

An Alternatives View 2026

Insights into the UK's alternative assets

Transport and Infrastructure



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Executive Summary

Inrastructure has always sat a little apart from the rest of our Alternatives report. Where many of the Alternative sectors we cover are shaped primarily by consumer demand or operator appetite, Transport and Infrastructure, Data Centres and Renewables are shaped, first and foremost, by policy and 2026 has been the year that policy finally caught up with the scale of ambition that has been talked about for the best part of a decade.

Reading the three chapters that follow together, a clear pattern emerges. The 10-Year Infrastructure Strategy and NISTA's project pipeline give investors and developers genuine multi-year visibility for the first time. A rewritten Green Book removes the arbitrary cost-benefit hurdles that have historically penalised long-horizon, transformational schemes. The Planning and Infrastructure Act 2025 and a wholly restructured NPPF, published just this August, have reshaped consenting across every sector in this section, easing the path for station-anchored development, formally recasting Data Centres and AI Growth Zones as strategic infrastructure, and drawing a much sharper distinction between renewable generation and the network infrastructure needed to connect it. Individually, each of these changes is significant. Taken together, they represent the most coordinated period of infrastructure policy reform we have seen in this market.

What has not changed is the underlying constraint that ties all three chapters together: the grid. Whether it is a Data Centre developer waiting on a connection date, a battery storage investor weighing up a site against the shifting TM04+ queue, or a transport scheme whose viability depends on network capacity arriving on time, electricity connections remain the single most decisive factor in whether a scheme that looks good on paper actually

gets built. The Strategic Spatial Energy Plan's further slip to early 2027 means that constraint will persist for a while yet, and it is the variable we would encourage every reader of this report to track most closely over the year ahead.

Against that backdrop, our specialists set out where the opportunity now lies. Jason Mound explores how the new Green Book and NPPF are reshaping the case for transport-led regeneration, from East West Rail to the current wave of major airport investment, including Stansted's £1.1 billion programme; Kieran Rushe and Annie Taylor examine how AI Growth Zones and a newly proactive planning framework are starting to answer the site-allocation question that held the Data Centre sector back last year, even as grid and water capacity remain the real test of deliverability; and Jonathan Harper and Titus Wing set out why battery storage has become one of the most accessible real estate opportunities in the market today, and how the Clean Flexibility Roadmap and the finer detail of the new NPPF's Green Belt policy will determine which Renewable schemes move fastest from consent to construction.

Our overall message for investors and stakeholders is a positive, but disciplined one. Policy is now working with this sector rather than against it, and the pipeline of investable opportunity across transport, data infrastructure and clean power has rarely looked stronger. The advantage will go to those who combine that policy tailwind with a genuinely robust understanding of grid timing, land classification and delivery risk rather than to those who assume favourable headlines alone are enough to get a scheme built. We hope the chapters that follow give you the detail to do exactly that.

R Clarke

Robert Clarke

Senior Partner and Head of Planning Division

Data Centres



Kieran Rushe

kieran.rushe@rapleys.com



Annie Taylor

annie.taylor@rapleys.com

Policy: from Critical National Infrastructure to AI Growth Zones

Following on from Data Centres' 2024 designation as Critical National Infrastructure, the Department for Science, Innovation and Technology has continued to push planning reform specifically for the sector. Its January 2026 policy paper, "Delivering AI Growth

Zones", confirmed the first wave of AI Growth Zones (Oxfordshire, South and North Wales, and the Northeast) and set out a package of further measures: a consultation on explicit NPPF references supporting AI Growth Zones; a proposed National Policy Statement for Data Centres, intended to give clarity on NSIP thresholds and whether Critical National Priority status (as already applied to low-carbon energy) should extend to data centres; a national team of specialist data centre planning experts to support local planning authorities; and continued work on unblocking grid connection and energy pricing for the sector. The National Policy Statement itself has still not been formally launched for consultation at the time of writing.

