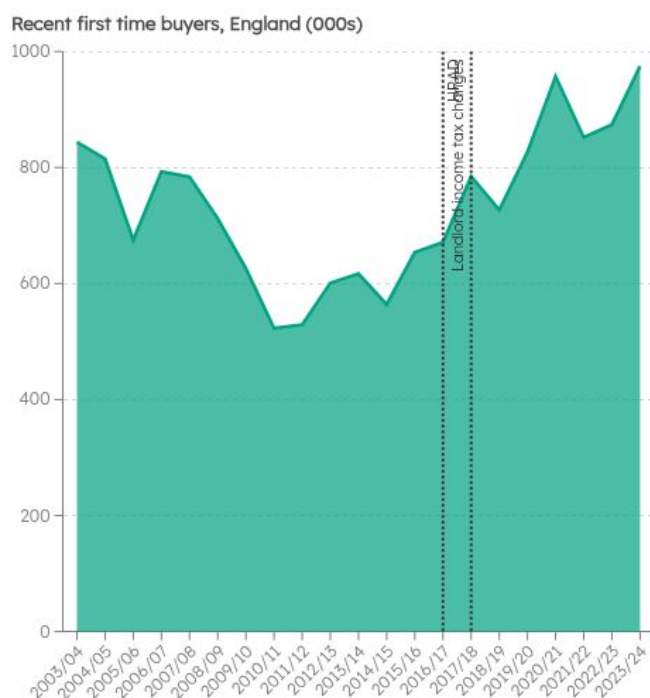
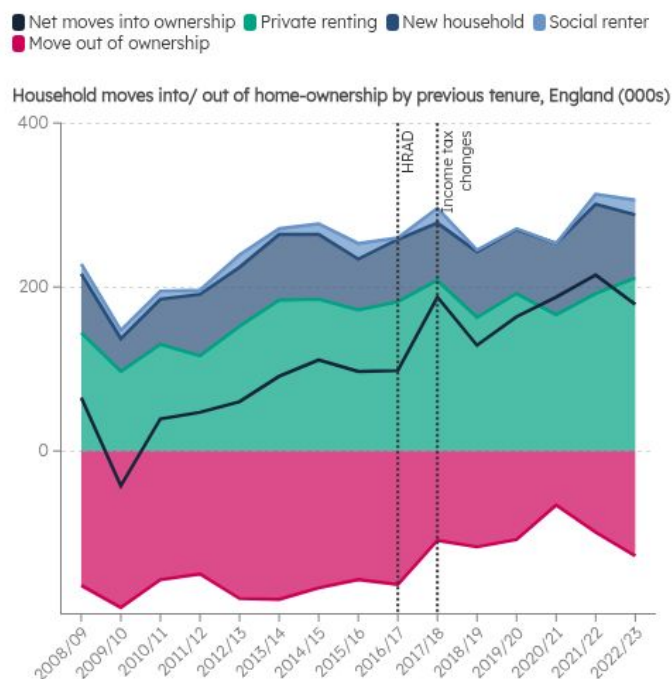


Figure 7: The net number of households moving into owner occupation climbed substantially following the introduction of tax changes on landlords



Source: English Housing Survey Table FA4301, MHCLG, English Housing Survey Headline Survey Report, Annex Table 3, MHCLG
Recent first time buyers are those who purchased their first home within the last three years. Note right hand chart includes some imputed values for social renters which have been suppressed in published tables due to sample size issues. Household moves out of ownership include only those who move into social or private renting (i.e. does not include households that cease to exist)

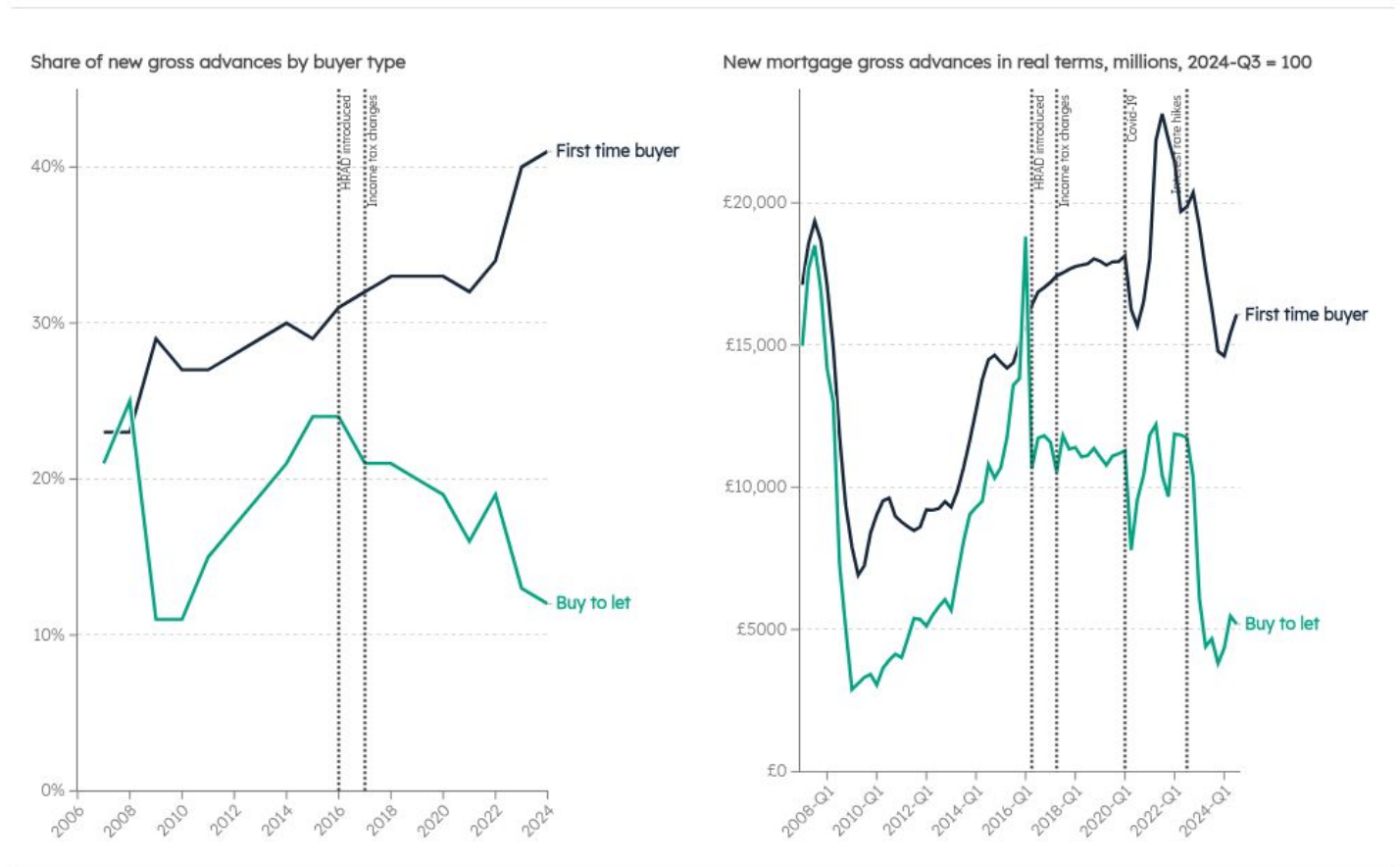
Growth in mortgaged buy-to-let purchases flatlined, PRS growth slowed, lending to FTBs grew

A similar pattern can be found in data on new mortgage lending to landlords. This is significant as the buy-to-let mortgage has been a key component in the growth of the PRS. Post-GFC and pre-2016, gross mortgage advances for buy-to-let and FTBs both grew rapidly in real terms. Again, however, 2016 is an inflection point in the data where buy-to-let lending flatlined and held relatively constant until the interest rate spikes.

Annual real growth in new buy-to-let lending fell from an average growth of 25% (2009–16) to just 1% (2016–22), with lending flatlining at around £11 billion a quarter in today's prices. The buy-to-let share of all new advances also dropped sharply – from a peak of 25% in 2015/16 to 12% by 2024. The brief spike in 2016 reflects landlords bringing forward purchases ahead of the SDLT surcharge.

In contrast, FTB lending continued to expand, rising from an average of £11 billion a quarter (2008–15) to £18 billion (2016–22). FTBs' share of all new lending grew from 23% in 2007 to 41% by 2024.

