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BSI Net Zero Barometer 2026:

# Built environment

The economic weathervane

Sector perspectives on progress,  
priorities and trade-offs across  
the UK economy.



# Retrofitting 25 million legacy homes, overcoming split commercial incentives, and protecting longterm built assets

## Introduction

This year's Net Zero Barometer survey reveals a capital-intensive and highly fragmented built environment sector. Every shift in interest rates, land values and materials cost registers almost immediately. For this year, that has meant a cooling in net zero investment.

In the design and construction of new buildings, progress is highly visible. Clear regulatory frameworks and tightening standards mean that new developments are increasingly engineered for high thermal performance.

But when it comes to the question of the UK's existing building stock, there remain significant economic, practical and policy hurdles.

Upgrading millions of existing homes – many of which are very poorly insulated – represents an especially thorny issue. Particularly as the sector continues to suffer a major skills shortage.

But there are lots of reasons for optimism. Extreme volatility in energy prices and rising materials costs mean that net zero is increasingly seen as a tool for business resilience. And because property and infrastructure are such long-term assets, protecting physical investments from climate risks is seen as vital.

What's needed now is a policy clear pathway and talent pipeline to make the progress the sector demands.



**Anthony Burd**  
Director of Built  
Environment, BSI

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Achieving net zero in the built environment is less about a lack of solutions and more about the formidable hurdles of delivery.

This report draws on research conducted for the 2026 BSI Net Zero Barometer, providing a sectorspecific analysis of the opportunities, challenges and priorities facing the UK built environment sector on the path to net zero. A full report covering and comparing in detail multiple sectors and their progress to net zero is available [here](#).



## Sector snapshot: Where are we now?

The built environment is an economic weathervane for the broader net zero transition, pivoting rapidly in response to the prevailing financial and political climate. As the sector is highly capital-intensive and extremely fragmented, any macroeconomic shift (from interest rates to supply chain costs) registers almost immediately.

Progress is being made, but the sector is currently off the necessary trajectory. Highly exposed to fluctuating interest rates, land values, and the increasing costs of materials, there has been a cooling off in net zero investment. While the construction of new builds is broadly conforming to tighter regulations, the undeniable challenge lies in the retrofit of the UK's c.25 million existing homes.



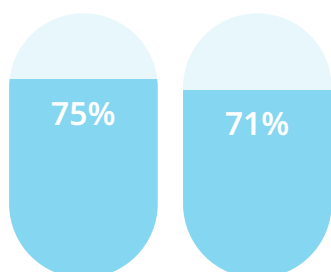
## The data picture



Built environment businesses

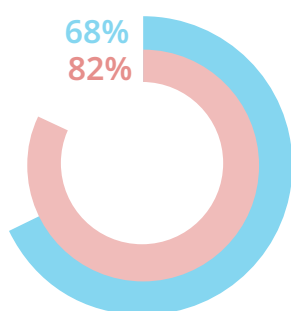


Average across all sectors surveyed



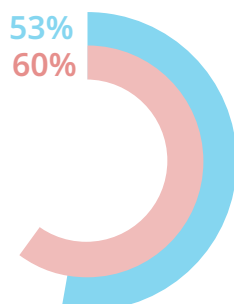
### Protecting long-term assets

**75%** of firms believe reducing net zero efforts risks losing prior investments, and **71%** see climate preparation as vital. The sector's heavy shift toward climate adaptation is driven by the physical need to protect infrastructure and built assets designed to last 50 to 100 years.



### A cautious outlook

While **68%** of firms are optimistic about prospects for the next 12 months, it places them well below the average proportion of **82%** measured across all sectors.



### A sceptical view of 2050

Along with healthcare, confidence in achieving net zero by 2050 is the survey's lowest: **53%** versus the **60%** all-sector average.

27%

Cost

27%

Competing growth priorities

27%

Uncertainty over how to take action

### Triple hurdles

Firms face a mix of financial, practical and capability barriers to net zero action. Cost remains important (**27%**), but respondents are just as likely to cite competing growth priorities and uncertainty over how to take action. The latter is a likely brake on the challenge of retrofitting the UK's c.25 million existing, poorly insulated, legacy homes.