In parallel, the Infrastructure Planning (Business or Commercial Projects) (Amendment) Regulations 2026 now allow developers of qualifying Data Centre projects to apply to have their scheme determined via the Development Consent Order (DCO) route as an NSIP: a potentially faster, more certain path than local Town and Country Planning Act consenting, though the precise thresholds for 'national

The UK Data Centre market has moved from rapid to genuinely exceptional growth over the past 12 months. Independent market analysts now put UK market value at around £12–13 billion in 2026, with most forecasting a Compound Annual Growth Rate (CAGR) in the 13–22% range out to 2031, taking the market towards £25–40 billion within five years. London remains Europe's largest tier-one FLAPD (Frankfurt, London, Amsterdam, Paris, and Dublin) hub and continues to account for more than 80% of national supply. Forecasts put new supply at more than double the previous two-year period even as available sites within the M25 tighten and grid constraints in west London push new development east and increasingly out to the regions.

Demand remains overwhelmingly AI- and hyperscale-driven. Private capital commitments into the UK sector are estimated at over £25 billion, on top of AWS's previously announced \$10 billion five-year UK investment plan. Rack densities are shifting fast, from the 5–10kW enterprise norm towards 100–150kW AI-optimised configurations, with corresponding implications for power, cooling and floor-loading specification that developers and landlords need to be building into speculative schemes now.



significance' remain to be confirmed. Grey belt land, introduced into planning policy in the December 2024 NPPF and carried through since, continues to open up lower-value parts of the Green Belt as a release valve for data centre sites close to substations and grid capacity which are already the basis for approvals such as the Abbots Langley hyperscale scheme in May 2025.

New NPPF (17 August 2026): Data Centres formalised as strategic infrastructure

The wholly rewritten NPPF published on 17 August 2026 goes a significant step further than the Grey Belt route alone. Policy E1, consulted on since December 2025, is now confirmed: development plans must allocate sites for data centres where a need exists or is anticipated, and must take AI Growth Zones into account when doing so. For the first time, local planning authorities are required to plan proactively for data centre capacity: identifying suitable locations and supporting infrastructure such as grid upgrades rather than simply responding to individual applications as they arrive. The Framework's infrastructure chapters also now explicitly recast data centres and AI Growth Zones as strategic infrastructure, a change that should strengthen the policy case for schemes that would previously have faced a harder fight over grid, water or noise impacts, though it sits alongside, rather than replaces, the still-awaited National Policy Statement and the parallel NSIP-eligibility regulations.

Water, planning risk and the judicial review question

Not every signal points the same way. The ongoing judicial review of the hyperscale data centre scheme at Iwer, Buckinghamshire, previously waved through against local objections, has underlined how exposed even Government-backed schemes remain to challenge on climate and environmental impact grounds if the assessment work is not watertight. Water availability is increasingly cited alongside electricity as a forward-planning risk, particularly for large campuses in water-stressed parts of the Southeast, reinforcing the case for early, joined-up engagement with utility providers well before planning submission.

Regional shift and adaptive reuse

The regional rebalancing flagged last year has accelerated. Manchester, Liverpool, Newcastle and Edinburgh/Glasgow continue to build share on the back of renewable power availability, while the East Midlands (Leicester, Nottingham) has emerged as a genuinely fast-growing hub. A cross-party Data Centres All Party Parliamentary Group, established in January 2026, is also giving the sector a more formal voice in Westminster on skills, resilience and net zero alignment. Adaptive reuse continues to mature as an asset strategy, with heritage and retail conversions to dry lab-style or data centre space now a credible route where new-build sites are



scarce or contested. Investors should however treat this as a specialist undertaking requiring bespoke fit-out advice rather than a like-for-like office or retail conversion.

Occupier implications

For occupier-operators (hyperscalers, co-location providers and enterprise users) the direction of travel is towards larger, higher-density, regionally diversified requirements, with co-location of office and data centre space still valued for latency-

sensitive workloads in London while AI training capacity increasingly sits further afield near cheaper, more available power.

It must also not be forgotten that there are already 500 existing data centres in the UK . Many of these are reaching a crucial point in their lifecycle where upgrade and refurbishment is required in order to continue to operate effectively. Whilst real estate is mostly focused on the provision of new data centre developments, there will start to be a real need to upgrade the existing infrastructure in order to continue the status quo, let alone look at expansion.