Figure 8: The growth in buy-to-let gross mortgage advances flatlined from 2016, and then tanked following interest rate hikes in 2022



Source: [Mortgage Lending and Administration Return, FCA, 2025](#), CPIH series, ONS

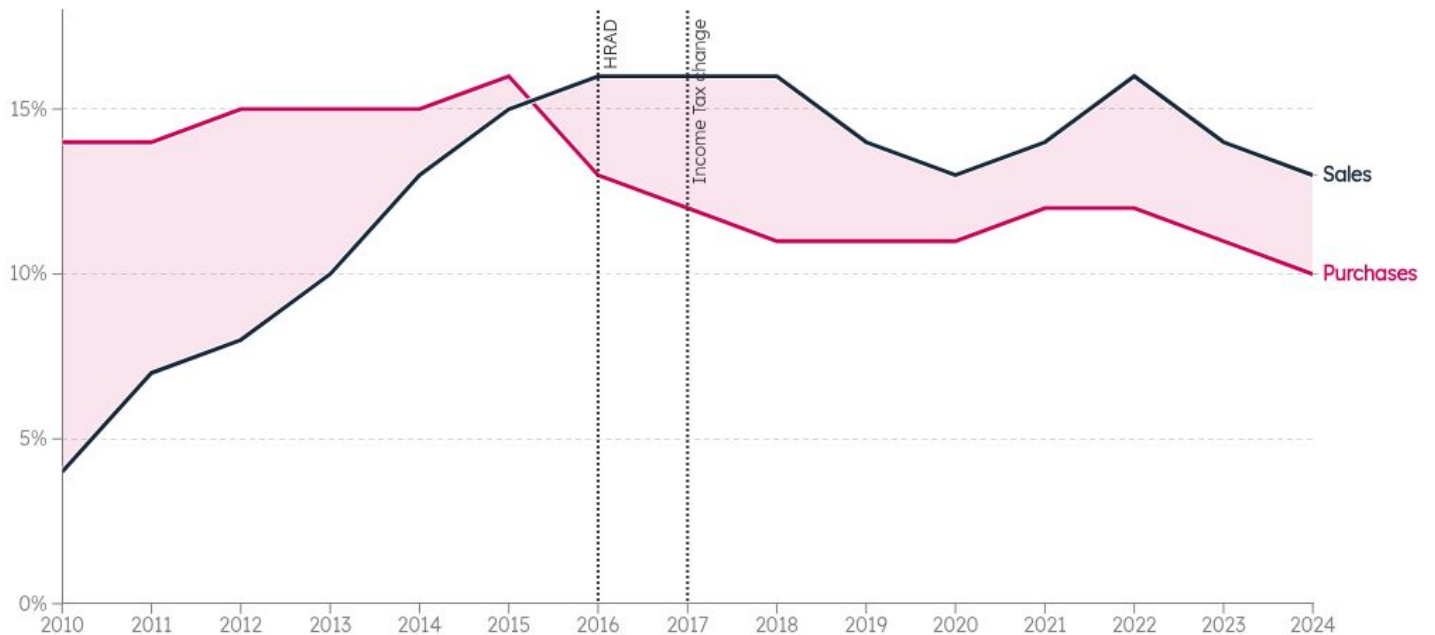
In the quarterly series First Time Buyer numbers are four-quarters-to-quarter averages to dampen seasonal effects. Buy-to-let are maintained as actual quarterly series. Prices are adjusted by CPIH.

Estate agent data reinforces this shift. Hamptons figures show that since 2016, more homes have been sold out of the PRS than bought into it, though official sources suggest this has slowed growth rather than shrunk the sector. This likely reflects stock flows not being fully captured in the Hamptons' dataset (for example, institutional purchase, new build-to-rent or

tenure conversions). The official sources of data we use do not support the idea that there has been any meaningful shrinking of the sector to 2024.

Figure 9: Since 2016 more properties were being sold out of the private rented sector than purchased into it, according to research from Hamptons

Share of homes bought and sold by private landlords, Great Britain



Source: [Hamptons, 2024](#)

3. Tax reform significant in dampening landlord demand, boosting FTBs

The analysis considered so far shows a strong relationship between changes in the tax regime for landlords and changes to levels of home purchases into the PRS and, ultimately, the size of the PRS, with an associated boost for FTBs. However, a number of factors beyond the tax system shape demand for home purchases into the PRS, such as the cost of borrowing, the rate of returns on alternative investments and competition from other buyers.

In this section, we explore the significance of these other factors to probe further how effective the post-2016 tax changes specifically have been in dampening landlord demand. We use econometric analysis to show that the relationship between tax changes and landlord demand holds, even when controlling for other relevant factors – although recent interest rate spikes and resulting financial pressures on buy-to-let landlords have inhibited demand further. We find that changes in landlord behaviour, such as increased use of incorporation and investment in short-term lets, have dampened the impact of the tax changes, whilst increased support for FTBs has strengthened the shift towards residential buyers.

Econometric analysis links tax changes and landlord demand

Bivariate regression analysis found a significant relationship between 2 explanatory variables: (1) the increased rate of tax paid on rental incomes and (2) the increased rate of stamp duty paid on the purchase of rental properties and one outcome variable – a decline in the growth of the PRS. This suggests that both fiscal measures are likely to have contributed to a slowing expansion in the sector. Every 1 percentage point increase in the share of rental incomes spent on income tax (for higher rate payers) corresponded with a fall in the rate of growth of the PRS by 0.5% (or growing by fewer than 20,000 properties, $r^2 = .3$, $p < 0.05$), while every 1 percentage point increase in the rate of stamp duty paid as a share of property values saw the rate of growth fall by 1.2% (growing by 55,000 fewer properties, $r^2 = .86$, $p < 0.05$).

Both measures were introduced around the same time and move in the same direction, so they are highly correlated with each other, making it difficult to isolate their separate effects.

Importantly, when included in multiple regression models controlling for other factors such as interest rates, alternative investment returns, rental growth and house price growth expectations, the tax changes remain statistically significant in explaining the slowdown in PRS expansion.

Furthermore, there is also a strong, negative relationship between the gross, real mortgage advances for FTBs and the growth of the PRS. Every 1 percentage point fall in the rate of

growth of the PRS is associated with a £6.2 billion increase in the (real terms) value of new mortgages for FTBs annually ($r^2 = .49$, $p < 0.05$). To put this number in context, this is equivalent to a tenth of the total gross new mortgage advances to FTBs across 2024. Again, this trend is maintained within a regression model in which we control for other important factors, including the interest rate for FTBs and the value of support to access ownership. This suggests that tax changes, by slowing the expansion of the PRS, have supported FTBs.

Interest rates play a significant role in driving levels of buy-to-let home purchases through new mortgage advances, where cheaper rates lead to more investment (all else held equal). Since 2010, every 1 percentage point fall in average buy-to-let mortgage interest rates corresponded to a £7 billion increase in annual gross, real mortgage advances ($r^2 = .5$, $p < 0.05$), equivalent to 14% of the average annual lending between 2016 and 2019.

Following the introduction of tax changes, the growth in new buy-to-let lending plateaued (although remained at elevated levels), despite interest rates continuing to fall. In a multiple regression, we find that interest rates explain most of the variation in real, new gross buy-to-let investment ($b = -.76$, $p < .05$), while average income tax levels have a smaller but still significant impact ($b = 0.31$, $p < .05$) on levels of buy-to-let investment. Every 1 percentage point increase in average income tax paid (by higher rate payers) is associated with a £2 billion decrease in annual real, new gross buy-to-let lending, around 4% of the average annual real gross advances for new buy-to-let mortgages through 2016 to 2019.

Figure 10: Levels of buy-to-let investment grew strongly through the early 2010s as interest rates fell, however they plateaued at an elevated level following the tax changes, then tanked in response to interest rate hikes in 2022



Source: Mortgage Lending and Administrative Return, FCA, 2025, Bank of England mortgage interest rates, CPIH series, ONS
Gross advances are in 2024-Q3 prices. Mortgage interest rates are average 2 year fixes at 75% LTV for Buy to Let landlords and average 2 year fixes at 85% LTV for First Time Buyers

On the other side of the equation, higher interest rates in recent years have also made savings more attractive, with savings rates on 2-year fixed cash ISAs, for example, climbing from lows of below 1% through 2020/21 to over 5% in late 2023, though dipping again since then. Despite this, investing in property over savings continues to be advocated by financial advisors, banking on the continued lucrativeness of the steady stream of rental income and appreciation in value of the property, even despite the tax changes and regulatory change.

Beyond savings levels, our analysis found no relationship between the attractiveness of alternative investment options, such as investing in a FTSE 100 tracker (using average annual FTSE returns, Curvo, 2025), and the rate of growth of the PRS.

Recent interest-rate hikes reshaped landlord profitability

The sharp rise in interest rates since 2022 has become the dominant pressure on landlord finances. Buy-to-let mortgage rates jumped from below 2% pre-2022 to over 6% in late 2022, before stabilising at 4–5% through 2023–24. This surge doubled average interest costs for landlords and saw gross advances for new buy-to-let mortgages halve from around £40 billion to £20 billion annually.

Figure 11: Spikes in mortgage interest rates have substantially increased interest payments for buy-to-let landlords, and substantially weakened the profitability of the buy-to-let model



Source: Bank of England mortgage interest rates, CPIH series, ONS
 Scenario presented shows post-tax incomes for higher rate paying private landlords. See methodology note for assumptions.

By the end of 2024, mortgaged buy-to-let landlords in England were spending on average 50% of rents on mortgage interest, up from between a quarter to a third through the late 2010s and early 2020s prior to the interest rate hikes (JRF analysis of UK Finance, 2025). UK Finance data

shows arrears cases doubled (from 6,000–7,000 pre-2022 to 12,000–13,000 by 2024), likely prompting some landlords to exit or rationalise portfolios. Prudential lending rules have limited defaults, but higher borrowing costs have still eroded profitability.

Changes to income tax for landlords, where they are no longer able to deduct mortgage interest from tax liabilities as finance costs, have, to an extent, compounded the impact for landlords. However, in cases where landlords make a loss, they are able to deduct losses against tax liability on profits made in future years, which mitigates these impacts.

Importantly, this analysis is clear that it is interest rate changes, not income tax changes, that are the main driver of pressure on landlord financial viability currently. The landlord lobby has nonetheless used this moment to argue for tax breaks for landlords, to mitigate the impact of the removal of mortgage interest deductibility from tax liabilities. This would be a mistake; it would reduce tax revenues for the treasury to bolster the finances of private landlords, and risk undermining the progress made in boosting rates of owner-occupation.

