



Key Factors Making the Market Difficult for Landlords

Description

The rental market in Edinburgh has become significantly more challenging for landlords, shifting from a period of high-profit, low-regulation, to a more complex, high-compliance environment with tightening margins. While demand remains high, the landscape in 2025–2026 is defined by strict regulatory changes, increased maintenance costs, and a slow rise in available stock that is putting pressure on rents.

An Electrical Installation Condition Report (EICR)

As a landlord in Scotland, you are legally required to ensure the electrical installations in your rental properties are safe and inspected by a qualified person at least every 5 years, with a report (EICR) provided to tenants. An EICR aims to ensure the electrical installation is safe for continued use, identifying any damage, deterioration, or defects that could pose a risk. As a qualified electrician, John Noble can conduct your landlord EICR, inspecting and testing various aspects of the electrical system, including wiring, consumer units, sockets, switches, and protective bonding.

The introduction of the Housing (Scotland) Act 2025 has brought about significant changes, including stricter repair standards and new, tighter regulations on evictions and rent increases. The new standards require properties to be free from lead pipes, have interlinked smoke/heat alarms, and often, improved EPC ratings. At John Noble Electrical Contractors we understand the need to have a well maintained property in Edinburgh with all the legal safety requirements.

Impending Rent Controls:

While temporary rent caps ended in early 2025, the new Housing Act introduces Rent Control Areas (RCAs) expected by 2027, where rent increases will be capped at CPI+1% (max 6%). This creates uncertainty and limits potential income growth for long-term investments.

Stricter EPC Requirements:

From 2025, rental properties must have a higher energy efficiency rating (EPC C or better) at the change of tenancy, requiring, in some cases, significant investment in insulation and heating systems.

Higher Costs and Taxation:

Landlords are facing increased mortgage rates and maintenance costs, which, combined with the new regulations, are making it difficult to maintain previous profit margins.

Increased Competition and Tenant Expectations: While the number of properties on the market is still lower than pre-2020 levels, there has been a recent increase in supply (partly due to short-term lets converting back to long-term), meaning landlords need to offer higher quality properties to attract tenants.

Short-Term Let Licensing:

Stricter regulations on short-term lets (Airbnbs) have forced many to move back into the long-term sector, creating more supply, which is shifting the market towards a more balanced, less landlord-driven environment.

The Shift to Professionalism

The market is shifting away from casual, DIY, or accidental landlords toward a professional, compliant, and well-managed model. While some landlords are selling up due to these pressures, others are adapting by upgrading properties to meet the new, high-quality, energy-efficient standards that modern tenants demand.

Despite these difficulties, Edinburgh remains an attractive long-term investment, with demand for quality housing still outstripping supply in many areas.

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