TOP CHALLENGES	TOP OPPORTUNITIES	OUTLOOK
 • Grid connection capacity and cost remain the primary constraint on delivery • Water supply now a co-equal constraint in water-stressed regions • National Policy Statement still not launched for consultation at the time of writing • Local authorities now need to build the resource and evidence base to allocate sites under new Policy E1 • Judicial review risk where climate/environmental impact assessment is weak (e.g. Iver)	 • New NPPF (August 2026) requires local plans to allocate Data Centre sites and account for AI Growth Zones: proactive planning, not just reactive consenting • Data Centres and AI Growth Zones now framed as strategic infrastructure in national policy • AI Growth Zones (Oxfordshire, Wales, Northeast) offering streamlined planning support • Possible NSIP/DCO route for qualifying schemes under 2026 Regulations • Grey Belt release continuing to open sites near substations (e.g. Abbots Langley, May 2025) • Regional hubs (Manchester, Newcastle, East Midlands) leveraging renewable power and cheaper land • Adaptive reuse of retail/heritage stock into dry lab and Data Centre space	 Capital values  Rental values  Planning applications 

Renewables



Jonathan Harper

jonathan.harper@rapleys.com



Titus Wing

titus.wing@rapleys.com

The past 12 months have brought substantial change across the renewables and wider clean-energy sector. Renewable generation has continued to grow, while reforms to grid connections, new support for energy storage and changes to national planning policy are beginning to reshape where and how projects can be delivered. This update summarises the principal developments since our last report and highlights their implications for landowners, developers, investors and occupiers.

The headline picture is one of continued growth. According to NESO's Great Britain system data, renewables (wind, solar, hydro and biomass) produced a record 44% of electricity in 2025, with wind alone accounting for 29.7% and remaining the largest single source for the second year running. The Government's Contracts for Difference (CfD) scheme - which gives qualifying low-carbon generators greater long-term revenue certainty - also delivered its largest allocation round to date. Allocation Round 7 (AR7) secured 14.7GW across 201 projects, including 8.4GW of fixed and floating offshore wind. Following stronger-than-expected

demand, the Government increased the AR7 Clean Industry Bonus budget from £200 million to £544 million. Following the auction, around £204 million of public Clean Industry Bonus investment is expected to support successful AR7 offshore wind projects and leverage up to £3.4 billion of private investment in UK manufacturing, factories and ports.

Grid connections: reform moves into implementation

A grid connection is the route by which a project connects to the electricity network, and for many renewable and storage schemes, the timing and certainty of that connection can determine whether a site is deliverable. The biggest change since our report last year is that grid connection reform has moved from proposal to implementation. Ofgem, the energy regulator, approved the National Energy System Operator's (NESO) TM04+ reforms in April 2025, replacing the historic first-come-first-served queue with a gated model that gives priority to projects that are both 'ready' and 'needed'. Projects meeting the Gate 2 criteria can secure a confirmed connection date, connection point and queue position; projects that do not meet those criteria remain at Gate 1, with an indicative connection rather than a firm place in the queue. For landowners and developers, connection due diligence is therefore increasingly important: land rights, planning progress and strategic alignment can directly affect whether a scheme secures or retains a firm connection position.

The Strategic Spatial Energy Plan (SSEP) is intended to provide a long-term, Great Britain-wide view of what large-scale electricity and hydrogen generation and storage infrastructure is needed, where it could be located and when. NESO submitted six pathway options to the UK, Scottish and Welsh governments on 28 August 2026. The UK Energy Secretary will select the preferred pathway,



which will form the basis of a draft SSEP for public consultation in early 2027; the final SSEP is expected in autumn 2027. For investors and developers, this means the long-term locational picture is still evolving. NESO's transitional Regional Energy Strategic Plan (tRESP), published in January 2026, is already informing near-term distribution-network planning, while the first full Regional Energy Strategic Plans (RESPs) are expected by the end of 2028.

Clean Flexibility Roadmap: storage and demand-side flexibility move forward

The Department for Energy Security and Net Zero (DESNZ), Ofgem and NESO published the first annual update to the Clean Flexibility Roadmap on 13 July 2026. In this context, 'flexibility' means the ability to store electricity or change when it is used, helping the system respond to periods of high or low renewable generation. For a real estate audience, four developments stand out. First, grid-scale battery storage: the Roadmap reports 7.5GW of UK battery power capacity at the end of 2025, including a record 2.3GW energised during the year. Public finance involvement is also increasing. In September 2025, the National Wealth Fund committed up to £200 million of equity to Fidora Energy to finance the 1.4GW Thorpe Marsh and 0.5GW West Burton C battery projects. Its five-year strategy also identifies batteries as an area where debt and guarantees may be used to address gaps in private finance.