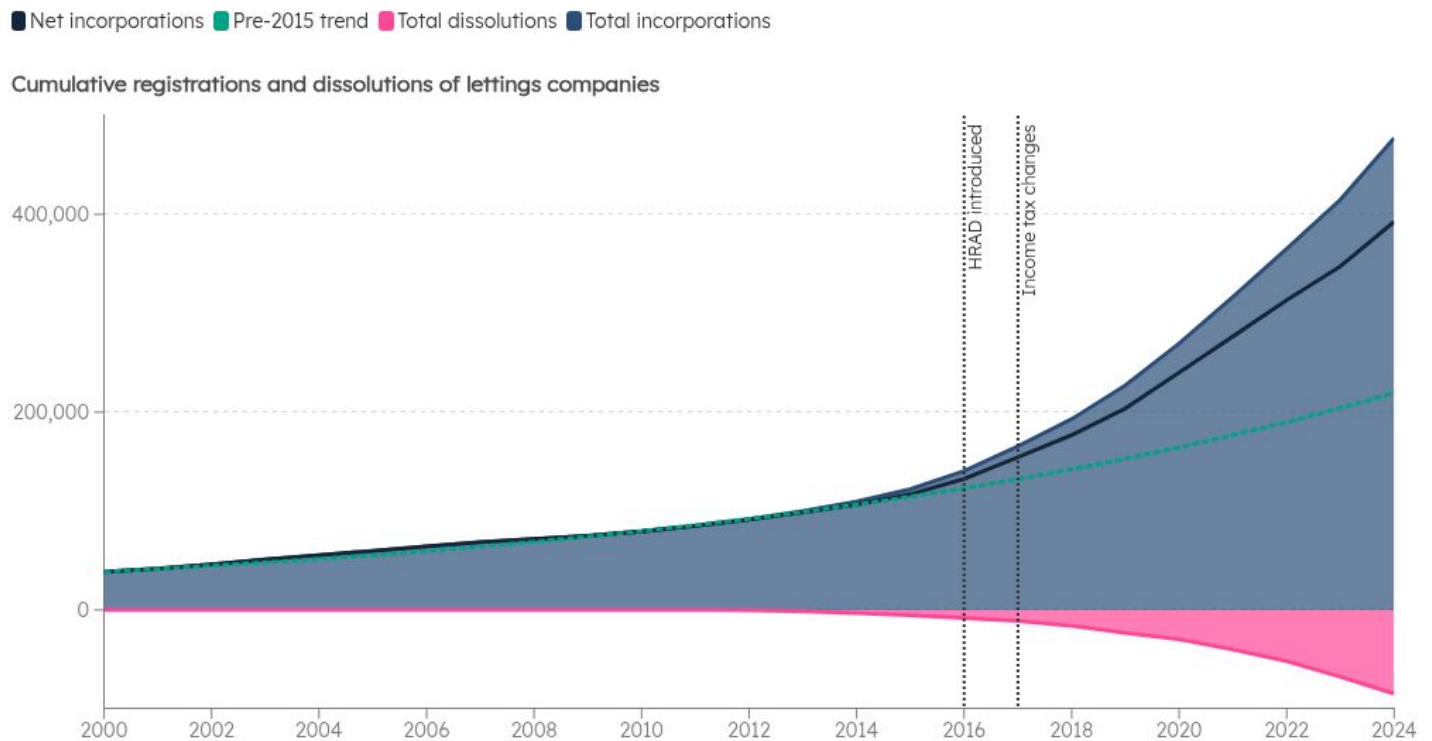
Landlords switch to incorporation, and investment in short-lets, to avoid tax rises

A further behavioural response to the changing tax regime has been the increased use of limited company structures to acquire properties. This increase in the use of incorporation

weakens the effectiveness of the tax changes in dampening demand for buy-to-let home purchases. The effect may also be weakened by the shifting of investment towards short lets, although recent policy change has levelled the playing field on the preferential treatment of incomes from short lets.

Our analysis finds that there has been a surge in new incorporations of private lettings companies post-2016. The numbers have more than tripled from 117,000 in 2015 to 400,000 at the start of 2025 – more than twice as many than if the pre-2016 growth trend had been followed. Around 40% of these hold mortgages, together accounting for more than half a million loans. This shift likely reflects the tax advantage of incorporation, as companies can still deduct mortgage interest as an expense.

Figure 12: At the start of 2025 there were 3.5x more private limited lettings companies than there were in 2015



Source: Company Data Product, Companies House, 2025

Data on dissolutions and net incorporations are only available from 2011. Companies listed as incorporated prior to 2011 are only those still active by 2025.

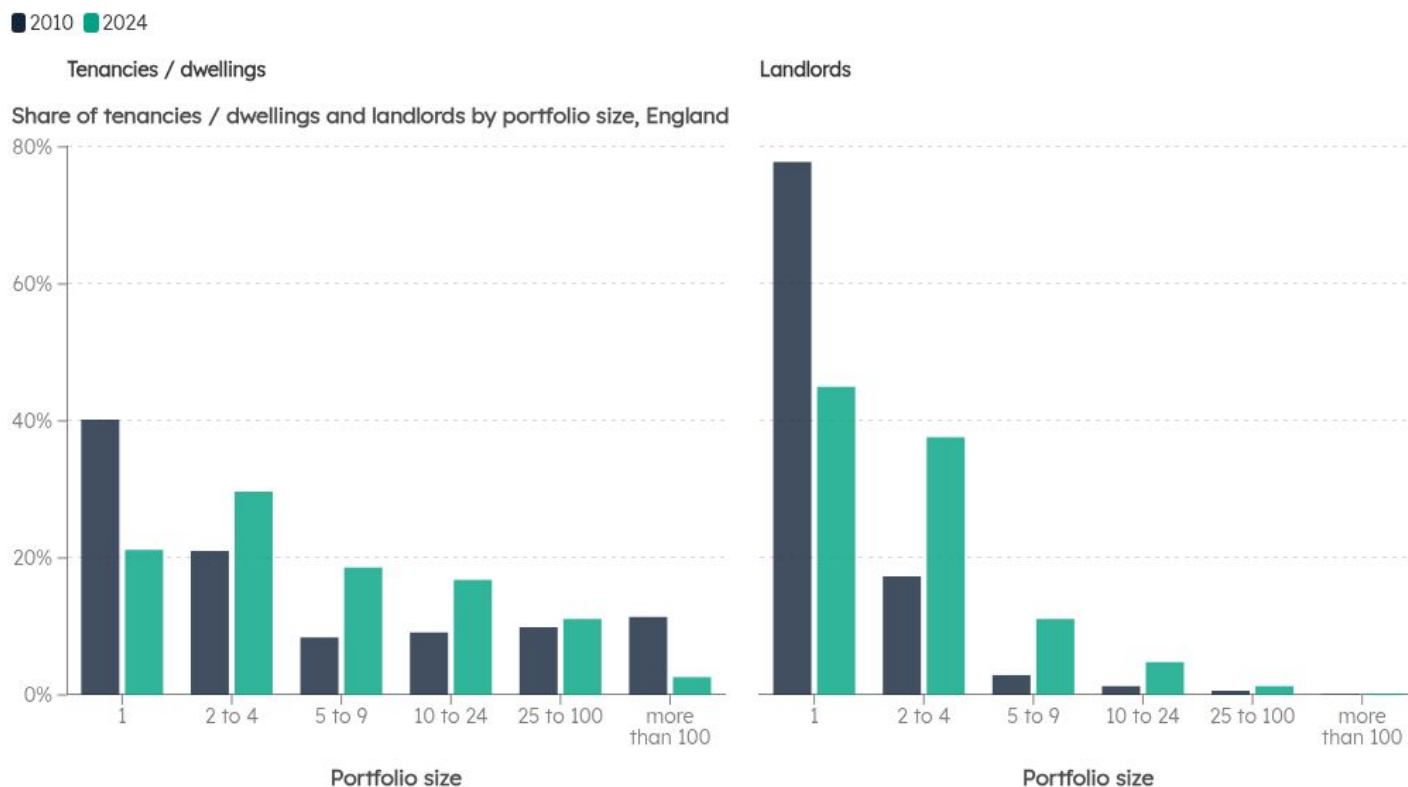
Shifting the use of dwellings from private rentals to short lets, which until 2025 retained preferential tax treatment as finance (mortgage interest) costs had been fully deductible from tax liabilities, has also been a strategy of some investors. Although they incur higher management and maintenance costs, short lets can prove more lucrative than private rentals for those with property in desirable locations. Although the number is still very small compared with the PRS, HMRC data shows the number of furnished holiday lets rising from 100,000 in

2018/19 to 130,000 in 2022/23, with declared income up 70% to £2.3 billion. Other sources suggest the scale of the short-lets industry is more substantial, with one source estimating that there were over half a million listings on Airbnb alone across the United Kingdom in 2024 (Demand Sage, 2025).

Ownership of private rentals has also become more concentrated in the hands of a smaller group of landlords. The share of homes owned by 'one property' landlords halved between 2010 and 2024 (from 40% to 20%) while the share owned by those with 2 to 4 properties increased from 20% to 30%, and by landlords owning 5 or more properties increased from 40% to 50%.

This may point to ownership of private rentals shifting towards those who are better capitalised and more financially resilient, and an increasing professionalisation of the sector, with a move away from more amateur and small-scale landlordship. This may be driven by a combination of tax changes and increased regulation. If this reflects an increasing professionalisation of the PRS, it should be welcomed, as a more professional sector is more likely to provide better-quality homes and better-managed housing services to its tenants, more akin to the better-regulated private rental sector we see across Europe.