42%

36%

### A strong appetite for upskilling

To bridge internal capability gaps, **42%** of firms surveyed show a strong interest in net zero training programmes and workshops. This exceeds the **36%** cross-sector average figure.

42%

53%

### Holding firm on communications

Only **42%** admit to changing how they communicate climate action, lower than the total proportion of **53%**. The sector might be less affected by changing public and political debates around net zero, although recent heat waves might re-ignite conversations.

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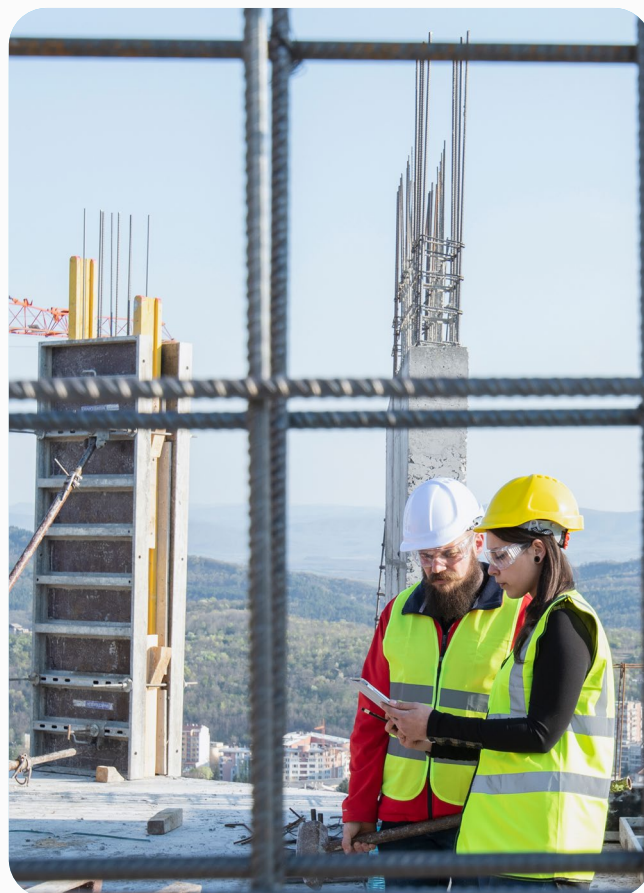
Whether your currency is carbon abated or pounds saved, the most effective solutions are often the same. Upgrading energy efficiency helps society, combats fuel poverty, and provides energy resilience.

**Anthony Burd**  
Director of Built Environment, BSI



## Key barriers & pressures

- ! **The policy gap:** While operational carbon (energy used in buildings) is regulated via national building regulations, there is no equivalent regulation for embodied carbon (the carbon footprint of manufacturing and transporting building materials). Measures are, however, being explored to promote growth of the market for low carbon products.
- ! **Split incentives:** Developers face high upfront costs for installing premium energy efficiency measures, but the long-term financial benefits (cheaper energy bills) are reaped by the eventual occupants or renters. This can diminish the commercial incentive to over-deliver on sustainability.
- ! **The skills deficit:** The sector is highly fragmented, with a complex lattice of tier-one contractors and smaller SMEs. The reduced availability of migrant labour following Brexit, combined with the highly technical installation requirements for new technologies (like heat pumps), has created a severe skills bottleneck.



## Drivers and opportunities for progress

- ✓ **The whole-life carbon reality:** Up to 80% of total business costs for a building occur over its operational lifetime. So, whole-life carbon assessments – supported by Life Cycle Assessment (LCA) standards like the BS EN ISO 14040 series – are essential to account for and manage a building's true impact long after the construction phase.
- ✓ **Cost abatement and resilience:** Up-to-date net zero efforts can help to reduce operational costs. For example, upgrading thermal efficiency combats fuel poverty and insulates the UK against global energy price shocks. Also, prioritizing climate resilience (for example, building infrastructure to withstand extreme weather) better ensures that long-term assets remain viable.
- ✓ **Standardizing best practice:** Tools like PAS 2080 - Carbon Management in Buildings and Infrastructure and emerging standards for low-carbon concrete and circularity are allowing procurement teams to demand higher performance beyond regulatory minimums.