Second, long-duration electricity storage (LDES) - technologies designed to store and release electricity over longer periods - has moved into project selection. On 26 June 2026, Ofgem provisionally selected 16 projects, representing 7.6GW and 137GWh, for support under the first LDES cap-and-floor window. The cap-and-floor model is a regulated investment support mechanism intended to give eligible projects greater revenue certainty. The portfolio includes pumped-storage hydro, long-duration lithium-ion batteries, compressed-air energy storage and a vanadium redox flow battery. Final awards are expected in autumn 2026. This is an important step towards new LDES construction, but the projects still need to progress through final investment decisions, construction and grid connection before becoming operational.

Third, the Government, Ofgem and NESO are developing the 'Curate, Plan, Connect' programme for large electricity-demand connections. This is distinct from the generation and storage queue reforms described above: it focuses on major users of electricity, such as data centres and other

energy-intensive industrial and commercial developments. The policy is still evolving rather than a settled set of rules, but it is significant for the development sector because the availability and timing of a grid connection can determine whether an energy-intensive site is viable.

Fourth, the Warm Homes Plan, published in January 2026, commits £15 billion of public investment and aims to upgrade up to 5 million homes by 2030, including through solar panels, batteries, heat pumps and energy-efficiency measures. For Rental Living and Build to Rent (BTR), the more direct regulatory issue is the reform of Energy Performance Certificates (EPCs) and Minimum Energy Efficiency Standards (MEES). Reformed domestic EPCs are now planned for the second half of 2027. From 1 October 2030, private rented homes in England and Wales will need to meet the new standard, subject to applicable exemptions and transitional provisions: EPC C or above for fabric performance, plus EPC C or above for either heating-system performance or smart readiness.

Interconnection, hydrogen and carbon capture

Electricity interconnectors are high-voltage links between Great Britain and other countries, allowing power to be imported or exported as supply and demand change. Great Britain's interconnection capacity stands at 10.3GW. The 1.4GW NeuConnect link to Germany is due to become operational in 2028, while the proposed 0.75GW MaresConnect link to Ireland is progressing through the Irish regulatory process. The January 2026 Hamburg Declaration also set a target of up to 100GW of offshore wind through joint North Sea projects. Ofgem has meanwhile confirmed Offshore Bidding Zones as the preferred market model for future multi-purpose interconnectors - assets that can combine an offshore-wind connection with cross-border electricity trading. For the development sector, the main implications are likely to arise from associated landing points, converter stations and network reinforcement.

For forms of low-carbon power that can be called on when needed, hydrogen and carbon capture have also progressed. In May 2026, the Government confirmed that it will continue considering how hydrogen-to-power should participate in the Capacity Market, with a further update due by the end of 2026; it also plans primary legislation for the hydrogen-to-power business model when parliamentary time allows. In October 2025, Centrica and National Gas trialled a 2% green-hydrogen blend

through the National Transmission System to generate electricity at Brigg Power Station. Carbon capture, usage and storage (CCUS) has also moved forward: the East Coast Cluster Teesside selection process was published in November 2025 and opened for applications in February 2026, while a separate non-pipeline transport Pathfinder was launched in April 2026 for projects seeking access to the Teesside network by 2032. These programmes are particularly relevant to industrial sites in regions served by carbon-transport and storage infrastructure.

New NPPF (17 August 2026): stronger support for renewables, but Green Belt tests remain important

In England, the rewritten National Planning Policy Framework (NPPF), published on 17 August 2026, strengthens national policy support for renewable and low-carbon energy. Policy W3 says 'substantial weight' should be given to specified benefits, including improved energy security, economic development and the transition to net zero. The Green Belt position, however, requires more care. In planning terms, 'inappropriate development' does not mean automatic refusal, but it normally means very special circumstances (VSC) must be demonstrated. Under Policy GB6, development in the Green Belt is inappropriate unless it falls within an exception in Policy GB7; for renewable and low-carbon proposals, wider environmental benefits from renewable-energy production may contribute to the VSC case. Policy GB7 separately provides a route for qualifying electricity network and water infrastructure required in a Green Belt location and, subject to all relevant criteria being met, certain development on Grey Belt land.