Figure 13: There has been an increasing consolidation of ownership of private rentals in the hands of a smaller number of landlords



Source: English Private Landlord Survey, MHCLG

Finally, it is worth noting that these trends in acquisitions are not explained by changes in overseas acquisitions following Brexit. Land Registry data shows steady growth in overseas-owned properties from around 0.5% of all properties in 2010 to over 1% by 2021, with growth across both EU and non-EU owners. Brexit itself therefore seems unlikely to have played a significant role in shaping the trajectory of buy-to-let purchases. More recently, however, additional tax measures (including a 2% stamp duty surcharge on overseas buyers in 2021

(rising to 5% from 2025), alongside the 3% surcharge on second homes and the abolition of non-domicile tax status) have played a role in dampening demand. Hamptons links these changes to a fall in overseas buyers looking to purchase property in Britain, which they report has fallen to a record low.

Support for FTBs helps shift demand from landlords to owner-occupiers

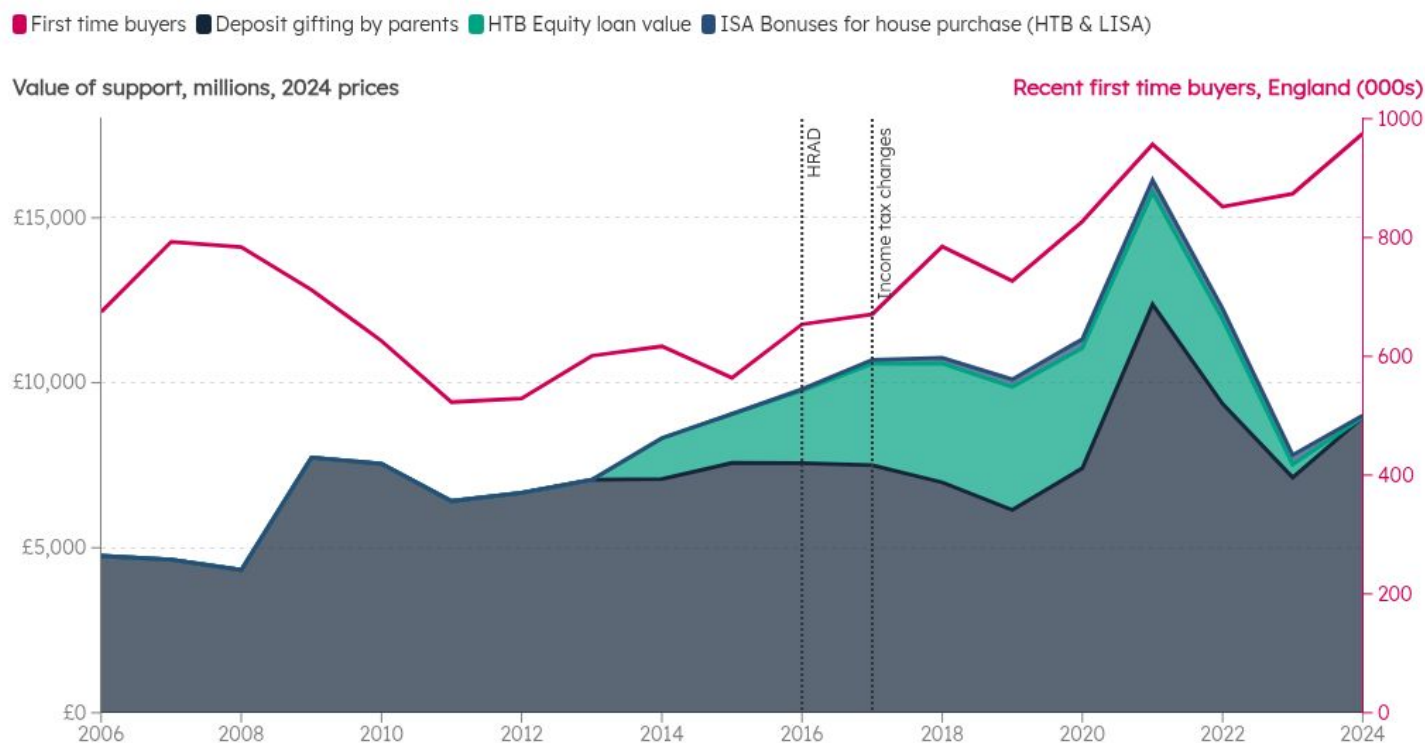
The analysis above is clear that there is a relationship between the stagnation in the growth of the PRS and the recovery in the growth of owner-occupation. Every 1 percentage point fall in the rate of growth of the PRS is associated with a £6.2 billion increase in the real terms value of new mortgages for FTBs annually, equivalent to a tenth of the total gross new mortgage advances to FTBs across 2024. This holds, with the rate of growth of the PRS explaining a substantial share of the variation in the level of FTB advances, even when we control for other variables such as support for FTBs to get onto the housing ladder through gifting from parents, cuts to stamp duty for FTBs and average interest rates for FTBs.

Changes to the tax regime that put downward pressure on landlords coincided with growing levels of support from the Government to boost homeownership (through various schemes and stamp duty cuts) and a growing prevalence of gifting deposits from parents to young adults to acquire their first properties. It is therefore likely that pressure on landlords and support for FTBs worked in tandem to support growing rates of first-time buying in the late 2010s

onwards.

The value of cash gifting from parents to facilitate the first step onto the housing ladder has increased in recent years. Support worth £4–5 billion total (in today's prices) a year in the late 2000s grew to £6.5–7.5 billion during the 2010s and climbed further to £7–12.5 billion in the 2020s, making up between 30% and 50% of total deposits put down by FTBs in aggregate. Intergenerational wealth transfers from older cohorts to millennials and Generation Z are proving an increasingly important route into homeownership, but only for those with access to family wealth.

Figure 14: First time buyers have benefited from substantial and growing levels levels of financial support from family and the Government to get onto the housing ladder through the late 2010s



Source: [Savills, 2023](#), Help to Buy Equity Loan, ISA and LISA tables, MHCLG, English Housing Survey Headline Survey Report, Annex Table 3
 Note figures are aggregated to illustrate the scale of support made available, not to draw equivalence between types of support. Equity loans enable access to lower borrowing rates and reduce early mortgage repayments, but are paid back, while ISA bonuses are cash transfers. Recent first time buyers are those who purchased their first home within the last three years

Since the post-crash slump in homeownership, the Government has intervened heavily to support FTBs. More than £25 billion has been issued in Help to Buy equity loans (supporting 330,000 FTBs), alongside £2 billion in Help to Buy or Lifetime ISA (LISA) bonuses (helping over a million people, values in today's prices). These schemes reduced deposit requirements, widened access to mortgages and better mortgage interest rates, and facilitated access to

ownership, though Help to Buy equity loans and LISA have now closed.

Alongside this, around 20,000 affordable homes a year have been delivered across England, mainly through Shared Ownership, with a growing share via the First Home Scheme. Beyond these schemes, since 2021 around 40,000 FTBs have been supported to access homeownership through the mortgage guarantee scheme. Other schemes, such as rent-to-buy, alongside an emerging variety of private market innovations, have also helped improve access to ownership.

Stamp duty has been made more favourable to FTBs, with thresholds raised in 2017 and again in 2022 (although partly reversed in 2025, with property price thresholds for relief dropping from £625,000 to £500,000). Taken together, these policies have improved the position of FTBs and contributed to the recovery in ownership rates.

Overall, we conclude that landlord tax changes have contributed to the shift in demand away from buy-to-let investors and towards FTBs. At the same time, the recovery in owner-occupation is also shaped by support for ownership through intergenerational wealth transfers and targeted government schemes.

4. Impact of PRS stagnation on its tenants

Our analysis shows that the 2016 tax reforms have been successful in levelling the playing field between landlords and FTBs, depressing home purchases by landlords and boosting owner-occupation. This is positive, but it is also important to consider what – if any – impact this may have had on the tenants who remain privately renting. This is particularly important as critics argue that the effects of the 2016 fiscal reforms – alongside previous and forthcoming regulatory changes such as tighter energy efficiency standards and the Renters Rights Bill – have created scarcity in stagnating the growth of the sector, leading to higher rents, unaffordability and homelessness (NRLA, 2024).

Our analysis finds scant evidence to substantiate these worries. We examine potential impacts on rental affordability and on rates of overcrowding and house sharing but find little evidence that tax changes have had a significant impact on these indicators. We do find some evidence that landlords selling up in response to the greater financial pressures of higher interest rates may be feeding through into increased homelessness – though this is something that regulatory changes to the PRS can, and should, be used to mitigate.

Changing patterns of home purchases has not affected rents

As demand for private rentals falls when owner-occupation grows, which explains why changing patterns of home purchases by landlords have not had a discernible impact on rents in the longer run.

We first examine the impact of tax reforms on rents and affordability. Critics have argued that reduced landlord investment would constrain supply, raising rents and deepening unaffordability.

When more households move into ownership, demand for private rentals falls. This helps explain why a slowed expansion of the PRS has not translated into higher rents in the long run. We find no evidence that tax changes increased rents in real terms or raised the share of income tenants spend on housing. In fact, our analysis finds that the average rent-to-income ratio for private renters has declined after the reforms.

