

VERDAQ RESEARCH · FLAGSHIP STUDY

England Nature Markets Review 2026

Data. Markets. Impact.

Independent intelligence on the governance,
procurement and market infrastructure shaping
England's environmental markets.

02 PRELIMINARY

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Thirty-two pages. One market. Analysis, data and outlook.

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03 PRELIMINARY · PART I

Foreword

A short note on why we wrote this report, and who it is for.

This is the first flagship study in what will be an annual series. Its subject is the market that has assembled around England's statutory Biodiversity Net Gain regime — a market that touches nearly every qualifying development in England, a growing share of rural land, and, increasingly, the portfolios of institutional investors. Its influence now extends across the wider UK.

The report is written for the people making decisions inside that market: developers, landowners, planners, ecologists, habitat bank operators and the investors who back them. It is not written for specialists in biodiversity policy — that literature already exists — but for professionals who need a clear commercial view of how the market works, what it costs, where the friction lies, and what will change next.

We have tried to balance description with analysis. Half of the report explains what exists. The other half sets out how we think it will evolve. Where the market data is thin — and it often is — we have said so, and used carefully labelled indicative ranges rather than false precision.

Three ideas run through the report.

First, nature is no longer a peripheral consideration in development. Since February 2024 most qualifying planning applications in England have had to demonstrate a measurable ecological uplift; from 6 August 2026 a defined set of smaller and temporary developments is exempt. From 2 November 2026, mandatory Biodiversity Net Gain also extends to nationally significant infrastructure projects applying for development consent in England, bringing larger and often more complex schemes into the statutory regime. Wales, Scotland and Northern Ireland are advancing distinct policy frameworks at different stages of maturity — related in intent, but not equivalent in law. That single shift has reorganised the economics of land, the sequencing of design and, quietly, the rural balance sheet.

Second, the market is real, but it is not yet efficient. Prices are opaque, procurement cycles are long, and information sits in silos. These are the ordinary problems of a market in its formative years, and they are also its most obvious opportunities.

Third, the next phase will not be defined by legislation — that work is largely complete in England, and progressing on separate tracks in the devolved nations — but by the infrastructure, data and standards that make transactions easier. This is where we spend our time.

Verdaq Research

September 2026 · London

Legislation and policy current to September 2026, drawing on GOV.UK, Defra and Natural England guidance. Market data is dated individually where the latest analysed dataset is earlier.

04 PRELIMINARY · PART I

Executive Summary

Five things every developer, landowner and investor should know about environmental markets in 2026.

01 England has the UK's only fully statutory biodiversity market.

Biodiversity Net Gain has turned an ecological principle into a measurable statutory requirement. Since February 2024, most qualifying planning applications in England have required at least 10% BNG. From 6 August 2026, certain smaller and temporary developments are exempt. From 2 November 2026, mandatory BNG also extends to nationally significant infrastructure projects applying for development consent. Where sufficient gain cannot be delivered on-site, the regime creates demand for registered off-site biodiversity units. Wales, Scotland and Northern Ireland are developing foundation frameworks of their own, but none yet operates a mandatory tradable unit market.

02 Supply and demand are converging, unevenly.

More than three hundred habitat bank sites are now registered on the national gain-sites register. Registered supply is growing faster than demand for now, but demand is heavily concentrated in the South and East — where suitable land is scarcest.

03 Pricing is opaque, but the bands are becoming visible.

Off-site unit prices cluster in a well-known range by habitat type. High-distinctiveness woodland and chalk grassland trade at multiples of low-distinctiveness grassland. Statutory credits, by design, sit above the private market.

04 The biggest constraint is friction, not scarcity.

Complex off-site procurement can take several weeks or months. The delay is caused less by unit availability than by fragmented information, bespoke legal drafting and slow local authority interpretation. This is the market's most solvable problem.

05 The next phase will be defined by infrastructure, not policy.

Institutional capital, standard contract forms, unified market data and eventually a secondary market are the ingredients that turn a compliance regime into an asset class. That transition has already begun.

05 PRELIMINARY · PART I

Market at a Glance

England's statutory market in seven figures — indicative, but directional.



300+

REGISTERED GAIN SITES — Q1 2026
ANALYSED DATASET

On the national Biodiversity Gain Sites Register; Q1 2026 dataset, not a live count.



10%

MINIMUM UPLIFT REQUIRED

Every qualifying planning consent in England since Feb 2024.



30 yrs

MINIMUM STEWARDSHIP PERIOD

Habitats secured by legal agreement for at least three decades.



2 Nov 2026

MANDATORY BNG BEGINS FOR NSIPS

DCO applications made on or after this date require at least 10% BNG.



~£25k

TYPICAL MID-DISTINCTIVENESS UNIT

Indicative range for common grassland and hedgerow types.



12–20

WEEKS TO CLOSE A TYPICAL TRADE

Indicative procurement range from decision to signed agreement.



0.2 ha

NEW EXEMPTION THRESHOLD

From August 2026, qualifying developments at or below 0.2 hectares are exempt.



4 Nations

DISTINCT POLICY FRAMEWORKS

Four distinct biodiversity policy frameworks are now emerging across the UK.

Sources: Biodiversity Gain Sites Register; Defra; industry reporting; Verdaq analysis. Figures indicative and rounded.

06 THE POLICY SHIFT · CHAPTER 01

The UK's Nature Deficit

The country's ecological baseline — the context that made new legislation politically inevitable.

Any account of the UK's environmental markets has to begin with the state of UK nature. On almost every biodiversity indicator the country ranks in the bottom quartile of the G7. Long-term monitoring shows sustained declines across pollinators, farmland birds and freshwater invertebrates.

The urgency is easy to underestimate from a policy desk. It is not that individual habitats are gone; it is that the wider network — the connective tissue between them — has thinned to the point where recovery cannot occur without deliberate intervention.

It is against this baseline that Biodiversity Net Gain was written into English planning law — the UK's only fully statutory biodiversity credit market.

The policy response has been consistent in direction but divergent in form. The Environment Act 2021 and the mandatory BNG regime that followed apply in England. Wales is progressing a net benefit approach through Planning Policy Wales, Scotland has extended its biodiversity duty and is developing biodiversity enhancement requirements, and Northern Ireland is operationalising a nature recovery strategy. Each is a separate policy framework at a different stage of maturity, not a copy of the English regime.

For England, the policy story is largely settled. What follows is the commercial story — how the market that has grown up around the policy actually works, what it costs, and where it is going next.

UK NATURE — HEADLINE INDICATORS

53%

of species in long-term decline (State of Nature 2023).

Bottom 12%

globally ranked for biodiversity intactness.

~2.5%

of the UK considered semi-natural woodland.

VERDAQ PERSPECTIVE

The ecological case for intervention is settled; the commercial case is only now being written. What the deficit really tells us is that restoration will need to be financed at a scale the public purse cannot carry alone — which is precisely why compliance obligations were converted into tradeable units. England is the first stage of a much larger market, not the whole of it. Anyone assessing this sector should read the biodiversity deficit as a long-run demand signal for environmental units of every kind, not as a policy footnote.

07 THE POLICY SHIFT · CHAPTER 01

The Policy Timeline

How five years of legislation turned an ecological principle into a working planning requirement in England — and where each of the four nations sits today.

ENGLAND — MANDATORY BIODIVERSITY NET GAIN

2019

NPPF revised — first mainstream mention of net gain in national planning policy.

2021

Environment Act — 10% mandatory BNG codified in English law.

2023

Statutory Biodiversity Metric published (29 November 2023) — Defra lays the statutory calculation framework ahead of mandatory BNG.

2024

BNG goes live — Feb 12 major sites; April minor sites. Tradable units.

