



Navigating the *uncertainties*

THE IMPACT OF THE RENTERS' RIGHTS ACT 2025 ON INSTITUTIONAL INVESTORS IN THE ENGLISH PRIVATE RENTED SECTOR

The Renters' Rights Act (the Act), which received Royal Assent on October 27, 2025, introduces the most significant reforms to England's private rented sector (PRS) in decades. While the Act aims to strengthen tenant protections against substandard accommodation, retaliatory eviction and off-market rent increases, it also creates challenges for institutional investors, particularly those active in large scale co-living and multifamily schemes, shifting the balance of power from the landlord to the tenant.

KEY CHANGES AFFECTING INSTITUTIONAL INVESTORS

ABOLITION OF ASSURED SHORTHOLD TENANCIES (ASTS) AND FIXED-TERM ASSURED TENANCIES

Both existing and new ASTs and fixed-term assured tenancies will convert to assured periodic tenancies with no fixed end date (with limited exceptions). Tenancies will therefore continue until the tenant gives two months' notice or the landlord establishes a statutory ground for eviction. This shift gives tenants greater control over tenancy length, increasing uncertainty for landlords.

END OF SECTION 21 “NO-FAULT” EVICTIONS

Landlords will no longer be able to evict tenants without cause on two months’ notice. Instead, they will need to obtain a court order to evict a tenant, relying on one of the mandatory or discretionary statutory grounds for possession. Since the government does not plan to implement court reforms before these changes take effect, landlords may face lengthy delays in regaining possession due to court backlogs. Tenant selection will therefore become even more important.

REMOVAL OF CONTRACTUAL RENT REVIEWS

Rent increases will be limited to once per year, capped at prevailing market rates, and subject to tenant appeal to the First-tier Tribunal. Increases will also be delayed until any tenant challenge is resolved and will not be backdated. This process adds bureaucracy and incentivises tenants to challenge increases, especially given expected tribunal delays.

STUDENT ACCOMMODATION

The position in relation to student accommodation is complex. Broadly, the Act gives Purpose Built Student Accommodation (PBSA) the benefit of an exemption in relation to tenancies granted after the Act comes into force (although not in relation to existing tenancies) provided that the landlord or managing agent belongs to an approved housing management code of practice. Other student accommodation providers do not benefit from this exemption but may be assisted by a new ground of possession relating to academic years.

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IMPLEMENTATION TIMELINE

The government intends to implement the Act in stages.

On May 1, 2026, key reforms will take effect, including rent review reforms, the abolition of ASTs and fixed-term assured tenancies and the end of Section 21 “no fault” evictions. However, timings are subject to change. Secondary legislation is required to provide further detail.

MARKET IMPACT AND OUTLOOK

Only time will tell whether the Act will present an opportunity for the market or not. The Act could make renting more attractive by offering greater security of tenure, potentially expanding the market for professional investors able to manage the new administrative burdens. Conversely, increased uncertainty and operational complexity may deter investment and prompt some landlords to exit the PRS. Valuers will need to develop new models to reflect these changes, especially to support ongoing financing. For active institutional investors, staying informed and preparing for these reforms is essential.

For a more in-depth analysis on these changes (and the other elements of the Act), please contact the individuals listed below or your usual A&O Shearman contact for our more detailed report.

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