

AT-A-GLANCE GUIDE TO NATURAL CAPITAL MARKETS

Every corporate business in the UK is under growing pressure to measure the impact of their operations on climate change and biodiversity and to take steps to reduce it. Nature-based solutions are one way for them to meet both their regulatory obligations and voluntary sustainability goals, while at the same time opening up new revenue streams for landowners. However, land managers understandably have questions around what level of activity is being seen in the different natural capital and environmental markets, what sort of revenues are being generated and what policy and legislative changes are on the horizon that might impact demand.

The following is our at-a-glance guide to the different environmental markets to give a snapshot of the levels of activity as of October 2025.

KEY



Region where market operates



Carbon market



Biodiversity market



Pollution offset market

WOODLAND CARBON



What is being sold

Pending Issuance Units (PIUs) or Woodland Carbon Units (WCUs), accredited through the Woodland Carbon Code (WCC).

Type of market

- Regulated and government backed
- Voluntary for suppliers / land managers
- Voluntary for credit purchasers.

Level of activity

Growing: c£8m value of units sold in 2024

There is both national and international interest in woodland carbon projects. In 2024, there were 277,815 WCC units reported as transacted which was down on levels seen in 2023. Almost all (over 99%) of units sold are PIUs (see notes section).

Prices

The volume weighted average price per PIU in 2024 was £26.85 but the difference between the highest and lowest prices paid was £62. The value of WCC units generated from broadleaved woodland is higher than for conifer (in 2024 an average of £27.84 for broadleaved, compared to an average of £25.04 for conifer).

Notes

The WCC allows project developers to register their woodland creation projects, to generate either PIUs directly after planting, or WCUs once the carbon is sequestered and verified. The Woodland Carbon Code and Peatland Code (see next column) are generally regarded as high quality, offering reassurance to buyers that the climate benefits are real, quantifiable, additional and permanent. The WCC allows projects to be registered with a duration up to 100 years. All data on transactions is from the WCC.

PEATLAND CARBON



What is being sold

Peatland credits, accredited through the Peatland Code (PC).

Type of market

- Regulated and government backed
- Voluntary for suppliers / land managers
- Voluntary for credit purchasers.

Level of activity

Growing: c£5m value of units sold in 2024

There has been massive growth in peatland restoration projects in recent years. There were 363 registered projects in 2020, which had risen to over 2,000 in 2024. As of 31 January 2025, 337 of those projects across 46,107ha were registered with the PC.

Prices

There were just over 9,050 peatland credits sold as PIUs in 2023, with an average price of £26 per unit and a spread between the highest and lowest prices paid of £12.25. In 2024, this jumped to 187,291 credits sold with an average price of £25.04 per unit and a spread in pricing of £7.50.

Notes

Peatland credits are different to woodland in that they relate to emissions reduction, rather than removals (on the basis that degraded peatland is a net emitter of greenhouse gases). The market for peatland carbon credits is currently held back by the fact that standards such as the Science Based Targets Initiative require that only emissions removals should contribute to net-zero targets. There is a minimum of a 30-year commitment for projects under the PC.

SOIL CARBON



What is being sold

Carbon credits which reflect changes in carbon in the soil as a result of adopting regenerative farming practices.

Type of market

- Unregulated
- Voluntary for suppliers / land managers
- Voluntary for credit purchasers.

Level of activity

Growing: value of units sold in 2024 unknown as market dominated by private deals

This is an emerging market which is voluntary and unregulated with no standardised 'code' as there is with peatland and woodland carbon. Although, there is a soil carbon code under development and a BSI natural carbon standard that will include soil carbon.

Prices

As this market is unregulated, there is little transparency. A number of operators are onboarding farmers, with others with schemes in development, primarily through regenerative agriculture programmes. Prices typically range between £20-£35 per tonne, although some individual land managers claim higher rates have been paid.

Notes

There is concern around the permanence of carbon storage in the soil and also the robustness of measuring and modelling changes in soil carbon. Short contract terms (c5-10 years) raise further questions about permanence.

CARBON 'PLUS' OR HIGH-INTEGRITY CARBON CREDITS



What is being sold

Carbon credits, delivered with the 'plus' of additional biodiversity uplift and possibly socio-economic benefits.

Type of market

- Unregulated but some independent verification and standards
- Voluntary for land managers
- Voluntary for credit purchasers.

Level of activity

Growing: value of units sold in 2024 unknown as market dominated by private deals

One of the most established schemes offering what can be described as a 'carbon plus' credits is Wilder Carbon developed by the Kent Wildlife Trust. There are four registered Wilder Carbon projects which have started to attract a small numbers of buyers.

Oxygen Conservation and Nattergal are also high-profile businesses operating in this space, delivering a range of ecosystem services alongside carbon sequestration.

Prices

Global engineering giant Arup recently committed £1m to secure 10,000tCO₂e of carbon credits certified by Wilder Carbon. The credits are based on the restoration of 67.5 hectares of degraded land with carbon-depleted soils at Nattergal's 617ha Boothby Wildland project in Lincolnshire. Oxygen Conservation has also recently signed a deal with Burges Salmon to provide up to 8,000 premium-quality, UK-based carbon credits at £125 per tonne. This will fund a nature restoration project at Leighon Estate in Dartmoor, Devon. It follows a deal in 2024 between Nattergal, the Naturalis Biodiversity Center and Treeconomy for carbon credits from a rewilding project worth €100 per tonne.