Battery Energy Storage Systems (BESS) remain a major real estate opportunity. On 17 September 2026, Ofgem said around 90GW of battery capacity was either operational or in the reformed connections queue, compared with a projected requirement of around 29GW by 2035. The difference underlines that a queue position is not the same as a project that will be built. Site requirements also vary materially according to capacity, storage duration, technology, fire-safety design, access, landscaping and the available grid connection. For landowners and investors, connection status, planning risk, safety design and route to market are therefore core due-diligence issues. Unlike wind or solar, battery compounds can often be accommodated on comparatively small sites, opening opportunities for owners of smaller or lower-grade parcels that may not otherwise be suited to larger-scale renewable generation.

At the smaller end of the market, deployment is also accelerating. Government data records 269,000 solar installations across the UK in 2025, the highest annual total on record. More than 27,000 installations were then completed in March 2026, the highest monthly total since 2012. This growing distributed-energy market is increasingly relevant to Roadside, Foodstore, Self-Storage and BTR asset strategies, particularly where on-site generation and storage can reduce grid demand or improve resilience.

Nuclear and the wider energy mix

Beyond renewables, the wider low-carbon infrastructure context is also evolving. Construction of Hinkley Point C remains a major component of the UK's new nuclear programme, alongside Sizewell C and the development of small modular reactors (SMRs). The new nuclear National Policy Statement (EN-7), which came into force in December 2025, sets the planning framework for nationally significant nuclear generation projects. It adopts a more flexible, criteria-based approach to siting than the previous framework, supporting development on a wider range of sites and accommodating newer technologies such as SMRs. The second Hydrogen Allocation Round (HAR2) also remains in progress, with 27 electrolytic hydrogen-production projects shortlisted across England, Scotland and Wales. Due diligence and cost assurance have been completed but, as of September 2026, the Government had not yet opened the Invite to Offer stage or awarded contracts. Inclusion on the shortlist does not guarantee Government support.

Occupier implications

For roadside, industrial and logistics occupiers, 'behind-the-meter' generation and storage - equipment installed on the customer's side of the electricity meter and used principally on site - can support energy-cost management, resilience and flexibility, although the business case remains site-specific. The Clean Flexibility Roadmap highlighted plans for a large-scale demand-turn-up trial. The programme has since moved into delivery: UKRI and DESNZ are making up to £16 million available for the full trial, with Phase 1 due to start in December 2026 and live trial delivery expected to continue until March 2028. The trial will test whether rebating eligible final-consumption levies can encourage businesses and households to use more electricity when renewable generation would otherwise be curtailed. In this context, landlords may wish to consider metering, control rights and the allocation of any flexibility revenues in lease and service-charge arrangements.

Final word: outlook for the sector

Taken together, the past 12 months show a sector moving from policy design towards delivery. Grid reform is now being implemented, storage has a clearer support framework, planning policy has shifted and public and private capital remain active. At the same time, network capacity and project

deliverability remain highly location-specific. For investors, developers and landowners, the practical questions are increasingly decisive: is the grid position credible, is there a workable planning route, are land rights secure, and can the project reach final investment decision? Those fundamentals will determine which opportunities progress from the development pipeline into deliverable assets.

TOP CHALLENGES



- Grid connection capacity remains a key constraint, notwithstanding TM04+ reforms and the developing Curate, Plan, Connect programme
- Final SSEP now expected in autumn 2027; full RESPs expected by end-2028
- Network capacity remains constrained in some regions
- Local opposition to some onshore wind and battery schemes persists
- Green Belt renewable and low-carbon development generally requires VSC unless a Policy GB7 exception applies
- LDES Window 1 awards remain provisional, with final decisions expected in autumn 2026