6 Aug 2026

0.2 hectare exemption introduced; temporary developments of five years or less exempted.

6 Aug 2026

Self-build and custom-build exemption removed.

6 Aug 2026

Non-major hierarchy simplified — on-site and registered off-site gains treated equally.

2 Nov 2026

Mandatory BNG extends to NSIPs — DCO applications from this date must deliver at least 10% BNG.

WALES — NET BENEFIT FOR BIODIVERSITY

2021

Planning Policy Wales embeds net benefit for biodiversity.

2025

Consultation on a Welsh biodiversity framework and metric approach.

2026

Framework development continues; no mandatory tradable unit market.

SCOTLAND — BIODIVERSITY ENHANCEMENT

2023

NPF4 requires positive effects for biodiversity from development.

2025

Biodiversity duty extended; Scottish Biodiversity Strategy delivery plans.

2026

Enhancement measured case by case; no statutory metric in force.

NORTHERN IRELAND — NATURE RECOVERY

2024

Environment Strategy sets nature recovery direction.

2026

Biodiversity strategy operationalised; framework at foundation stage.

UPDATE — AUGUST 2026

Four amendments took effect on 6 August 2026, narrowing the scope of the duty — not how the market works.

08 THE POLICY SHIFT · CHAPTER 01

Four Nations. Four Policy Frameworks. One Direction.

England operates the UK’s only fully statutory biodiversity credit market. The other three nations are building frameworks of their own — related in intent, distinct in law.

It is tempting to describe biodiversity policy as a single UK story. It is not. England has a mandatory regime with a statutory metric, a public register and tradable units. Wales, Scotland and Northern Ireland each have a policy commitment to improve biodiversity through development, but the mechanism, the measurement and the market differ in every case.

The commercial consequence is that only England currently supports a functioning credit market with priced, registered and legally secured units. The other frameworks matter because they set the direction of travel — and because the data, procurement and compliance infrastructure being built for England is the same infrastructure those markets will need.

COMPARISON — BIODIVERSITY POLICY BY NATION, Q1 2026

	ENGLAND	WALES	SCOTLAND	NORTHERN IRELAND
Mandatory BNG	Yes — statutory since Feb 2024	No — net benefit policy duty	No — enhancement duty via NPF4	No — strategy stage
Percentage target	10% minimum uplift	No fixed percentage	No fixed percentage	No fixed percentage
Statutory metric	Defra statutory biodiversity metric	Metric approach under consultation	Case-by-case assessment	No metric in force
Tradable units	Yes — off-site units and statutory credits	Not yet	Not yet	Not yet
Habitat banks	300+ registered gain sites	Early, voluntary activity	Early, voluntary activity	Nascent
Public register	Biodiversity Gain Sites Register	None	None	None

VERDAQ PERSPECTIVE

Divergence is not a problem to be solved; it is the normal pattern for devolved environmental policy. What matters commercially is that all four frameworks will eventually require the same things: a defensible baseline, a measurable uplift, a legal mechanism to secure it for decades, and evidence a planning authority can accept. Those requirements are infrastructure requirements, not policy ones. Build them once for England and they extend, with local calibration, to whatever the other three nations adopt.

09 BIODIVERSITY NET GAIN · CHAPTER 02

How BNG Works

The three-tier hierarchy that every developer in England now navigates — and the reason a market exists at all.

Biodiversity Net Gain rests on a legal duty and a mitigation hierarchy. The duty is simple: every qualifying planning consent in England must demonstrate at least a 10% measurable improvement in biodiversity value versus the site's pre-development baseline, secured for a minimum of thirty years.

How that duty is discharged is where the market lives. Developers work through a hierarchy: on-site provision first, off-site units second, statutory credits from Natural England as a last resort. Prices step up sharply at each rung — by design, to steer transactions toward private supply.

01

On-site

LOWEST COST

Habitat retained, created or enhanced within the red-line.

02

Off-site units

MARKET PRICE

Units bought from a registered habitat bank in the market.

03

Statutory credits

POLICY PREMIUM

Credits from Natural England at a policy premium.

HOW THE HIERARCHY APPLIES FROM 6 AUGUST 2026

Major development. The hierarchy continues to prioritise avoidance and mitigation, then on-site enhancement and creation, before registered off-site gains, with statutory credits as the final option.

Non-major development — applications from 6 August 2026. On-site enhancement, on-site creation and registered off-site biodiversity gains are treated at the same level of preference. Avoidance and mitigation principles still apply. Statutory biodiversity credits remain the final option.

10 BIODIVERSITY NET GAIN • CHAPTER 03

Inside the Statutory Metric

How a mapped habitat parcel becomes a measured biodiversity unit — the inputs that determine value, and the delivery factors applied to creation and enhancement.

Every unit in the market is generated by the same calculation. The statutory biodiversity metric takes a mapped habitat parcel and converts it into a numerical value expressed in biodiversity units. It is the version that must be used for mandatory BNG; earlier Metric 4.0 versions should not be used for new mandatory applications.

Two groups of inputs matter. Habitat value inputs describe what is on the ground. Delivery and risk factors adjust the value of habitat being created or enhanced. Together they explain almost every commercial difference between one unit and another — why chalk grassland trades at a premium, and why the same hectare can be worth different amounts depending on where it sits relative to the development.

Understanding these multipliers is the single most useful piece of commercial literacy for any participant in the market. A developer who reads a metric report can quickly see where value is being lost on site and where it can be recovered.

A landowner who knows the multipliers can identify which of their parcels are worth creating a bank on — and which are not. The arithmetic is public. The commercial edge lies in fluency.

HABITAT VALUE INPUTS

Area or length hectares / kilometres	Habitat type / distinctiveness ecological value band	Condition assessed habitat quality	Strategic significance local priority location
--	--	--	--

DELIVERY / RISK FACTORS — CREATION AND ENHANCEMENT

Difficulty risk how hard the habitat is to deliver	Time to target condition years until the habitat matures	Spatial risk where the gain sits relative to the development	Biodiversity units the measured result
--	--	--	--

Distinctiveness is the single largest driver of value. Habitats are banded from Very Low (arable, amenity grass) to Very High (ancient woodland, chalk grassland). A very-high-distinctiveness unit can be worth several times a low-distinctiveness one.

READING THE METRIC

Area, hedgerow and watercourse habitats are assessed separately — area in hectares, linear habitats in kilometres — each producing its own unit type. Delivery and risk factors apply to habitat being created or enhanced, reducing the units credited where delivery is difficult, slow, or located away from the development's local planning authority area and relevant spatial geography. Watercourses attract additional specific factors. The metric is not a single multiplication: the published calculation tool applies these factors together, and its outputs, not a simplified formula, are what a planning authority reviews.

11 BIODIVERSITY NET GAIN · CHAPTER 03

The BNG Project Workflow

From land acquisition to planning approval — the eight-step process that every qualifying scheme in England now navigates.

The sequence below traces a typical scheme end-to-end. Every step is a decision point, and every decision point is where projects lose weeks if the market's information is fragmented.

01 Land acquisition or option

Site secured; red-line boundary drawn; early viability tested. Confirm whether the development qualifies for any statutory exemption before commencing the biodiversity assessment.

02 Baseline ecological survey

Habitats mapped and condition-assessed to metric standards.

03 Metric baseline calculation

Pre-development biodiversity value fixed as the reference point.

04 Scheme design iteration

Layout adjusted to retain value and reduce the off-site requirement.

05 On-site delivery assessment

How much of the 10% can be delivered inside the red line.

06 Off-site unit procurement

Registered banks identified, priced, diligenced and contracted.