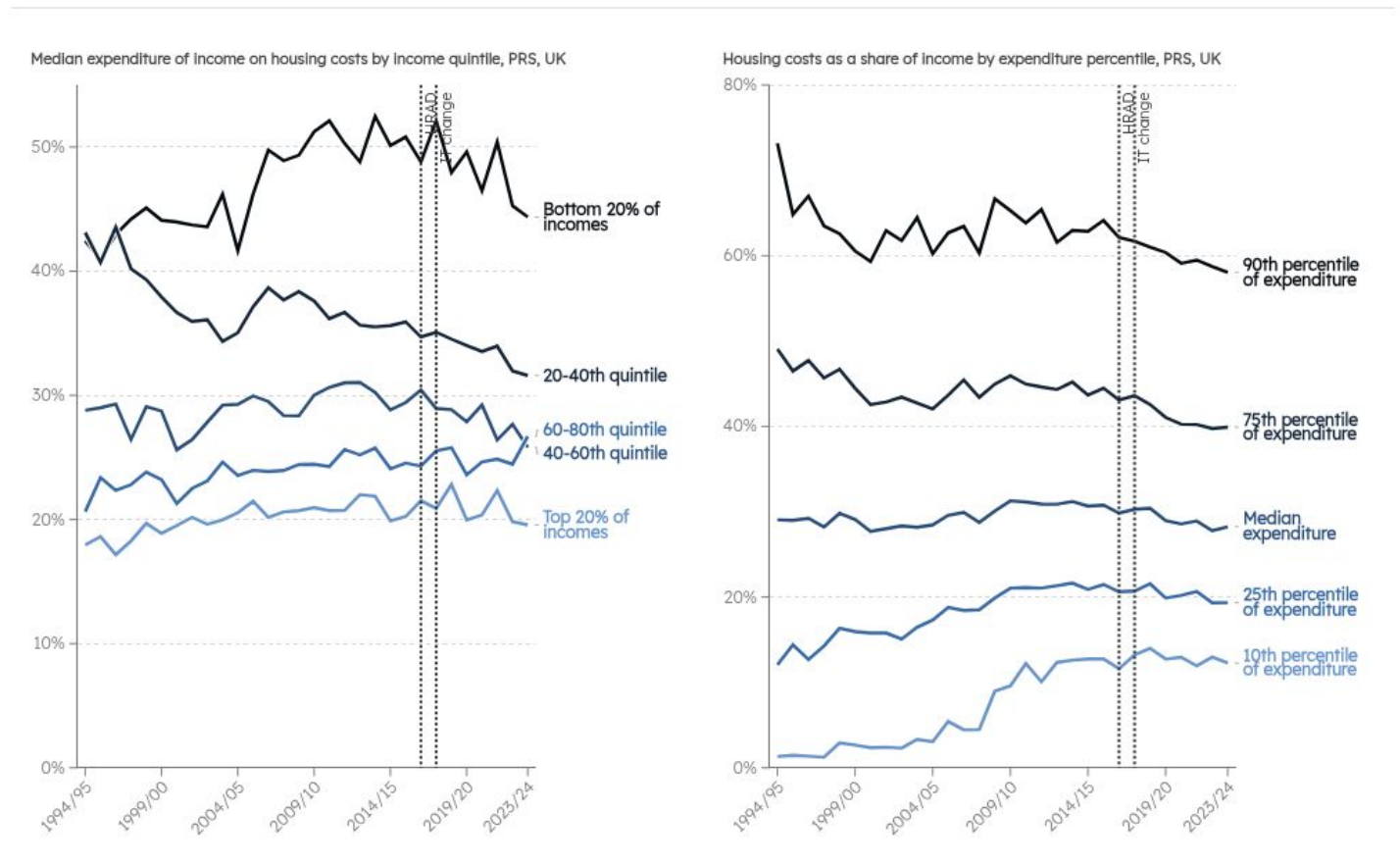
Housing costs in the PRS are high and remain a substantial driver of poverty and financial hardship for many people. In 2023/24, 37% of private renters, 4.8 million people, were in after housing costs poverty in 2023/24 (up by 300,000 from the year before). But this trend predates the tax changes: poverty rates among private renters were broadly stable at 36–38% before 2016, fell slightly afterwards, and only rose again in recent years due to wider economic

pressures.

In the years following the tax changes, there were no discernible impacts of these tax changes on real rental growth, on real asking rents or on the average share of incomes spent on housing costs for private renters. Figure 15 demonstrates that across the income distribution and across the distribution of expenditure on housing costs in the PRS, there has been no evidence of any increases in the average share of incomes spent on housing costs since the tax changes were introduced. In fact, the data suggests that there has been a small decline in the average share of incomes spent on housing costs by private renters. This is corroborated by the Office for National Statistics (ONS) private rental affordability report, which finds the average share of income spent on rent falling from 39% in 2016 to 36% by 2024 (ONS, 2024).

Private landlords appear to absorb the tax changes rather than pass them on through rents, reflecting the fact that most are ‘price takers’, already charging what the market will bear.

Figure 15: Analysis of large scale survey data finds no evidence that following tax changes on landlords the average share of incomes spent on housing costs by private renters increased



Source: JRF analysis of Households Below Average Income, DWP

Corroborating this, analysis of average rents, average asking rents and new let rents demonstrates there was no real terms rental growth in the 5 years following the introduction of the tax changes. In fact, consistent with the survey data above, the time series suggests that

average rents and asking rents fell in real terms following the introduction of the changes.

However, rents have risen sharply since 2021, but largely for reasons beyond landlord tax reforms. The Covid-19 pandemic, high levels of inflation and earnings growth (Resolution Foundation, 2024), interest rate hikes, particularly high levels of net migration into the UK post-pandemic (Bloomberg, 2024) and the suppression and realising of pent-up housing demand during Covid-19 have all had substantial impacts on the PRS in recent years, and have played a role in underpinning real rental growth in the private rental market.

Figure 16: Following the introduction of tax changes, average rents and average new rents remained relatively flat in real terms



Source: ONS Private Index of Private Rents, Zoopla asking rents series and HomeLet new let rental prices, ONS CPIH index. HomeLet series is actual achieved rents of new tenancies. Zoopla series is asking rents.

Demand data from Zoopla and Rightmove also shows unusually high competition for homes since the pandemic, with enquiries per rental listing quadrupling at their peak. Some have used these trends, real terms increases in rents and excessive demand for private rentals, to argue for the Government to introduce tax cuts for landlords and water down forthcoming regulations of the sector to boost the supply of private rental homes. As set out below, we are of the view that this would be a mistake. The key issue is an inadequate supply of homes

overall for the levels of demand for housing, rather than of private rentals specifically.

Lower rates of private rented home purchases not harming PRS spatial efficiency

Some have argued that a shrinking or stagnant supply of private rentals may result in some groups, and particularly those with lower resources, being unable to meet their housing needs. The argument here is that housing may increasingly be occupied less ‘spatially efficiently’ when the PRS is smaller, because the PRS incentivises maximising use of space, whereas owner-occupiers are more likely to have spare bedrooms. Fewer private rental homes means reduced opportunities for sharing.

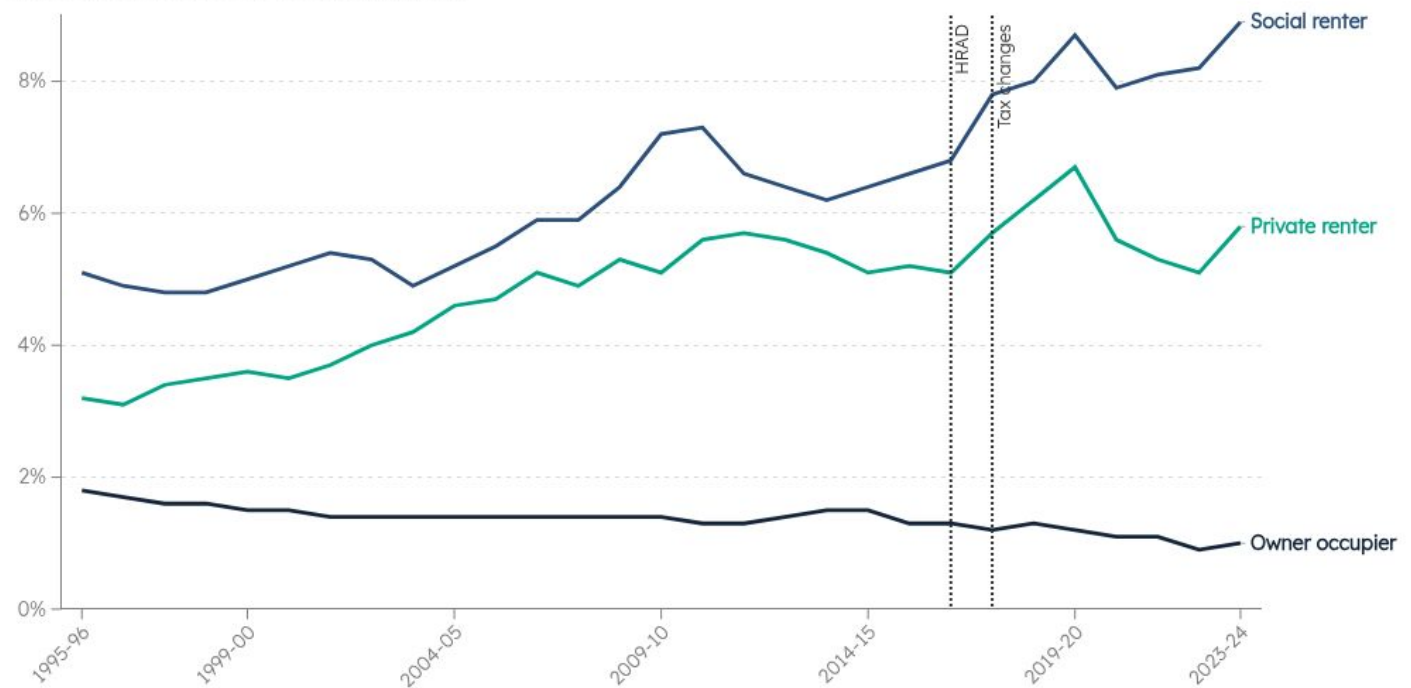
In addition, improving the market power of FTBs, relative to landlords, may speed up the rate of new household formation among those who currently live with their parents. If an increased rate of new household formation into owner-occupation is achieved, then this may result in the suppression of household formation elsewhere, including into the PRS if the sector is stagnant or shrinking. This means that some households that otherwise would have formed into the PRS, likely those with lower levels of resources, are unable to meet their housing needs.