TOP OPPORTUNITIES



- TM04+ prioritising ready and needed schemes - clearer signal on connection priority
- New NPPF confirms 'substantial weight' for specified renewable/net zero benefits in planning decisions in England
- NPPF provides a Green Belt route for qualifying electricity network/water infrastructure required in a Green Belt location
- Grey Belt development can avoid VSC where all relevant Policy GB7 criteria are met
- Battery storage: around 90GW operational/in the reformed connections queue, but not all will be built
- LDES: 7.6GW/137GWh across 16 projects provisionally selected for Window 1 support
- National Wealth Fund: up to £200m equity commitment to Fidora Energy's Thorpe Marsh and West Burton C projects
- AR7 Clean Industry Bonus: £544m budget; c.£204m expected to support successful projects in UK supply-chain investment

OUTLOOK



Capital values



Rental values



Planning applications



Transport and Infrastructure



Jason Mound

jason.mound@rapleys.com



Since last year's edition, the abstract promise of 'joined-up' infrastructure planning has taken concrete form. The Government published its "UK Infrastructure: A 10-Year Strategy" on 19 June 2025, setting out an ambition for roughly £725 billion of public investment and a call for around £500 billion of private capital over the coming decade. Delivery now sits with the newly created National Infrastructure and Service Transformation Authority (NISTA), which merges the former National Infrastructure Commission and Infrastructure and Projects Authority inside HM Treasury and is tasked with advising ministers on the go/no-go decisions for major schemes.

For investors and developers, the practical output of this is the NISTA Infrastructure Pipeline: a live, publicly available digital tool that was launched in July 2025 and has been substantially expanded since. The March 2026 update lists 734 projects worth £718 billion across transport, energy, education, water and healthcare, giving visibility on timelines, sponsors and procurement routes years before schemes reach the market. This is a meaningful change for anyone trying to position

land, capital or supply chain capacity ahead of demand, rather than reacting to it.

Legislative change: the Planning and Infrastructure Act 2025

The Planning and Infrastructure Act 2025 received Royal Assent on 18 December 2025 and is being commenced in stages, with the core Nationally Significant Infrastructure Projects (NSIP) reforms confirmed to start taking effect from 24 July 2026 alongside a new suite of National Infrastructure Planning Guidance. Key changes for developers include: removal of the statutory requirement for mandatory pre-application consultation on NSIPs (replaced by a duty to notify and best-practice guidance); a new Secretary of State power to disapply the NSIP consenting requirement for individual projects on a case-by-case basis; streamlined judicial review (removing the paper permission stage and reducing challenge routes from three stages to two); mandatory training and certification for planning committee members; reform of compulsory purchase powers; and the new

Nature Restoration Levy, administered by Natural England, allowing developers to discharge certain environmental obligations through Environmental Delivery Plans rather than site-by-site mitigation.

Rail, grid and the diversification of funding

On Transport specifically, the Strategy commits £35.5 billion to rail investment across 2026 to 2032, including £2.5 billion to progress East West Rail and unlock growth in the Oxford-Cambridge corridor: a corridor that Rapleys continues to see strong occupier and investor interest in across PBSA, Build to Rent, Life Sciences and Logistics. NISTA and the Department for Transport are also exploring diversified funding models to reduce reliance on central grant, including a limited return to public-private partnership structures, which should widen the pool of investable transport-linked real estate opportunities over the course of this parliament.

Electricity network capacity remains one of the biggest constraints on delivery across almost every alternative sector covered in this report. National Energy System Operator (NESO) estimates that twice as much transmission infrastructure is needed by 2030 as was built in the entire previous decade. The Strategic Spatial Energy Plan (SSEP), which will set out where that capacity should go, has slipped further and is now expected in early 2027 rather than by the end of 2026.

NESO presented its six potential pathways to the Secretary of State in August 2026, who will select one to form the draft plan for consultation. The continuing delay leaves developers of energy-intensive uses (Data Centres, EV charging hubs, Battery Storage, Rental Living schemes with electrified heating) without full long-term certainty on connection timing and location, even as the Government's target for battery storage capacity (23–27GW by 2030, up from around 4.5GW in 2024) drives urgency.