07 Biodiversity Gain Plan

Evidence pack assembled and submitted to the planning authority.

08 Approval and monitoring

Plan approved; 30-year delivery and monitoring obligations begin.

Steps 05 to 07 are where most schedule risk sits. They are also the steps most amenable to standardisation.

NSIPS FOLLOW A DIFFERENT CONSENTING ROUTE

From 2 November 2026, qualifying nationally significant infrastructure projects applying for a Development Consent Order must deliver at least 10% BNG under the Planning Act framework and the relevant biodiversity gain statement. The workflow above describes the ordinary town-and-country planning route; NSIP schemes do not submit a Biodiversity Gain Plan to a local planning authority in the same way.

12 NATURE MARKETS · CHAPTER 04

The Market Ecosystem

Where public rules meet private capital — the statutory and voluntary schemes financing environmental outcomes.

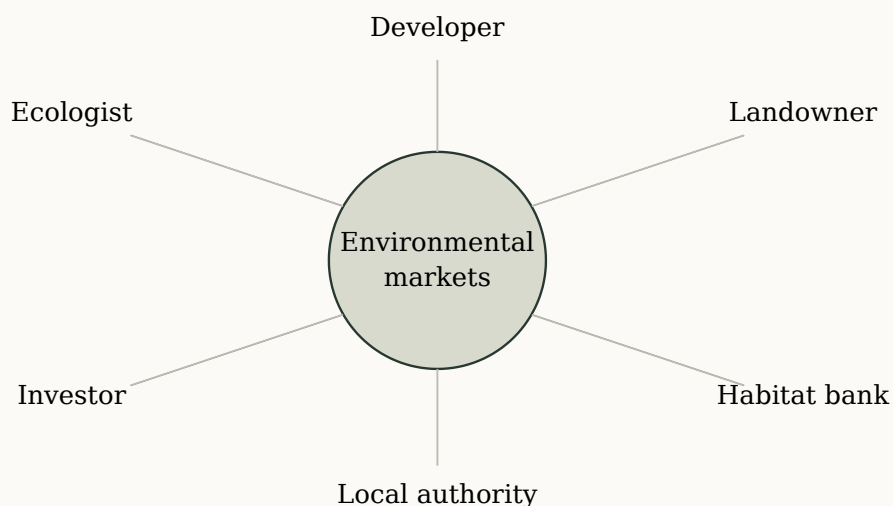
The term environmental market is often used loosely. In a UK context it describes the collection of schemes — some statutory, some voluntary — through which environmental outcomes are financed by parties other than the public purse. England's statutory BNG market is the anchor, but it does not stand alone.

For developers this is a procurement question. For landowners it is a land-use question — often the first serious alternative to conventional agricultural income in a generation. For investors it is a portfolio question, with cash flows that are long-dated, contractually secured and, in some cases, uncorrelated with the wider economy.

None of these markets is yet mature. Prices vary by region, information is fragmented, and standards continue to evolve. But the direction is unmistakable: environmental outcomes are increasingly financed through private transactions, within a framework set by public policy.

The result is a small but expanding ecosystem of participants — each meeting the others across the same set of transactions.

WHO PARTICIPATES



13 NATURE MARKETS · CHAPTER 04

How the Market Actually Flows

The full commercial path a single biodiversity unit travels — from planning consultant to responsible body.

A diagram of participants is useful. A diagram of the transactions between them is more useful. Below is the sequence in which money, information and legal obligations actually change hands.

STEP 01

Developer

Commissions and pays.

STEP 02

Legal / conveyancer

Drafts conservation covenant.

STEP 03

Planning consultant

Coordinates BNG strategy.

STEP 04

Responsible body

Holds the 30-year obligation.

STEP 05

Ecologist

Surveys baseline; runs the metric.

STEP 06

Local authority

Approves Biodiversity Gain Plan.

STEP 07

Habitat bank

Supplies off-site units.

STEP 08

Construction

Scheme built; monitoring begins.

Money flows through the transaction; the long-term ecological obligation flows in the opposite direction, from developer to responsible body.

VERDAQ PERSPECTIVE

Procurement remains fragmented because no single party owns the transaction. The developer pays, the ecologist measures, the bank supplies, the lawyer secures and the authority approves — and none of them holds the file end to end. Every trade therefore restarts the same discovery, diligence and drafting work from scratch. That is a coordination failure, not a supply failure, and coordination failures are solved with shared infrastructure: common data, standard documents and a clear record of the procurement and decision process.

14 HABITAT BANKS · CHAPTER 05

The Supply Side

Habitat banks — land assembled and managed ahead of demand, and the operators making the market.

A habitat bank is, at its simplest, an area of land where habitats are created or enhanced ahead of demand, registered on the national Biodiversity Gain Sites Register, and then sold in units to developers who need to meet their off-site obligation.

Most banks today are operated by specialist land managers, established landowners diversifying their income, or new entrants building institutional-scale portfolios. The mix reflects a market still finding its equilibrium.

The commercial model is straightforward. The land is secured for at least thirty years by a conservation covenant or a s.106 agreement. Units are sold to developers as demand emerges, at prices set by habitat type, condition target and local scarcity.

For landowners, the appeal is that the same hectare can generate cash flows that materially exceed conventional agricultural returns, provided the site is well-designed and well-run.

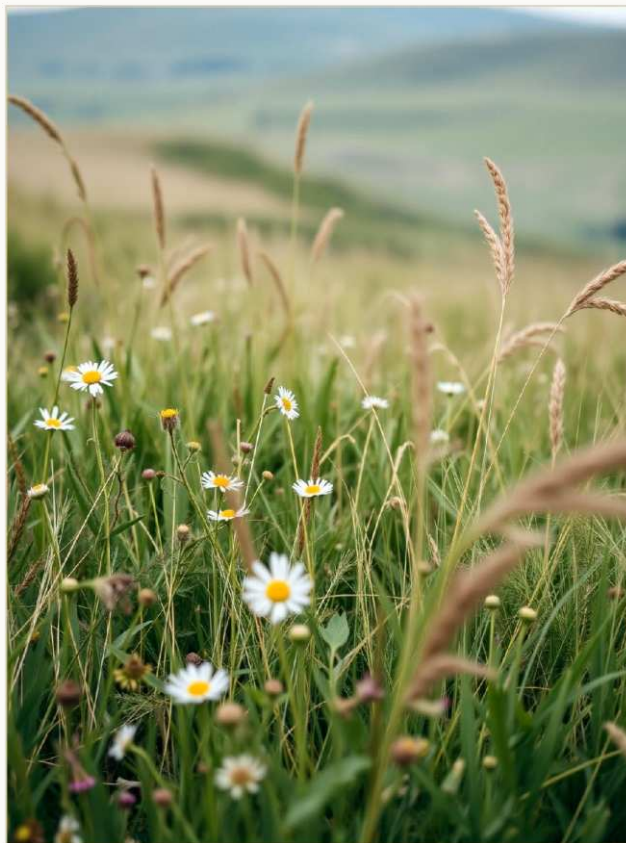


FIGURE 05.1

Species-rich grassland under active bank management — the physical form of most first-generation supply.

15 HABITAT BANKS · CHAPTER 05

The Economics of a Habitat Bank

A J-curve cash flow, thirty-year duration, and fixed costs that reward scale.