If these risks materialised, we would expect to see more house sharing, increased rates of overcrowding or a growing lower-income group spending longer living with parents. On the first of these, we have not found evidence of an increasing incidence of sharing among private

renters in the analysis of large-scale survey data. The English Housing Survey does show a long-running trend of rising rates of over-occupation in the social and PRSs, although much of the increase in overcrowding happened prior to 2016, with some continued increase in rates of overcrowding for social renters post-2016. The rate of overcrowding in the PRS is slightly elevated compared to pre-2016 levels.

Figure 17: The share of social and private rented households who are over occupied has been climbing over the past 25 years

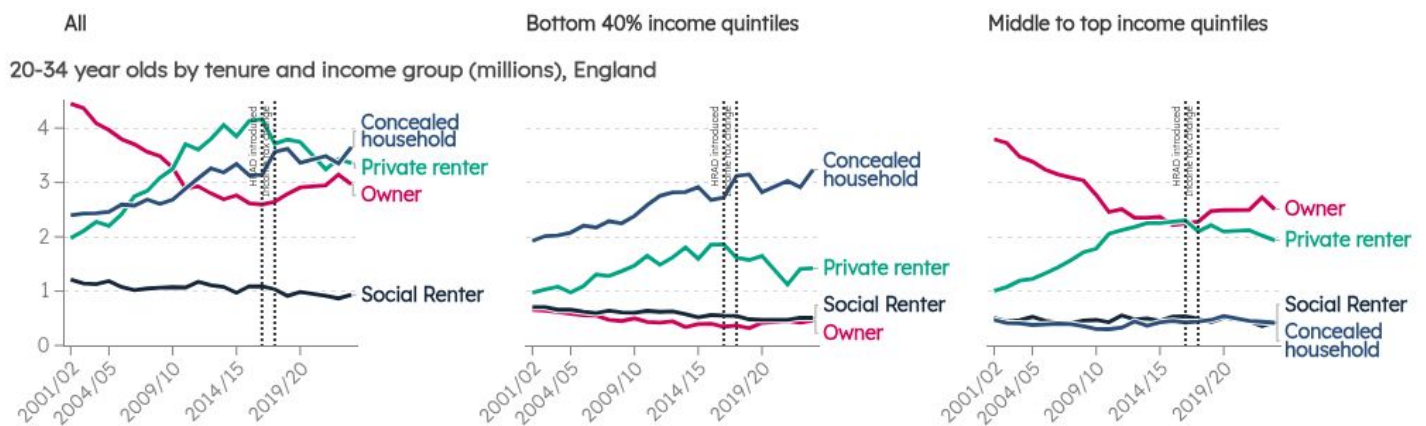
Share of households over occupied, England



Source: English Housing Survey, MHCLG

On the third, our analysis of the Family Resources Survey (Figure 18) does show an increasing suppression of household formation with an increased incidence of young adults living as concealed households(1). Among adults aged 20–34, the share living mainly with parents has climbed substantially from around 24% in 2001/02 to 33% in 2023/24 – over 1 million more, reaching 3.65 million. Around 90% of these young-adults are in the bottom 40% of family incomes, and a huge 57% of low-income 20-34 year olds were in this position in 2023/24 compared to 45% in 2001/02. While the graph shows a substantial fall in the rate of private renting among this group since 2015/16, looking at the longer run trend we can see that at the start of the century a larger share of this cohort were either renting social or in owner occupation.

Figure 18: Following a rapid decline through the 2000s and early 2010s, rates of home ownership among middle to higher income 20-34 year olds began climbing again in the mid-2010s



Source: JRF analysis of Households Below Average Income, DWP

Note this analysis uses equivalized family level income (i.e. excluding incomes of parents) quintiles before housing costs. Concealed households are predominantly adults who are living with their parents. They are not the 'main householder' (i.e. person responsible for the housing / home owner / lead renter) or the spouse / partner / cohabitee of the main householder, and are not living in 'shared' household arrangements (i.e. sharing renters). 2020/21 excluded due to data quality concerns.

While the stagnant size of the PRS may have contributed to some of these trends, both overcrowding and concealed households grew most sharply when the sector was still expanding. In the long run, these pressures are better explained by an inadequate supply of housing overall and increasingly inefficient use of existing stock, rather than by the size of the PRS specifically. The solution therefore must be a substantial expansion in the supply of housing generally in combination with wider policy to make housing more affordable, including ramped-up delivery of social and affordable housing, rather than a focus on expanding the size of the private rented sector.

Importantly, the profile of private renting tenants has changed substantially over the years, with increasing numbers of families with children and other couples without children, while the share who are younger adults and sharers has been shrinking. Since couples and families are most likely to transition into ownership, each move into homeownership reduces the demand for private rentals. This helps limit concerns about the efficiency of how homes are used as the PRS stops expanding.

Disinvestment may increase homelessness – policy should mitigate

A stagnant PRS could raise the risk of homelessness, either by making it more difficult for households to find new homes or by exposing them to a greater risk of eviction as landlords divest.

Historical, granular data on homelessness is limited. Data which records the reason for homelessness only goes back to 2018–19, preventing an analysis of how this may have changed because of changes to the tax regime. Data on overall rates of statutory homelessness ‘acceptances’ is not comparable before and after 2017–18 due to the introduction of the Homelessness Reduction Act, meaning it is not possible to compare with the previous year to isolate the impacts of tax changes.

Looking at more recent data does reveal a spike in homelessness assessments due to the serving of a valid Section 21 Notice. In the most recent data, 2022–23, the number of households assessed as homeless for this reason grew by around 22% on the previous year.

Examining data on prevention and relief orders shows that this is largely driven by an increase in landlords selling properties (and evicting tenants as part of this process). Homelessness due to the landlord selling or re-letting a property has represented over half of all cases of households owed homelessness prevention duty due to the end of Assured Shorthold Tenancy since the data began in 2018–19, climbing to 65% in the latest year (2023/24).

Figure 19: The numbers of households homeless or threatened with homelessness due to landlord wishing to sell or re-let their home has been climbing in recent years



Source: Statutory Homelessness Live Tables, MHCLG

This does suggest that landlords have responded to higher interest rates by selling up at higher numbers and that this is feeding through to increased homelessness.

However, landlord churn has always been a major cause of private renters having their tenancies ended. The make-up of the sector as a collection of small-scale investors creates a churn of buying and selling, which causes a structural insecurity for tenants. The current limited protection for renters, particularly short notice periods, exposes renters to a risk of

homelessness. While we should be alive to the impact that changes to rates of sales have on tenants, these risks can also be mitigated by policy and the Renters Rights Bill currently progressing through parliament will increase protections against homelessness for this reason – including offering tenants 12 months of security before no-fault grounds (such as selling or moving family into the home) can be used and extending notice periods, so evicted tenants have more time to find a new home.

5. Where might the PRS go next, and how should policy respond?

The 2016 fiscal reforms successfully reduced speculative investment in the PRS, freeing up homes for FTBs while producing only minimal negative impacts for tenants. Where pressures on renters do exist, they can and should be managed through targeted regulation that also steers the market toward better housing outcomes of affordability, quality and sustainability alongside efforts to increase the overall supply of new homes.

This provides important lessons for the Government as it seeks to boost homeownership. Current proposals to ease mortgage access for FTBs (Financial Conduct Authority, 2025) will have a greater impact if paired with policies that limit demand for property as a financial asset. Doing so would strengthen the position of FTBs while also preventing new lending policies from pushing up house prices.

There has also been increasing attention recently on the need for significant changes to property taxation more broadly – the current system is widely regarded as inadequate and in need of reforms to make it more progressive (Leunig, 2025). Recent reporting indicates that the Treasury is considering possible avenues for change in stamp duty and wider property

taxes (Adu, 2025; Swinford, 2025). Additional reforms to the taxation of rental income, building on the changes examined in this report, can play a role both in further rebalancing the housing market in favour of FTBs and in ensuring that property wealth is taxed fairly.

Future reforms in this area, we argue, should be guided by 2 principles:

1. parity of treatment between income from property and income from work
2. neutrality across ownership structures, so tax advantages do not encourage incorporation.

The following sections set out how policy might approach enacting these principles.

Parity between income from property and income from work

At present, rental income enjoys preferential treatment compared with earnings, particularly through exemption from National Insurance Contributions (NICs). This undermines the tax base and encourages speculative investment in housing over more productive activities (New Economics Foundation, 2023).