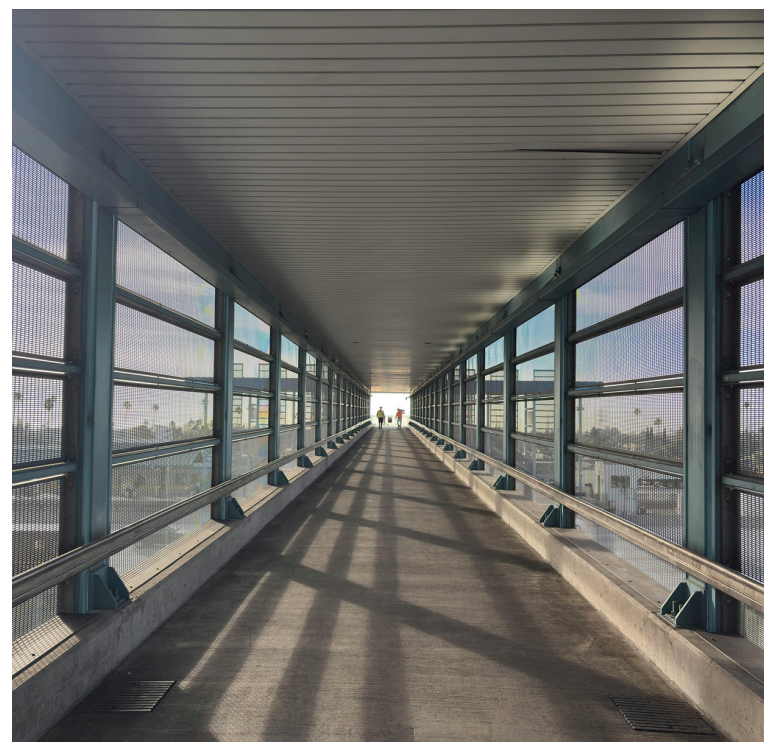
Airports: major investment projects

UK airports are in the midst of their largest investment cycle in a generation, with five of the six London-serving gateways progressing live expansion or terminal renewal programmes. Stansted is delivering a £1.1 billion investment programme, including a £600 million terminal extension covering departures, arrivals, immigration and baggage handling, expanded security screening and gate capacity, a 14.3MW on-site solar farm, following planning approval from Uttlesford District

Council, and a further capacity uplift of 8 million people per annum (ppa) consented in 2025.

Gatwick's £2.2 billion Northern Runway project cleared its final High Court challenge in June 2026, following Development Consent Order approval in September 2025, and sits alongside a rolling five-year Capital Investment Programme worth over £2 billion, including a £140 million Pier 6 extension. This will bring its existing standby runway into routine use as a full second runway and adding 29 million ppa of capacity. Luton's expansion (14 million ppa of additional capacity across approvals in 2023 and 2025) has been confirmed, while Bristol lodged a further application in March 2026 to add capacity on top of its 2022 consent.

Heathrow's proposed £49 billion third runway and new terminal complex (T5X) remains the largest single scheme by far. The Government selected Heathrow Airport Limited's proposal as the preferred basis for a revised Airports National Policy Statement (ANPS), with a draft due for public consultation in summer 2026 and planning consent targeted for 2029, although first flights from the new runway are not expected before the mid-2030s. In the meantime, Heathrow is proceeding with a privately funded, multi-billion-pound near-term upgrade to Terminals 2 and 5. These programmes have already lifted approved UK airport capacity to around 472 million ppa, with potential to reach 532 million ppa should Heathrow's scheme also proceed. Together they represent a sustained pipeline of surface access, cargo and logistics, hotel and commercial development opportunity for investors and developers positioned around the UK's main airport gateways.



Appraisal reform: the new Green Book

The HM Treasury updated Green Book, published on 5 February 2026 was around 40% shorter than the previous edition. It was re-scoped to focus purely on appraisal, with evaluation and process guidance split out into separate business case guidance published in June 2026. The update follows a year-long review, launched in January 2025, which found that appraisal had historically been skewed towards already-successful regions and over-reliant on the benefit-cost ratio (BCR) as a pass/fail test. The new edition confirms that value for money is a balanced judgement rather than a single headline metric and explicitly rules out arbitrary BCR thresholds. For example, a proposal with a BCR below 1 is not automatically poor value where there is a strong case on non-monetised, distributional or strategic grounds. For Transport and Infrastructure specifically, this should make it easier to build the case for large, multi-decade schemes whose full value (regeneration, connectivity and agglomeration) has historically been hard to capture in a narrow cost-benefit ratio.