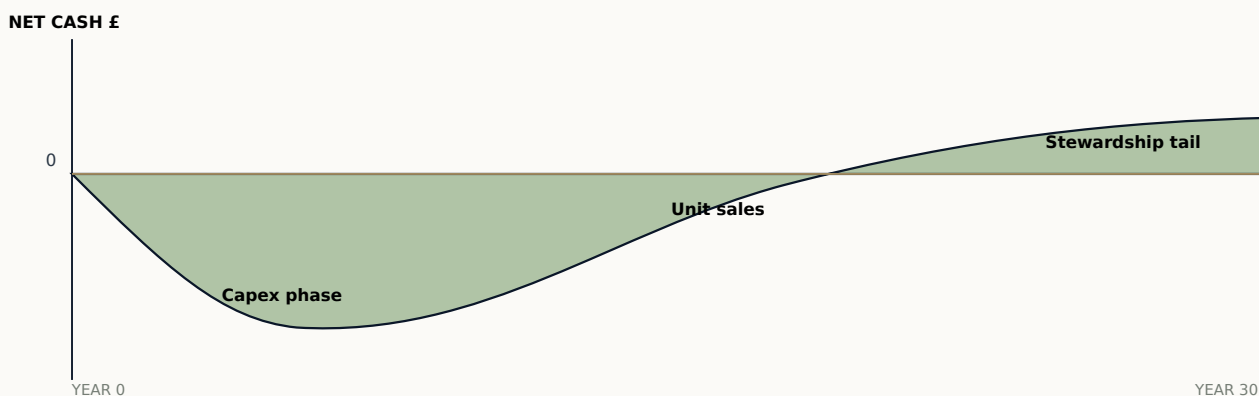
The economics of a habitat bank are unusual. Capital is spent heavily in the first three years — land, restoration works, legal drafting, initial monitoring — and revenue arrives gradually as units are sold and stewardship payments accumulate over three decades.

The result is a J-shaped cash-flow profile familiar to infrastructure and forestry investors, and increasingly recognisable to institutional capital allocators looking for long-dated, inflation-linked exposure.

The single largest determinant of returns is not unit price. It is run-rate cost — the fixed cost of monitoring, reporting, legal and insurance overhead spread across each hectare under management.

A well-run 200-hectare bank can absorb these costs across a larger revenue base; a 5-hectare bank cannot. This is the arithmetic that will drive the consolidation described later in this report.

INDICATIVE CASH-FLOW PROFILE — 100 HA BANK



READING THE CASHFLOW

Costs are heavy in Years 1–2 (land agreement, ecological works, uplift creation). Revenue arrives once units are registered and sold — typically spread across Years 3–8 as developers draw down credits. Once sales complete, revenue stops; the remaining obligation is stewardship (monitoring, management) for the balance of the 30-year term, funded from a stewardship reserve set aside at sale. The positive tail on the chart reflects that reserve being drawn down against a lower ongoing cost base, not new income.

VERDAQ PERSPECTIVE

Habitat banking is a fixed-cost business wearing a land-management costume. Monitoring, reporting, insurance and legal overhead barely move between a five-hectare site and a fifty-hectare one, so returns are decided by scale and by the cost of proving delivery — not by headline unit price. Operators who industrialise their evidence, reporting and stewardship record will out-earn those who negotiate harder on price.

16 HABITAT BANKS · CHAPTER 05

Habitat Banks Across the UK

Where registered supply actually sits — and where the demand it serves does not always overlap.

Registered habitat banks — a feature of England's statutory market — are unevenly distributed. Early concentrations reflected pilot activity in the South East and East Anglia; the current picture shows meaningful expansion into the Midlands, the South West and the North of England. Voluntary activity is emerging in the devolved nations without an equivalent register.

Two forces drive the pattern. Demand is largest where housebuilding and infrastructure delivery is heaviest; supply is easiest where farmland values make long-term habitat creation financially viable.

These two forces do not always overlap. Some of the largest concentrations of demand — the South East and the Cambridge–Oxford arc — sit in the regions where suitable land is scarcest and most expensive.

That mismatch is one reason regional prices vary as much as they do, and one reason a growing share of trades cross local authority boundaries within the same National Character Area.

Markers are illustrative bank locations at LPA / regional level, not precise coordinates. Off-site units do not have to sit within a bordering LPA, but the metric's spatial risk multiplier applies a penalty when they do not.

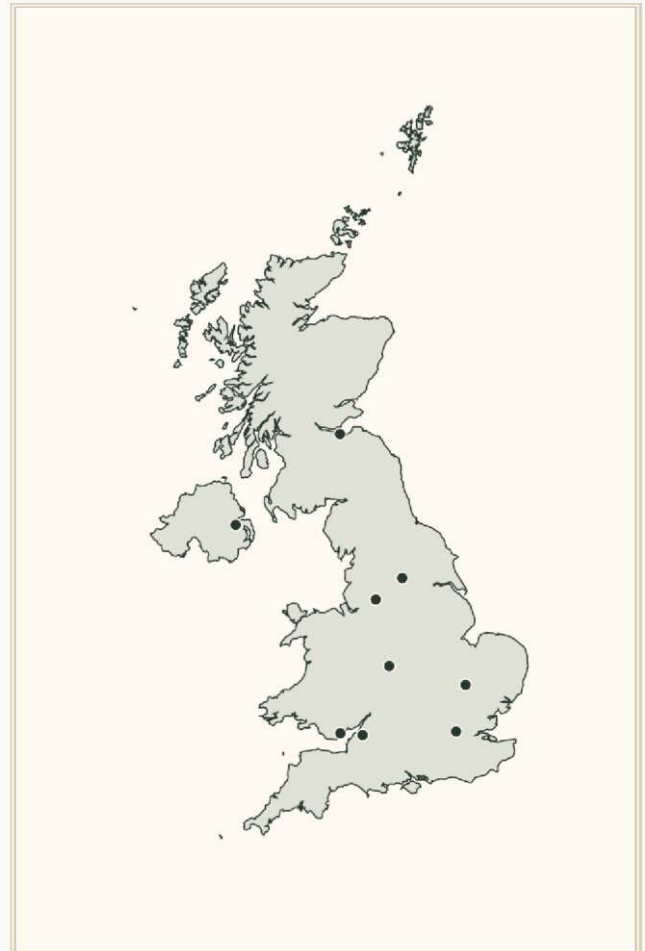


FIGURE 05.2

Registered gain sites — indicative distribution, Q1 2026. Dots mark principal urban demand centres.

17 ENVIRONMENTAL MARKETS · CHAPTER 06

The Future of Environmental Markets

Biodiversity is the anchor, not the boundary. The adjacent markets share the same land, the same operators and, increasingly, the same investors.

England's statutory BNG market is the most developed environmental market in the UK, but it is one of several. Nutrient neutrality is one of the most established environmental mitigation markets adjacent to BNG. Voluntary carbon — through the Woodland Carbon Code and Peatland Code — is the oldest. Water-quality trading is small but growing, and marine and natural-capital markets are visibly forming.

These markets differ in regulation but increasingly require similar data, procurement and compliance infrastructure.

The commercially important point is that the same intervention can sometimes serve more than one market. A wetland scrape can produce nutrient credits and biodiversity units; a native woodland can produce BNG units and carbon credits.

Understanding which markets can co-exist on a single site — the question of stacking and bundling — is examined on page 19.

ENVIRONMENTAL MARKETS — STATUS AND SCOPE

Biodiversity Net Gain	STATUTORY · ENGLAND	Biodiversity units for planning consent.
Nutrient neutrality	STATUTORY	Nitrogen / phosphorus credits in sensitive catchments.
Water quality	EMERGING	River and catchment-scale trading.
Woodland Carbon Code	VOLUNTARY	Verified carbon from new native woodland.
Peatland Code	VOLUNTARY	Verified carbon from peatland restoration.
Marine and coastal	FORMING	Saltmarsh, seagrass and blue-carbon outcomes.
Natural capital reporting	FORMING	Corporate disclosure driving demand for verified outcomes.