Notes

There is currently no official standard for carbon 'plus' schemes, which are also often referred to as high-integrity carbon credits. However, the British Standards Institution (BSI) is developing guidance which should bring consistency and clarity over what is being delivered. For now, Wilder Carbon has developed its own Wilder Carbon Standard for Nature and Climate, with projects independently verified by Soil Association Certification. The minimum project duration is 50 years. It is noted that the details of only a handful of carbon 'plus' schemes have been made public, with a significant range in the values achieved to date. It is too early to know where prices will settle.



BIODIVERSITY NET GAIN (MANDATORY)



What is being sold

Biodiversity Net Gain (BNG) units – a measurable improvement in biodiversity, typically through habitat creation, restoration, or enhancement which must be maintained for a minimum of 30 years.

Type of market

- Regulated and government backed
- Voluntary for suppliers / land managers
- Mandatory for credit purchasers / developers.

Level of activity

Growing: value of units sold in 2024 unknown but likely to be £5m+

There have been teething problems since the introduction of mandatory BNG regime in England in spring 2024. It is proving to be a smaller market for off-site units than some people had anticipated with many developers choosing to deliver their BNG units on-site where possible.

Prices

- The price per unit varies significantly depending on habitat type / distinctiveness
- The cheapest is Other Neutral Grassland (medium distinctiveness) at c£25,000 per unit, with Watercourse units (high distinctiveness) at c£150,000 per unit
- However, the demand for grassland units is significantly higher than watercourse units as this is a habitat much more commonly lost to development
- Statutory prices for BNG credits, which are bought from the Government as a last resort, are £42,000–£650,000 per credit.

Notes

Proposals for a Nature Restoration Fund under the Planning and Infrastructure Bill have raised questions about the future of BNG, as it would reduce demand for BNG units. However, BNG and the NRF are expected to co-exist, although how is unclear. The uncertainty has not put off BNG providers who are still investing in the market and it still provides a significant revenue-generating opportunity for some landowners.

BIODIVERSITY CREDITS (VOLUNTARY)



What is being sold

Similar credits to those created under mandatory BNG, but purchased on a voluntary basis.

Type of market

- Unregulated
- Voluntary for suppliers / land managers
- Voluntary for credit purchasers.

Level of activity

Growing: value of units sold in 2024 unknown as market dominated by private deals

This market is still in its infancy, but is expected to grow as more corporates move towards being nature positive.

Prices

The number of deals done so far is believed to be small. King, the company behind the popular Candy Crush game, recently acquired 543 credits at approximately £50 per unit, with each unit representing a 3m x 3m square of land, secured for 30 years (so the equivalent of c£1,800 per ha/year). The credits are the product of a nature restoration project in the South Downs National Park, Sussex.

Notes

With the mandatory BNG scheme looking more challenging than expected, there is currently a shift by providers towards the voluntary biodiversity credit market. As a voluntary scheme, there is not a required project duration. However, as most people are using the BNG metric as the tool and process to follow, such agreements are likely to also involve a 30-year commitment.

NUTRIENT NEUTRALITY



What is being sold

Nutrient mitigation credits to offset nutrient pollution from housing development.

Type of market

- Regulated and government backed
- Voluntary for suppliers / land managers
- Mandatory for credit purchasers / developers in some catchments.

Level of activity

Growing: value of units sold in 2024 unknown but likely to be less than £10m per year

Aimed at preventing nutrient enrichment (nitrogen and phosphates) of watercourses from development activities, this is a regulated offset market within 27 catchment areas in England. Offset activities include wetland creation, woodland creation, buffer strips and agricultural changes. Typically it involves a 80-100 year commitment.

Prices

Prices are variable and dependent on the offsetting method employed.

Typically, the nitrogen offset price is c£3,000 per credit and the phosphate offset price is c£14,000–£75,000 per credit. (One credit mitigates for 1kg of N or P).

Notes

This market has been subject to a number of reforms, interventions and many have criticised it as holding up development. Pricing is opaque and often driven by bespoke deals.



THE FUTURE

We are now less than five years away from 2030, which is a key date baked into international biodiversity goals, corporate net zero strategies and emerging UK policy. This means it has the potential to accelerate investment into nature-based solutions. Examples include the Taskforce on Nature-related Financial Disclosures (TNFD), which expects companies to align with and support the UK Government's commitment to protect at least 30% of land and sea for biodiversity by 2030. The Scottish Government also has a target to become 'nature positive' by the same date.

One of the big barriers to expanding nature markets has been the lack of a consistent framework and concerns about the potential of greenwashing.

However, the recently adopted BSI Nature Market Principles allows the development of an overarching set of principles and a common definition of nature investments which should mean that schemes can be developed that are high quality and show more consistency. The UK Government is also currently consulting on how to raise the integrity of voluntary carbon and nature markets. Such measures should help to build the private sector's confidence in nature and environmental markets, driving expansion. The other piece of the puzzle will be to create demand drivers, particularly in the voluntary markets, since without buyers, these markets will struggle to scale. There is a lot happening in the nature markets space. Though the landscape remains mixed, there are clear signs of progress and increasing alignment around best practice.



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