Remove the NICs exemption on rental income

This would align the treatment of landlords with taxation on earnings, while raising significant revenue. The Centre for the Analysis of Taxation estimates this change could raise £3.1bn

annually (Advani, 2025). This policy could focus on rental income alone or, as we have previously argued (Johnson-Hunter et al., 2025), encompass all investment income (including dividends from shares, rent from property and interest from savings). The Government may also want to consider applying NICs to income from property for retirement-age landlords to achieve parity in taxation of rental income across taxpayers.

Neutralising the tax advantage of incorporation

The 2016 policy removing the full mortgage interest deductibility from higher tax rate-paying landlords was a reform that reduced the ‘neutrality’ of the tax system. By moving away from taxing profits towards taxing the revenue of landlords, it had the potential to deter otherwise profitable investment. As discussed, deterring this investment can have a positive impact when it increases rates of homeownership and, with it, the security and affordability of housing. However, the policy did not affect all landlords equally, as the tax change did not affect the costs of basic rate landlords, those owning property without a mortgage and, crucially, landlords who incorporated their business.

Since 2016, an increasing number of landlords have incorporated to reduce their overall tax burden, as companies can still deduct mortgage interest payments when calculating taxable profits. This undermines the intent of the recent reforms and narrows the tax base. We estimate that the tax advantage for incorporated landlords is worth over £800 million in

corporation tax. The Government should actively look to tackle this loophole. Doing so ought to happen as part of a wider strategy for improving the tax system, including taxes on property.

Applying ATED to commercially let properties

One possible approach to closing the tax advantages of incorporation could be to reform the Annual Tax on Enveloped Dwellings (ATED). ATED currently applies to residential properties held through companies, with fixed annual charges based on property values (for example, £4,400 for homes between £500,000 and £1 million). Most landlords are exempt if they let the property commercially. Given ATED's original purpose was to discourage the use of incorporation to avoid property taxes, reforming it could be a route to reducing the financial advantages of incorporation for buy-to-let.

We have considered 2 possible designs:

- **Applying the existing ATED system to corporations letting property commercially**, including introducing lower fixed charges for properties of lower values. For example, £1,100 for portfolios valued up to £250,000 and £2,200 for those up to £500,000. We estimate this version would raise £1.8 billion per annum.
- **A flat 1% levy on the value of residential property portfolios**, which would avoid cliff edges and be more progressive. We estimate that applying this to corporations letting property commercially could raise £1.8–£2.4 billion per annum.

These options illustrate how the Government could re-purpose ATED as a tool to reduce incorporation-driven tax advantages.

Reforms along these lines would point towards a more balanced housing market – one in which speculative investment is curbed and tax treatment is consistent across different forms of income and ownership.

Additional measures: Supporting the delivery of new rental homes

A contracting amateur PRS is a good thing in that it boosts opportunities for FTBs. It also offers us a chance to replace our current insecure, low-quality amateur model with a more stable, professional rental model. This means the Government delivering on its positive rhetoric around increasing social housing supply. It also must mean the Government growing alternate rental models, both looking at how to enable a greater volume of new build rental housing that works for those on average incomes and models which buy up and refurb existing stock. On the latter, the Joseph Rowntree Foundation (JRF) has previously called for support to create community rental markets, where non-profit organisations can buy and let out ex-private rented homes, capturing the returns for the local communities' benefit (Baxter and Elliott, 2024). A plan for delivering a more stable, institutional PRS should be a key part of the Government's forthcoming Long-Term Housing Strategy.

Method

This analysis draws on a wide range of data sources to assess the impact of tax changes on the PRS and FTBs. The methodology is outlined below, covering the calculation of tax burdens, modelling of pre- and post-tax profitability, stamp duty estimates and regression analysis.

Tax paid as a share of rental income

Tax liabilities as a share of rental income were calculated using average rents for England from the monthly Price Index of Private Rents. Property values are calculated assuming a rental yield of 5.5% and maintenance and management costs are assumed to be at 1% of property prices annually. Analysis assumes an interest-only buy-to-let mortgage at a constant average rate of 3.13%. Landlords are assumed to claim the tax reduction for finance costs rather than the property allowance. All data series are converted into quarterly series for consistency.

Pre- and post-tax profit as a share of rental income

Pre- and post-tax profits were estimated using the same assumptions as above, with the key difference being the use of actual buy-to-let mortgage interest rates, instead of a constant rate.

Stamp duty paid as a share of property value

Average stamp duty paid was calculated for both buy-to-let landlords and FTBs by applying statutory rates to average FTB property prices. These prices serve as a proxy for typical buy-to-let prices, and using the same base allows for a like-for-like comparison between groups.

Regression analysis

Regression models were used to explore the determinants of growth in the PRS and mortgage lending to FTBs. The main dependent variables were:

1. growth rate of the PRS, drawn from Ministry of Housing, Communities and Local Government (MHCLG) live tables on dwellings by tenure
2. real gross mortgage advances to FTBs, derived from Financial Conduct Authority mortgage lending and administration return (FCA MLAR) statistics and converted to Q3 2024 prices using the ONS Consumer Prices Index with Housing (CPIH) index.

Several regression models were tested with varying assumptions. Key independent variables include:

- landlord tax burden: rate of tax paid on rental income (higher-rate taxpayers) and stamp duty, holding interest rates constant at 3.13% to isolate the effect of tax changes

- mortgage interest rates: average rates for FTBs and buy-to-let landlords, from the Bank of England
- post-tax profitability: calculated as above, with adjustments for maintenance and repair cost growth
- alternative investment attractiveness: average FTSE returns and savings rates
- housing market dynamics: real house price and rental price growth (ONS Price Index of Private Rents (PIPR) and House Price Index, CPIH-adjusted) and house price-to-earnings ratios (ONS)
- financial support and savings: Total parental support (Savills, CPIH-adjusted), average young people's savings Family Resources Survey (FRS), and estimated annual government support for FTBs
- sentiment measures: expectations of house price growth and perceptions of market timing (Building Societies Association (BSA) Property Tracker quarterly survey), and landlord intentions to buy or sell (National Residential Landlords Association (NRLA) net intention series).

Note

1. Concealed households are predominantly adults who are living with their parents. They are not the ‘main householder’ (that is, the person responsible for the housing/homeowner/lead renter) or the spouse/partner/cohabitee of the main householder, and are not living in ‘shared’ household arrangements (that is, sharing renters).

References

Abu, A. (2025) [Reeves considering tax on high-value homes to help plug hole in finances](https://www.theguardian.com/politics/2025/aug/20/rachel-reeves-considering-tax-expensive-homes)
(<https://www.theguardian.com/politics/2025/aug/20/rachel-reeves-considering-tax-expensive-homes>)

Advani, A. (2025) [Reforms to the taxation of wealth](https://arunadvani.com/taxreform.html) (<https://arunadvani.com/taxreform.html>)

Bank of England (2024) [Underwriting standards for buy-to-let mortgage contracts](https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2024/underwriting-standards-for-buy-to-let-mortgage-contracts-ss.pdf)
(<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2024/underwriting-standards-for-buy-to-let-mortgage-contracts-ss.pdf>)

Bank of England (2025a) [Buy-to-let mortgage interest rate series](https://www.bankofengland.co.uk/boeapps/database/FromShowColumns.asp?CategId=6&FromCa)
(<https://www.bankofengland.co.uk/boeapps/database/FromShowColumns.asp?CategId=6&FromCa>

Bank of England (2025b) [Deposits: 2 year fixed cash ISA data series](https://www.bankofengland.co.uk/boeapps/database/FromShowColumns.asp?CategId=6&FromCa+2+year+fixed+ISA&NewMeaningId=LISA2F&Travel=NIxAZxI1x)
(<https://www.bankofengland.co.uk/boeapps/database/FromShowColumns.asp?CategId=6&FromCa+2+year+fixed+ISA&NewMeaningId=LISA2F&Travel=NIxAZxI1x>)

Bank of England (2025c) [First-time buyer mortgage interest rate series](https://www.bankofengland.co.uk/boeapps/database/FromShowColumns.asp?CategId=6&FromCa)
(<https://www.bankofengland.co.uk/boeapps/database/FromShowColumns.asp?CategId=6&FromCa>

Baxter, D. Elliott, J. (2024) [Bringing private homes into social ownership can rewire the housing system](https://www.jrf.org.uk/housing/bringing-private-homes-into-social-ownership-can-rewire-the-housing-system) (<https://www.jrf.org.uk/housing/bringing-private-homes-into-social-ownership-can-rewire-the-housing-system>)

Bloomberg (2024) [UK housing rents driven by record migration, analysis finds](https://www.bloomberg.com/news/articles/2024-05-13/uk-housing-rents-driven-by-record-migration-analysis-finds) (<https://www.bloomberg.com/news/articles/2024-05-13/uk-housing-rents-driven-by-record-migration-analysis-finds>)

Centre for Public Data (2021) [New data on property in England and Wales owned by overseas individuals](https://www.centreforpublicdata.org/property-data-overseas-individuals) (<https://www.centreforpublicdata.org/property-data-overseas-individuals>)

Companies House (2025) [Company data product](https://download.companieshouse.gov.uk/) (<https://download.companieshouse.gov.uk/>)

Curvo (2025) [FTSE 100 Index: Historical performance from 2000 to 2025](https://curvo.eu/backtest/en/market-index/ftse-100) (<https://curvo.eu/backtest/en/market-index/ftse-100>)