18 ENVIRONMENTAL MARKETS • CHAPTER 06

Nutrient Neutrality Catchments

Where new development cannot proceed until its nitrogen and phosphorus load is neutralised.

Nutrient neutrality is one of the most established environmental mitigation markets adjacent to BNG, with development restrictions and mitigation requirements operating across affected catchments in England. Where developments discharge into rivers or estuaries already exceeding safe nitrogen or phosphorus loads, planning authorities must ensure any new nutrient load is offset before consent is granted.

Natural England currently provides nutrient-neutrality calculators for 27 affected catchments in England. This is not one uniform national credit market equivalent to BNG: requirements are catchment-specific, nitrogen and phosphorus rules differ between catchments, suppliers may be public or private, and mitigation mechanisms and pricing vary considerably.

In practice that means credits — from wetland creation, land-use change or targeted farm-management schemes — sourced from within the same hydrological catchment.

For developers, the first question at land acquisition is: is the site inside a nutrient catchment, and if so, is credit supply available at a price that supports the scheme's viability?

For landowners inside these catchments, credits often represent the highest-value use of marginal land — sometimes several times the value of the BNG units the same hectare can produce.

Markers show affected catchments at regional level (indicative), not precise catchment boundaries. If a site sits outside every designated catchment, nutrient neutrality does not apply.

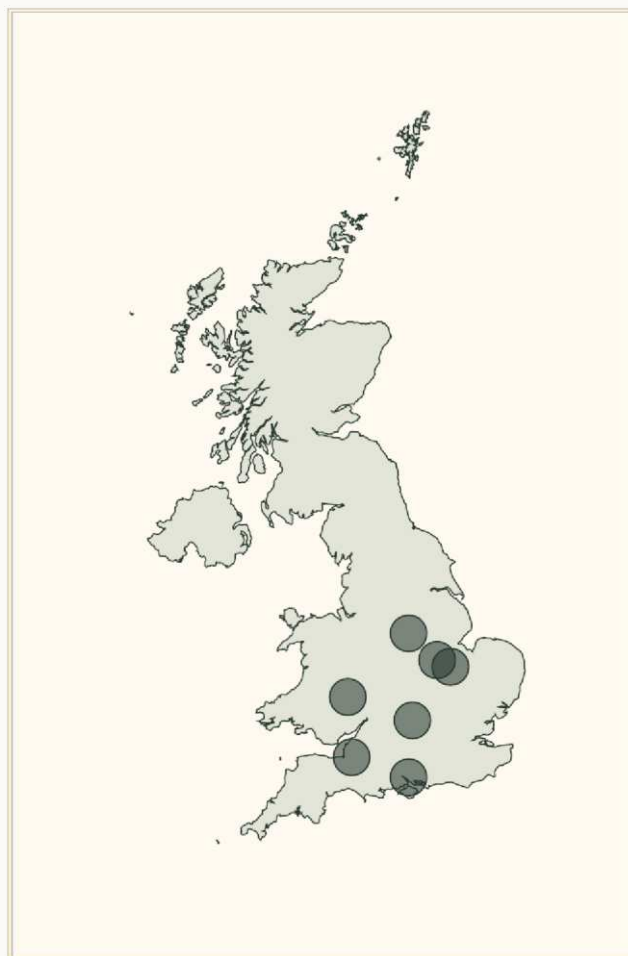


FIGURE 06.1

Principal nutrient-neutrality catchments — indicative extents. England-led today; devolved catchments emerging.

VERDAQ PERSPECTIVE

Our expectation is that within a decade a single hectare will often be underwritten across several markets at once — biodiversity, nutrients, carbon and water. That is only workable if each outcome can be evidenced separately and checked independently on the same parcel, satisfying each scheme's own additionality and double-counting rules. The constraint will not be ecological, it will be recordkeeping. Whoever holds the clearest record of what a hectare has already sold will hold a strong position in these markets.

19 ENVIRONMENTAL MARKETS • CHAPTER 06

Stacking and Bundling

How the same hectare can serve more than one market — and where the additionality rules draw the line.

Stacking is the practice of selling multiple environmental outcomes generated by the same intervention on the same land — for example, both BNG units and voluntary carbon credits from a single woodland planting.

Bundling is the practice of selling different outcomes from different interventions on the same site — for example, BNG units from a grassland enhancement and nutrient credits from an adjacent wetland scrape.

The commercial appeal is obvious. The regulatory position is more nuanced. Different environmental payments may sometimes be combined on the same land, but each scheme's eligibility, additionality and double-counting rules must be satisfied. BNG and nutrient mitigation can be combined in appropriate circumstances, while carbon and other environmental payments require separate additionality checks.

The practical implication is that project design now matters more than land acquisition price. A well-designed 100-hectare bank in Somerset might combine species-rich grassland (BNG units), a wetland scrape (nutrient credits), and a small woodland block (voluntary carbon) — three revenue streams from one balance sheet.

This is where operators earn their fees, and where the difference between an average and an excellent bank becomes visible in returns.

ONE SITE — THREE REVENUE STREAMS (BUNDLED BANK)

100 ha MIXED HABITAT SITE Somerset — illustrative example only; not a forecast or market average	BNG units	£1.8m over 30 yrs
	Species-rich grassland	
	Nutrient credits	£0.9m at delivery
	Wetland scrape	
	Voluntary carbon	£0.6m over 30 yrs
	Native woodland block	

20 TODAY'S MARKET • CHAPTER 07

Today's Market

What buyers and sellers are actually seeing — the shape of a market still in its first two trading years.

Any account of today's market is provisional. Trading volumes are still modest, information is scattered, and there is no single tape of prices. But a consistent picture is emerging from public planning data, the Biodiversity Gain Sites Register and industry reporting.

On the demand side, housebuilders remain the largest single source of off-site orders. Infrastructure and logistics developers follow. On the supply side, the majority of registered units come from a relatively small number of banks; regional concentration is significant.

Pricing is opaque but converging. Off-site unit prices for common habitat types cluster in a well-known band; higher-distinctiveness units command substantial premiums; statutory credits sit far above private-market prices by design.

Procurement remains slower than it needs to be. Twelve-to-twenty-week cycles from decision to contract are common — driven less by scarcity of supply than by the friction of finding it, valuing it, and closing the paperwork.

MARKET SNAPSHOT — INDICATIVE FIGURES



Indicative ranges based on public planning data and industry reporting; prices vary by habitat and geography.

VERDAQ PERSPECTIVE

Environmental markets will end up looking far more like commercial real estate than like commodities. Units are heterogeneous, location-sensitive, legally encumbered and traded infrequently between professionals. Markets with those characteristics are unlikely to clear through a simple commodity-style exchange alone; they clear through agents, standard documents, comparable evidence and reliable registers. Expect valuation conventions, standard heads of terms and a recognisable comparables database well before anyone builds a screen-based exchange.