## Looking ahead: The next 12-24 months

The sector will likely continue to experience peaks and troughs tied directly to the national economic backdrop. While some major homebuilders have stopped buying new land and started to slow construction work in progress due to combined regulatory demands and material costs, net zero momentum remains. The key to acceleration will be widespread upskilling and the integration of embodied carbon limits into conditions of contract and building regulations.

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While only around 20% of a building's total cost is incurred during design and construction, approximately 80% is spent over its operational lifetime. Taking a whole-life carbon approach enables better decisions at the earliest stages, when they have the greatest long-term impact.

**Anthony Burd,**  
Director of Built Environment, BSI

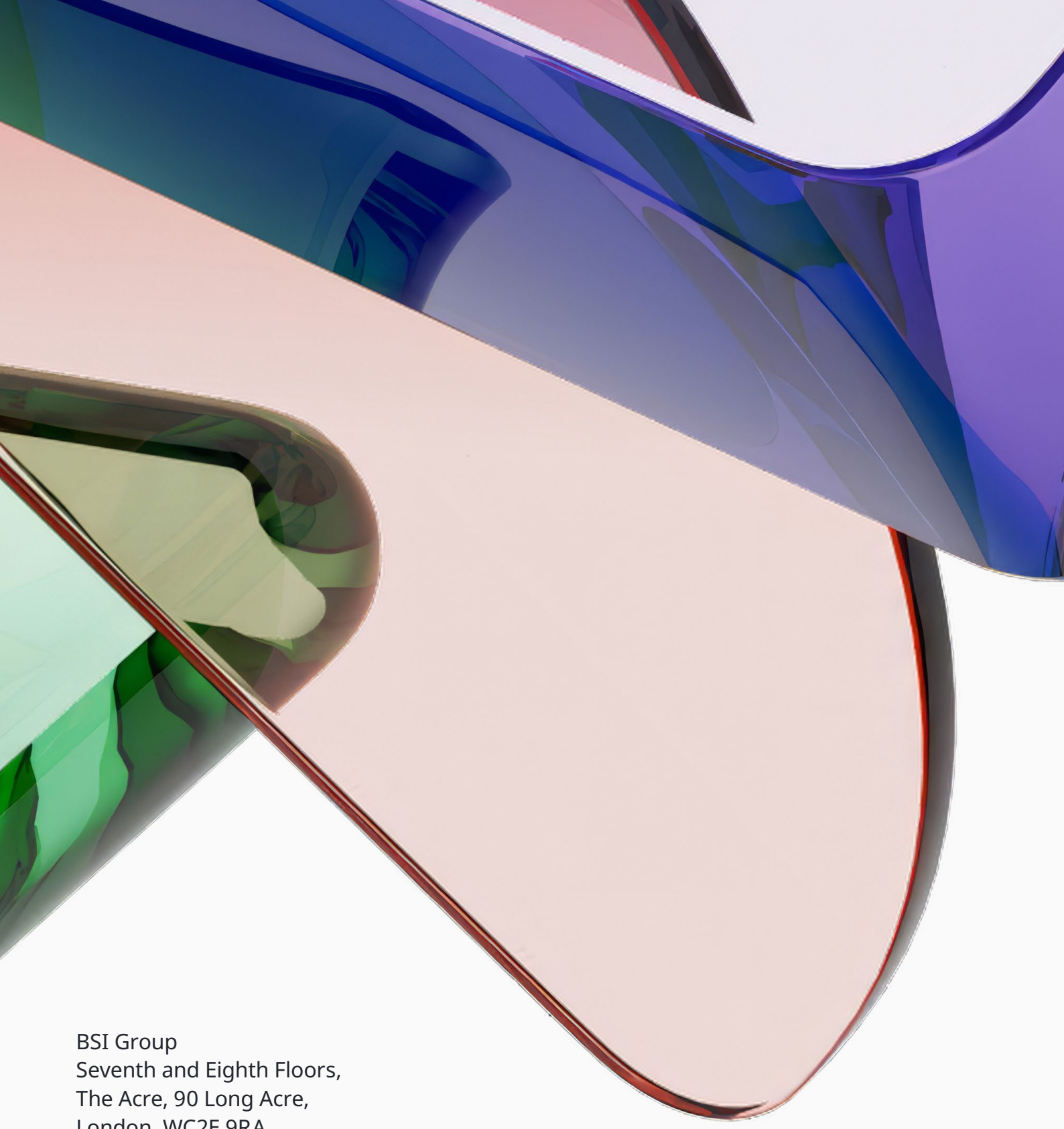
# Key standards for net zero in the built environment sector