DemandSage (2025) [Airbnb statistics 2025: Users and growth data](https://www.demandsage.com/airbnb-statistics/) (<https://www.demandsage.com/airbnb-statistics/>)

Department for Work and Pensions (2024) [Households below average income: An analysis of the UK income distribution for the financial year ending 2024](https://www.gov.uk/government/statistics/households-below-average-income-for-financial-year-ending-2024) ([https://www.gov.uk/government/statistics/households-below-average-income-for-financial-](https://www.gov.uk/government/statistics/households-below-average-income-for-financial-year-ending-2024)

years-ending-1995-to-2024)

Department for Work and Pensions (2025) Family resources survey: Financial year 2023 to 2024 (<https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2023-to-2024>)

Financial Conduct Authority (2024) Mortgage lending and administration return (MLAR) statistics (<https://www.fca.org.uk/data/mortgage-lending-statistics>)

Financial Conduct Authority (2025) A new approach to ensure regulators and regulations support growth [Letter to the Prime Minister, Chancellor, and Secretary of State, 16 January 2025] (<https://www.fca.org.uk/publication/correspondence/fca-letter-new-approach-support-growth.pdf>)

Grayston, R. Hudson, N. Lloyd, T. (2024) Is the private rented sector shrinking? (<https://www.jrf.org.uk/housing/is-the-private-rented-sector-shrinking>)

Hamptons (2024) Buy-to-let purchases fall to record low (<https://www.hamptons.co.uk/articles/buy-to-let-purchases-fall-to-record-low>)

HM Government (2022) Help to Buy (equity loan scheme): Data to 30 June 2021 (<https://www.gov.uk/government/statistics/help-to-buy-equity-loan-scheme-data-to-30-june->

2021)

HM Government (2025a) First Homes Scheme: First-time buyer's guide

(<https://www.gov.uk/first-homes-scheme>)

HM Government (2025b) Mortgage Guarantee Scheme quarterly statistics: Q4 2024

(https://assets.publishing.service.gov.uk/media/6836d6199411f0341f32367d/Q4_2024_MGS_Quarterly_statistics)

HM Revenue & Customs (2025a) Lifetime ISA: Qualitative research

(<https://www.gov.uk/government/publications/understanding-the-use-of-the-lifetime-isa-qualitative-research>)

HM Revenue & Customs (2025b) Property rental income statistics: 2024

(<https://www.gov.uk/government/statistics/property-rental-income-statistics/property-rental-income-statistics-2024>)

HM Revenue & Customs (2025c) Stamp Duty Land Tax relief for first-time buyers

(<https://www.gov.uk/guidance/stamp-duty-land-tax-relief-for-land-or-property-transactions>)

HM Treasury (2015a) Summer Budget 2015

(<https://www.gov.uk/government/publications/summer-budget-2015>)

HM Treasury (2015b) [Spending Review and Autumn Statement 2015](https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015)

(<https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015>)(<https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015>)

HM Treasury (2024) [Spring Budget 2024](https://assets.publishing.service.gov.uk/media/65e8578eb559930011ade2cb/E03057752_HMT_Spring_Budget_2024)

([https://assets.publishing.service.gov.uk/media/65e8578eb559930011ade2cb/E03057752_HMT_Spring](https://assets.publishing.service.gov.uk/media/65e8578eb559930011ade2cb/E03057752_HMT_Spring_Budget_2024)

Johnson-Hunter, M. Milne, B. Stirling, A. Earwaker, R. (2025) [Starmer's missed milestone? The outlook for living standards at the Spring Statement](https://www.jrf.org.uk/cost-of-living/starmers-missed-milestone-the-outlook-for-living-standards-at-the-spring-statement) (<https://www.jrf.org.uk/cost-of-living/starmers-missed-milestone-the-outlook-for-living-standards-at-the-spring-statement>)

Leunig, T. (2024) [A fairer property tax: A practical alternative to Stamp Duty and Council Tax](https://ukonward.com/reports/a-fairer-property-tax/) (<https://ukonward.com/reports/a-fairer-property-tax/>)

Ministry of Housing, Communities and Local Government (2024a) [English private landlord survey 2024](https://www.gov.uk/government/statistics/english-private-landlord-survey-2024-main-report) (<https://www.gov.uk/government/statistics/english-private-landlord-survey-2024-main-report>)

Ministry of Housing, Communities and Local Government (2024b) [Live table 104: Dwelling stock estimates by tenure, England, 1801 to 2024](https://assets.publishing.service.gov.uk/media/682deb17baff3dab9977518d/LiveTable104.ods) (<https://assets.publishing.service.gov.uk/media/682deb17baff3dab9977518d/LiveTable104.ods>)

Ministry of Housing, Communities and Local Government (2025a) [English housing survey 2023 to 2024: Headline findings on demographics and household resilience](https://www.gov.uk/government/collections/english-housing-survey-2023-to-2024-headline-findings-on-demographics-and-household-resilience)
(<https://www.gov.uk/government/collections/english-housing-survey-2023-to-2024-headline-findings-on-demographics-and-household-resilience>)

Ministry of Housing, Communities and Local Government (2025b) [Statutory homelessness live tables](https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness) (<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>)

National Residential Landlords Association (2023) [Scrapping mortgage tax relief hike would ease rental supply crisis says new research](https://www.nrla.org.uk/news-scrapping-mortgage-tax-relief-would-ease-rental-supply-crisis-says-new-research) (<https://www.nrla.org.uk/news-scrapping-mortgage-tax-relief-would-ease-rental-supply-crisis-says-new-research>)

National Residential Landlords Association (NRLA) (2024) [Supply crisis the crux of rising rents](https://www.nrla.org.uk/news/supply-crisis-crux-rising-rents)
(<https://www.nrla.org.uk/news/supply-crisis-crux-rising-rents>)

New Economics Foundation (2023) [Reforming Property Tax: Dampening further property speculation in the housing crisis](https://neweconomics.org/uploads/files/Reforming-property-tax-final-version-web.pdf) (<https://neweconomics.org/uploads/files/Reforming-property-tax-final-version-web.pdf>)

Office for Budget Responsibility (2025) [Economic and fiscal outlook: March 2025](https://obr.uk/efo/economic-and-fiscal-outlook-march-2025/)
(<https://obr.uk/efo/economic-and-fiscal-outlook-march-2025/>)

Office for National Statistics (2024) [Private rental affordability, England and Wales: 2023](#)

(<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalaffordability>)

Office for National Statistics (2025a) [Consumer Prices Index including owner occupiers'](#)

[housing costs \(CPIH\) time series](#) (<https://www.ons.gov.uk/datasets/cpih01>)

Office for National Statistics (2025b) [Private rent and house prices, UK: July 2025](#)

([https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/j](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/july2025))

Property118 (2024) [Why the buy-to-let dream is dead: How the Government killed the UK's best](#)

[investment](#) ([https://www.property118.com/why-the-buy-to-let-dream-is-dead-how-the-](https://www.property118.com/why-the-buy-to-let-dream-is-dead-how-the-government-killed-the-uks-best-investment/)

[government-killed-the-uks-best-investment/](#))

Resolution Foundation (2024) [Through the roof: Recent trends in rental-price growth](#)

(<https://www.resolutionfoundation.org/publications/through-the-roof/>)

Savills (2023) [First-time buyer funding and the Bank of Mum and Dad](#)

([https://www.savills.co.uk/blog/article/302871/residential-property/first-time-buyer-funding-](https://www.savills.co.uk/blog/article/302871/residential-property/first-time-buyer-funding-and-the-bank-of-mum-and-dad.aspx)

[and-the-bank-of-mum-and-dad.aspx](#))

Savills (2024) [Rental forecasts](#) (https://www.savills.co.uk/research_articles/229130/368940-0)

Swinford, S. (2025) [Rachel Reeves considering stamp duty and property tax reforms](https://www.thetimes.com/uk/politics/article/rachel-reeves-stamp-duty-property-tax-cf27jzhf2)
(<https://www.thetimes.com/uk/politics/article/rachel-reeves-stamp-duty-property-tax-cf27jzhf2>)(<https://www.thetimes.com/uk/politics/article/rachel-reeves-stamp-duty-property-tax-cf27jzhf2>)

Treasury (2021) [Private rented housing: Income tax \(Written Question UIN HL2005, answered 27 July 2021\)](https://questions-statements.parliament.uk/written-questions/detail/2021-07-14/HL2005/) (<https://questions-statements.parliament.uk/written-questions/detail/2021-07-14/HL2005/>)

UK Finance (2024) [The shape of buy-to-let](https://www.ukfinance.org.uk/policy-and-guidance/reports-and-publications/shape-buy-let) (<https://www.ukfinance.org.uk/policy-and-guidance/reports-and-publications/shape-buy-let>)

UK Finance (2025) [Buy-to-let mortgage market update: April 2025](https://www.ukfinance.org.uk/system/files/2025-04/Buy%20to%20let%20Mortgage%20Market%20Update_0.pdf)
(https://www.ukfinance.org.uk/system/files/2025-04/Buy%20to%20let%20Mortgage%20Market%20Update_0.pdf)

The asking rent series from Zoopla and new let rents series from HomeLet are not publicly published, but were kindly shared and used in this analysis. They provide a detailed picture of rental trends.

How to cite this report

If you are using this document in your own writing, our preferred citation is:

Elliott, J. and Baxter, D. (2025) How tax reform has helped balance the housing market. York:
Joseph Rowntree Foundation.