21 TODAY'S MARKET • CHAPTER 07

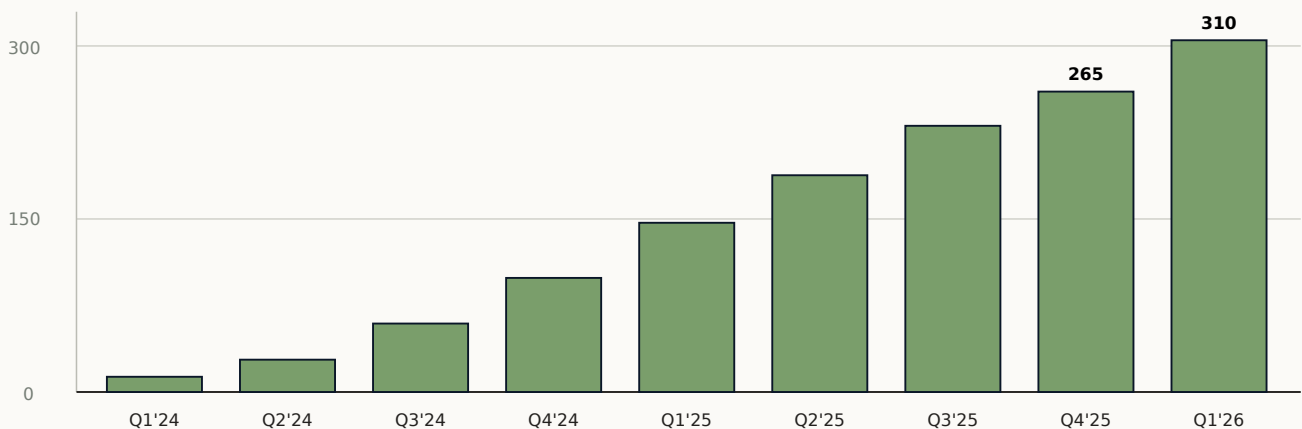
Registrations and Supply Growth

Cumulative registered habitat bank sites — supply is scaling faster than most participants realise.

The trajectory is unambiguous. Registered supply has expanded from a handful of pilot banks in early 2024 to more than three hundred sites by the start of 2026 — roughly a doubling every three quarters. The composition matters as much as the total. Early registrations were concentrated in the South East; more recent additions show a broader geographic spread, with growth in the Midlands and the West.

The next test is not registration but delivery. A registered site is not a sold unit; a sold unit is not a delivered habitat. The market's next credibility milestone will be the first cohort of banks that complete years three to five with metric-verified condition scores at or above target. That evidence — or its absence — will do more than any policy tweak to shape investor appetite for the sector.

REGISTERED GAIN SITES — CUMULATIVE, Q1 2024 TO Q1 2026



Source: Verdaq compilation of the Biodiversity Gain Sites Register, Q1 2024 – Q1 2026 (indicative).

VERDAQ PERSPECTIVE

Registration data is the closest thing this market has to a public order book, and it is still read by almost nobody systematically. Within three years the most valuable asset in environmental markets may not be land or units — it may increasingly be the longitudinal dataset showing which banks registered what, delivered what, and were paid what. **Verdaq view.** Data is the durable moat here; supply is not.

22 TODAY'S MARKET · CHAPTER 07

Indicative Unit Pricing

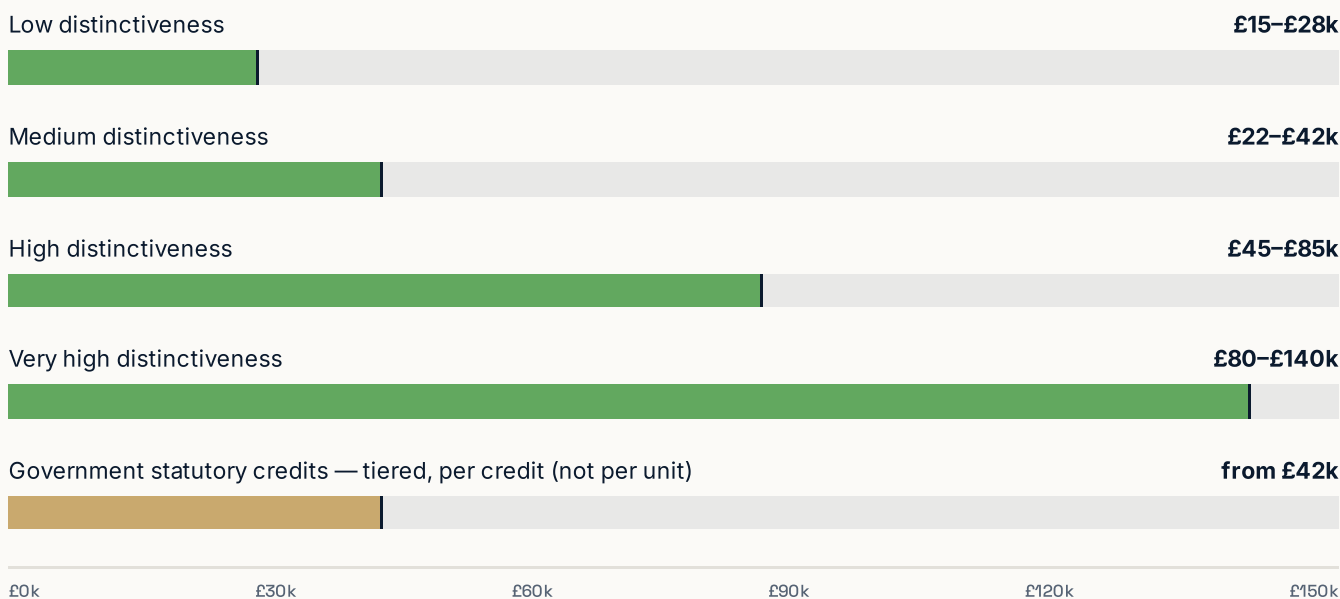
Off-site prices cluster in visible bands by habitat distinctiveness — statutory credits sit deliberately above the private market.

Prices are not yet published as a single tape, but a consistent picture emerges from planning committee reports and industry reporting. Low-distinctiveness grassland units cluster in a narrow band around £15–£28k. Medium-distinctiveness units — the workhorse of the market — trade around £22–£42k. High-distinctiveness woodland and very-high-distinctiveness chalk or wetland units command substantial premiums, reflecting both the difficulty of creating them and their scarcity in the register.

Government statutory biodiversity credits are tiered, starting from £42,000 per credit, with hedgerow credits currently £44,000 per credit and watercourse credits £230,000 per credit. A statutory spatial risk multiplier normally doubles the number of credits required, so two statutory credits are generally needed for each biodiversity unit being compensated. Statutory credits remain a last-resort mechanism and are not benchmark prices for private off-site biodiversity units.

The direction of prices from here depends on the local balance of supply and demand. Where supply is abundant, prices are already softening slightly; where it is scarce, the reverse is true.

INDICATIVE UNIT PRICE BANDS — £ PER BIODIVERSITY UNIT



STATUTORY CREDITS ARE NOT A LIKE-FOR-LIKE COMPARISON

Government statutory credit prices are tiered and quoted per statutory credit, not per biodiversity unit. Because a statutory spatial risk multiplier normally applies, a developer generally has to buy two statutory credits for every one biodiversity unit being compensated — so the effective cost of replacing a unit is roughly double the headline tier price. Hedgerow credits are currently £44,000 per credit and watercourse credits £230,000 per credit. Higher-distinctiveness losses fall into higher tiers again. Statutory credits are a last-resort mechanism designed to make private-market transactions the sensible default; they should not be read as a benchmark price for private off-site units.

23 TODAY'S MARKET • CHAPTER 07

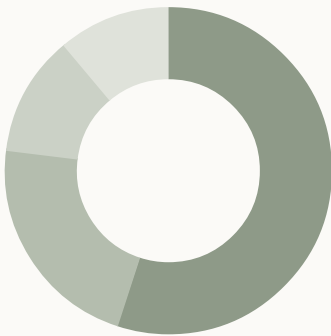
Demand and Supply Balance

Housing is the dominant source of demand; projected demand catches registered supply by the late 2020s.

Housebuilders remain the single largest source of demand — roughly half of all off-site orders traced through public planning data. Infrastructure and logistics are the next largest categories, followed by commercial and mixed-use development.

Projected demand — indexed to 2024 — is expected to accelerate as the consent pipeline built up in 2024 and 2025 converts to construction. Registered supply is currently growing faster than demand; that gap is expected to narrow, then invert, by the second half of the decade.