Search by standard title on [BSI Knowledge](#) for more details.

Stay up to date with the latest developments in built environment standards [here](#).

| Standard                                                                                                                                                                                          | What it does                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  PAS 2080:2023 – Carbon management in buildings and infrastructure                                               | Sets out a common approach for managing and reducing whole-life carbon in buildings and infrastructure. It defines roles and responsibilities and supports collaboration across the value chain, helping organizations identify opportunities to reduce carbon and improve efficiency throughout the project lifecycle. Read more about the standard <a href="#">here</a> .                                |
|  PAS 2035:2023 – Retrofitting dwellings for improved energy efficiency. Specification and guidance               | Provides a whole-house approach to improving the energy efficiency of existing homes, covering assessment, design, installation and monitoring. It brings together requirements for retrofit professionals and installers to help ensure improvements are properly planned and deliver the intended energy, comfort and building performance outcomes. Read more about the standard <a href="#">here</a> . |
|  BS EN ISO 14040:2006 – Environmental management. Life cycle assessment. Principles and framework              | Provides the principles and framework for assessing the environmental impacts of a product or service across its life cycle. It covers the main stages of life cycle assessment (LCA), including defining scope, collecting data, assessing impacts, interpreting results and reporting. Read more about the standard <a href="#">here</a> .                                                               |
|  BS EN ISO 14044:2006+A2:2020 – Environmental management. Life cycle assessment. Requirements and guidelines   | Sets out requirements and guidance for conducting LCA, from defining its purpose and scope to analysing and reporting results. It provides a structured approach for assessing environmental impacts across a product's life cycle and supports transparent, clearly documented studies. Read more about the standard <a href="#">here</a> .                                                               |
|  BS EN 15978:2026 – Sustainability of construction works. Assessment of environmental performance of buildings | Provides a consistent method for assessing the environmental performance of buildings and their sites across the whole life cycle. It covers life-cycle boundaries, data requirements, environmental impacts and reporting, and can be applied to new and existing buildings and refurbishment projects. Read more about the standard <a href="#">here</a> .                                               |
|  BS EN 15804:2012 – Sustainability of construction works. Environmental product declarations                   | Sets the core rules for creating Environmental Product Declarations (EPDs) for construction products and services. It defines the environmental information, life-cycle stages and data requirements to be assessed, supporting consistent and comparable environmental information across construction products. Read more about the standard <a href="#">here</a> .                                      |

| Standard                                                                                                                                                                                       | What it does                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>BS EN 15804:2012 – Sustainability of construction works. Environmental product declarations</p>           | <p>Provides a performance-based approach for using alternative binder systems to reduce the carbon associated with concrete while maintaining required performance. It provides recommendations for testing and monitoring, helping build confidence in lower-carbon concrete technologies and their intended applications. Read more about the standard <a href="#">here</a>.</p> |
|  <p>Standards activity on decarbonized concrete, construction materials and whole-life carbon assessment.</p> | <p>Supports the reduction of embodied carbon and the transition towards lower-carbon construction materials and infrastructure delivery.</p>                                                                                                                                                                                                                                       |



BSI Group  
Seventh and Eighth Floors,  
The Acre, 90 Long Acre,  
London, WC2E 9RA  
+44 345 080 9000  
[bsigroup.com](https://bsigroup.com)