The Green Book also introduces place-based business cases, bringing together interdependent projects (Transport, Housing, Skills) for a given location into a single, strategic investment proposal rather than assessing each in isolation. Liverpool, Plymouth, Port Talbot and Birmingham were confirmed in October 2025 as the first four pilot locations, and all four have significant Transport and Connectivity schemes in their pipelines, giving an early signal of how the new approach will work in practice and where developers might look for joined-up, transport-anchored regeneration opportunity next.

The February edition of the Green Book also held the existing discount rate (3.5%/3%/2.5% tapering) rather than cutting it, pending a separate independent review, though it did add a mandatory lower-rate sensitivity test for 50-year plus schemes. Given rail lines, road corridors, grid reinforcement and major stations are built to last well above this horizon, and a large share of their benefit only shows up decades after opening, this will help ease the long-standing frustration held within the Transport sector if upheld when the Treasury makes its formal response.

In addition, the new NPPF, published in August 2026 following a lengthy consultation period, strengthens support for telecommunications development, particularly where upgrades are needed along rail corridors, and, significantly for the grid constraints flagged throughout this report, adds electricity network and water infrastructure to the list of development not treated as 'inappropriate' in the Green Belt, distinct from generation assets themselves (see the [Renewables](#) update). This should ease consenting for substations, reinforcement works and connection infrastructure sited on Green Belt land, a welcome practical fix given how often network capacity, rather than planning, has been the constraint on delivery. Local plans that conflict with the new National Development Management Policies will carry only 'very limited weight', adding further pressure on local authorities to align quickly with the new Framework.

Occupier implications

For occupiers, faster NSIP consenting and the rail investment pipeline point to improving connectivity in growth corridors (notably Oxford-Cambridge). This should widen the pool of viable locations for Logistics, Life Sciences and Residential-linked occupiers over the medium term though grid capacity, not planning, is now the more likely source of delay to fit-out and energisation timelines.

Final word: outlook for investors and stakeholders

Transport and infrastructure closes 2026 in a stronger position than at any point in the last decade: a funded ten-year strategy, a faster and more predictable consenting regime, a Green Book that finally rewards long-term, place-based value, an NPPF actively channelling development towards stations and connected corridors, and now a wave of live airport investment adding to the pipeline of surface access, logistics, hotel and commercial opportunity. For real estate investors and stakeholders, the outlook is positive but not unconditional: value will accrue fastest to those who can evidence deliverability against the grid, water and appraisal reforms set out in this chapter, rather than to speculative positions taken on policy intent alone. With the SSEP, the Treasury's discount rate response and the next stage of NSIP reform all due through 2027, this remains a sector to be positioned in now and managed actively as the detail continues to land.

TOP CHALLENGES



- Grid connection delays remain the binding constraint across almost all sectors
- SSEP now delayed to early 2027, leaving long-term spatial certainty incomplete
- NSIP reform implementation risk: secondary legislation and guidance still landing through 2026/27
- Discount rate outcome still pending: formal Treasury response to the June 2026 review awaited
- Political risk from May 2026 devolved elections denting cross-administration consensus
- New NPPF (August 2026) still bedding in – practice guidance and appeal precedent yet to catch up
- Ageing water, energy and rail assets requiring investment even as budgets tighten

TOP OPPORTUNITIES



- NISTA Infrastructure Pipeline gives multi-year visibility on £718bn of projects for site assembly and supply chain planning
- Planning and Infrastructure Act 2025 streamlines NSIP consenting and judicial review from July 2026
- £35.5bn rail investment 2026–32, including East West Rail, supporting connected housing and PBSA/BTR locations
- New Green Book (February 2026) removes arbitrary BCR thresholds, strengthening the case for transformational, place-based transport schemes
- Place-based business case pilots (Liverpool, Plymouth, Port Talbot, Birmingham) signal where joined-up transport-led regeneration will be prioritised
- New NPPF widens ‘default yes’ station development to top 80 Travel to Work Areas by GVA, with lower minimum densities
- NPPF now eases Green Belt consenting for electricity network and water infrastructure, addressing the grid capacity constraint directly
- Diversified funding models (PPP return, revenue diversification) widening routes for private capital

OUTLOOK



Capital values



Rental values



Planning applications



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Registered office: Unit 4, Incubator One, Alconbury Weald, Huntingdon, Cambs PE28 4XA

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