DEMAND MIX — INDICATIVE / VERDAQ ANALYSIS

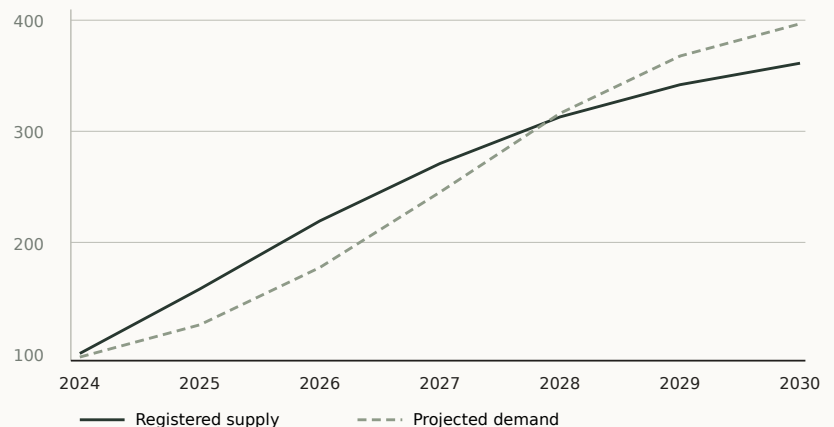


Housing 55%
Infrastructure 22%
Logistics 12%
Commercial 7%
Other 4%

Indicative shares — Verdaq analysis of public planning data, not an authoritative market statistic.

The extension of mandatory BNG to nationally significant infrastructure projects from 2 November 2026 introduces additional major infrastructure demand into the statutory regime, on top of the pipeline shown here.

SUPPLY vs DEMAND (INDEXED 2024 = 100)



24 CHALLENGES · CHAPTER 08

The Industry's Real Pain Points

What every professional working in the market actually finds difficult
— from the sourcing call to sign-off.

Set aside the policy debate and the market has a small number of recurring frictions. None is fatal; each is solvable; together they account for most of the delay and cost that participants complain about. The last of them — fragmented procurement — is the one that connects all the others.

01 Fragmented information

No single source of price, availability or bank track record. Every quote begins with a research task.

02 Bespoke legal drafting

Conservation covenants and s.106 templates vary; every trade re-argues the same clauses.

03 Slow LPA interpretation

Local authorities apply the same rules with different rigour; timelines vary by council.

04 Metric complexity

Small changes in condition scoring can shift a unit count by 20–30 per cent. Diligence is heavy.

05 Long stewardship risk

Thirty-year monitoring commitments are hard to price without institutional track record.

06 Geographic fragmentation

Environmental credits are inherently location-sensitive. BNG supply is affected by LPA, NCA and spatial-risk rules; nutrient mitigation is catchment-specific. Suitable supply therefore cannot be understood through a national price list alone.

07 Fragmented procurement

Developers still approach providers, brokers and advisers individually. Requirements are described differently, offers arrive in different formats and there is no common market-wide process for comparing availability, geography, price and commercial terms.

VERDAQ PERSPECTIVE

Digital BNG procurement is beginning to emerge, but the wider environmental-credit market remains fragmented. Developers may face BNG, nutrient neutrality, water and other requirements through different processes, geographies and provider networks. What remains missing is a consistent development-led way to manage those requirements, identify suitable supply and compare options across multiple environmental markets.

25 VERDAQ INSIGHT · CHAPTER 09

Why Procurement Takes So Long

The delay is not scarcity. It is the sum of six small frictions that would each be straightforward to remove.

A typical off-site unit procurement moves through six sequential stages: identifying candidate banks; requesting availability; obtaining an indicative quote; commissioning legal review of the covenant; negotiating the sale and transfer agreement; and, finally, coordinating the LPA's approval of the Biodiversity Gain Plan.

Each stage takes days on its own. Together they take months, because each is a bespoke exchange between two parties who have rarely worked together before, on paperwork that has no standard form.

The commercial consequence is that developers begin the sourcing conversation earlier and earlier — often before they have final metric results — to avoid the procurement cycle becoming a critical path for planning determination.

Our view is that procurement times will shorten as the market develops a more structured route between demand and supply: clearer provider networks, better visibility of availability and pricing, standardised requests for offers, comparable responses and more consistent transaction documentation. Digital workflow will accelerate that process, but technology alone will not create liquidity.

SIX STAGES OF A TYPICAL PROCUREMENT (WEEKS)

Identify	Availability	Quote	Legal review	Sale agreement	LPA sign-off
~2 wks	~2 wks	~2 wks	~4 wks	~4 wks	~3 wks

Illustrative total ≈ 17 weeks. Each stage is a bespoke exchange with no standard form — the friction, not scarcity, is what drives the cycle.

Industry experience suggests that complex off-site procurement can take several weeks or months, particularly where sourcing, legal documentation and planning review are sequential. Where a 12–20 week range is quoted in this report it is an indicative industry range, not a statistically measured market median.



FIGURE 09.1

Species-rich grassland creation — long-lead delivery that rewards early procurement.

26 VERDAQ INSIGHT · CHAPTER 09

Why Institutional Capital Is Arriving

The J-curve fits pension liabilities almost too neatly.

Habitat banks generate a cash-flow profile that looks unfamiliar to most operators but strikingly familiar to institutional investors. Front-loaded capital expenditure; a middle period of unit sales; and a long tail of contractually secured stewardship revenue over thirty years.

That is, structurally, the same shape as an infrastructure concession or a forestry rotation — both of which sit inside the portfolios of every large UK pension scheme.

Three additional features make the sector attractive to long-duration capital, in our view. Revenues may behave in an inflation-linked way, because unit prices tend to track land and restoration cost bases. Cash flows appear to be only loosely correlated with property cycles, although the trading history is short. And the underlying asset — restored habitat — has policy support that we expect to strengthen rather than weaken.

Verdaq view. We expect institutional capital to scale from anecdote to structural presence over the next one to two years. The prerequisites — legal form, data quality, standardisation — are being built now. This is an expectation, not an observed trend.

WHAT INSTITUTIONAL BUYERS UNDERWRITE

Legal form	Conservation covenant or s.106, held by a designated responsible body for 30 years.
Delivery evidence	Metric-verified condition scores against an agreed management plan.
Counterparty quality	Operator track record, stewardship reserve and reporting discipline.
Revenue visibility	Contracted unit sales plus indexed stewardship payments.
Exit	Portfolio sale today; a secondary unit market later in the decade.

27 VERDAQ INSIGHT · CHAPTER 09

Why Habitat Banks Will Consolidate

The economics reward scale — quietly, but decisively.

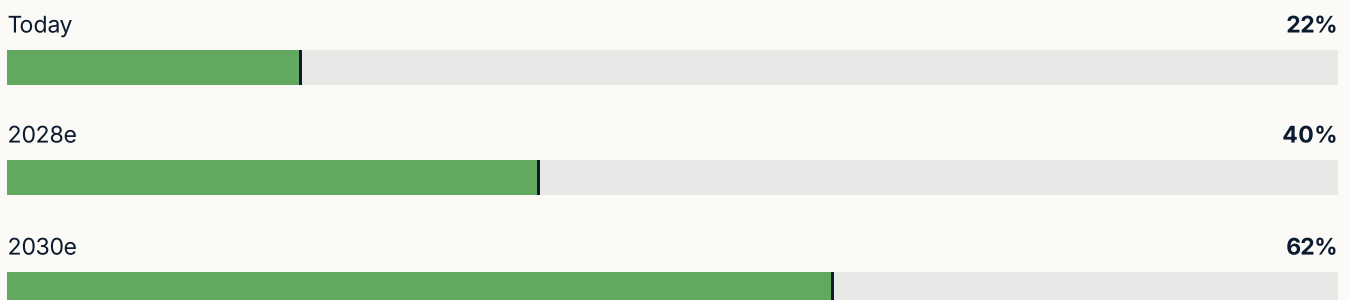
The first generation of habitat banks was heterogeneous by design. Individual landowners, small partnerships, ecological consultancies and early institutional entrants all registered sites in the first eighteen months. The market needed variety; it got it.

The next phase will not look the same. Three structural forces will push the market toward consolidation: fixed costs that reward scale, diligence demands that reward reputation, and the arrival of buyers who prefer to transact with counterparties they already know.

Legal drafting, monitoring, reporting, insurance and dispute-management costs sit at roughly the same level for a five-hectare bank as for a fifty-hectare one. Institutional buyers will progressively route their demand through a shortlist of established operators.

Regional and specialist banks will remain, but we expect the middle of the market to consolidate. **Verdaq view — indicative scenario:** within five years, five to ten operators could account for the majority of registered supply, following a pattern seen in comparable environmental-services markets. This is a forecast, not a settled market structure.

TOP-5 OPERATORS' SHARE OF REGISTERED SUPPLY (VERDAQ EST.)



VERDAQ PERSPECTIVE

Consolidation here will be driven by compliance overhead rather than by land assembly. The operators who win will be those who can evidence thirty years of obligations at low marginal cost — because that is what institutional buyers diligence and what authorities ultimately enforce. Smaller banks will not disappear; they will increasingly sell through aggregators who carry the reporting burden for them. Expect the first genuine portfolio transactions, rather than site-by-site deals, well before 2030.

28 VERDAQ INSIGHT • CHAPTER 09

Why Data and Market Infrastructure Will Matter

In a fragmented market, the participant with the clearest view of requirement, suitable supply, availability, pricing and transaction history has a structural advantage.

That advantage has held in every environmental-services market that came before this one. Where information is scattered, the participant who can see the whole picture prices better, moves faster and carries less risk.

Environmental markets are unusually well-suited to being organised in this way. Registrations are public. Planning determinations are public. Habitat extents can be inferred from satellite and LiDAR data. Most inputs to a price are, in principle, discoverable.

BNG-specific digital procurement is beginning to emerge. The larger infrastructure opportunity is to connect requirements, suitable supply, provider responses, pricing and transaction history across multiple environmental markets and across a developer's portfolio.

Artificial intelligence will help extract requirements, search supply, compare responses and organise market data. But the more valuable asset will be the proprietary dataset created by real market activity — what was requested, where, at what price, and what was ultimately agreed.



FIGURE 09.2

Geography decides suitability — LPA, National Character Area and catchment shape which supply can actually be used.

29 OUTLOOK · CHAPTER 10

The Roadmap to a Mature Market

The next six years — the ordinary progression from a compliance regime into an established asset class.

The direction of travel is broadly predictable. Not because it is easy to forecast, but because environmental-services markets tend to mature through the same sequence of stages: compliance, then standardisation, then professional infrastructure, then institutional participation, then a secondary market.

The August 2026 reforms reduce regulatory burdens for the smallest developments while concentrating market activity on larger and more complex schemes. The Government estimates that around half of residential planning applications will become exempt, although the reduction in overall biodiversity unit demand is expected to be materially smaller, because the exempt schemes generally generated relatively few units.

The renewable procurement market took the same steps in the 2010s. The voluntary carbon market is in the middle of them now. England's statutory biodiversity market has passed the first stage and is entering the second.

ROADMAP — 2026 TO 2032

2026 Market formation

Mandatory BNG establishes private demand and supply across planning development; August reforms reshape smaller-development coverage; from 2 November 2026 mandatory BNG extends to qualifying nationally significant infrastructure projects.

2027 Standardisation

Provider networks deepen; procurement requests, data and transaction documentation become more consistent.

2028 Institutionalisation

More professional capital, larger operators and portfolio-level purchasing.

2030 Integrated market infrastructure

Supply, requirements, pricing, procurement and intelligence become increasingly connected across multiple environmental markets.

2032 Mature environmental markets

Greater liquidity, portfolio transactions and potentially secondary-market activity.

30 OUTLOOK · CONCLUSION

Conclusion

The market exists. The next stage is not creating it — it is making it work.

In only a few years, Biodiversity Net Gain has moved from a proposed policy to a fundamental part of England's planning system — the UK's only fully statutory biodiversity credit market — with distinct frameworks forming across the devolved nations. In doing so, it has changed how developments are designed, how land is managed and how environmental improvements are delivered.

More importantly, it has created the foundations of an entirely new market that links development directly with long-term investment in nature. Developers now consider biodiversity earlier. Landowners have new opportunities to create long-term environmental assets. Investors are beginning to recognise environmental markets as an emerging component of the wider natural capital economy.

The August 2026 reforms simplify the regime rather than fundamentally changing it. The need for reliable market infrastructure, procurement tools and trusted market data remains.

Success, however, will depend on more than legislation. Efficient markets require trusted information, consistent standards and transparency.

The next stage is not creating the market. That has already happened. The next stage is making the market work better — for developers trying to source units efficiently, for landowners trying to price supply confidently, for local authorities trying to interpret the rules consistently, and for investors trying to underwrite a genuine asset class.

Digital tools are beginning to improve BNG search and procurement, but environmental requirements remain fragmented across markets. Developers increasingly need a simpler way to manage BNG, nutrient neutrality and water around the same development: identifying potentially suitable supply, comparing provider options and keeping a clear record of the procurement process.

BNG is the first English environmental-credit market at sufficient scale to make that problem visible. Nutrient neutrality shows the same challenge in a catchment-specific form. The extension of mandatory BNG to nationally significant infrastructure projects from November 2026 raises the relevance of this infrastructure to larger, more complex developments.

“The future of environmental markets will be determined not by legislation alone, but by the quality of information and infrastructure that supports it.”

31 ABOUT • CHAPTER 11

About Verdaq

Infrastructure for environmental credit markets.

Verdaq is developing a procurement and market-intelligence platform for environmental credits. We begin with Biodiversity Net Gain, alongside emerging nutrient neutrality and water markets in England.

For developers, the objective is simple: manage environmental-credit requirements around the development itself. For BNG, a developer can upload the Statutory Biodiversity Metric so that Verdaq can structure the off-site requirement, identify potentially suitable supply, rank relevant options and invite providers to respond. The resulting offers can then be compared in a consistent format.

The same development-led model is being extended across nutrient neutrality and water, allowing multiple environmental requirements to be managed through one platform rather than through separate market processes.

For habitat banks and other environmental-credit providers, Verdaq provides a route to genuine developer demand where a requirement may match their supply. Providers retain control of pricing and contract directly with the developer.

Alongside procurement, Verdaq is building a structured view of the market — providers, schemes, geography, availability, pricing, requirements and transaction activity. Over time, that information can support developers, advisers, investors and public bodies with better market intelligence.

Verdaq does not replace ecologists, planning consultants or legal advisers. It is intended to sit alongside their work by improving market access, procurement and information.

THE VERDAQ PLATFORM — THREE PILLARS

Find & Procure

Submit a requirement, identify suitable supply and compare offers.

Supply

Providers, schemes, environmental credits, geography and availability.

Market Intelligence

Pricing, supply, demand, transactions and market research.

The long-term infrastructure connects all three.





VERDAQ RESEARCH

CONTACT

THANK YOU FOR READING

Independent research for an emerging market.

GET IN TOUCH

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