EY UK Attractiveness Survey 2026: energy, utilities and renewables

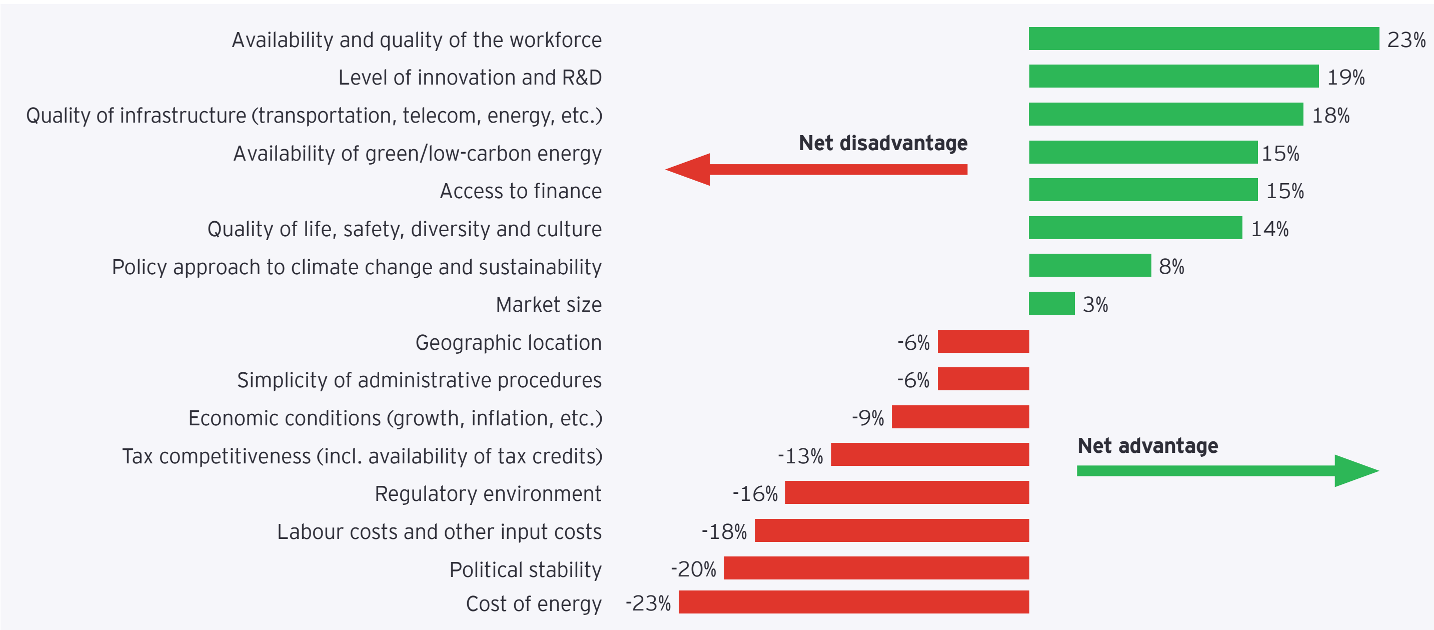
- UK energy inward investment project total falls 51% to 12-year low.
- The UK attracted 27 energy-related FDI projects in 2025, down from 55 in 2024.
- Two-thirds (60%) of international investors rate the UK positively for renewable electricity provision, while more than half (53%) rate it positively for green innovation.
- Scotland secured 15 energy projects, more than half (55%) of all UK energy FDI projects in 2025.
- The UK remains second to France in European rankings for energy inward investment.

The EY UK Attractiveness Survey highlights a clear contradiction at the heart of the UK's energy transition.

On one hand, international investors view the UK positively for renewable electricity generation, green innovation and clean technology opportunities. In fact, utility supply (including oil & gas, green energy and transmission) is identified by investors as one of the UK's future growth sectors.

On the other, energy-related FDI fell 51% to 27 projects in 2025 with high energy costs repeatedly cited as the most significant barrier to investment, damaging UK competitiveness and impacting location decisions for international capital. This was closely followed by lack of political stability, with labour market input costs, tax competitiveness and economic conditions considered net-negative issues.

In which of the following areas does the UK have the greatest advantage and disadvantage as an investment destination compared with other locations?



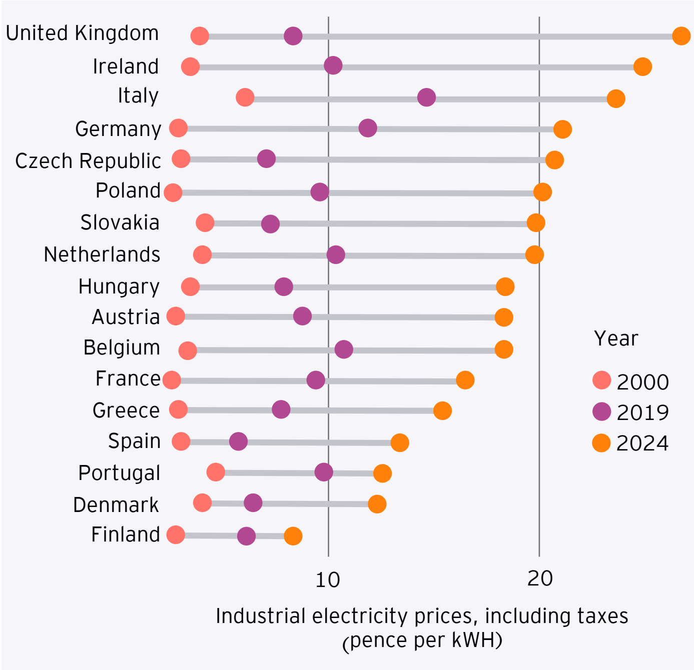
Source: EY UK Attractiveness Survey 2026

This curious tension could create an opportunity for Aberdeen: despite securing only five FDI projects in 2025, the North East of Scotland is a region with the skills, infrastructure, supply chain and project delivery capability required to help alleviate precisely the challenge investors are highlighting.

While investors identify energy costs and energy security as major UK competitiveness challenges, Aberdeen possesses many of the assets, capabilities and answers required to solve them. A third of investors planning UK investments say they are targeting Scotland. That's a strong vote of confidence in Scotland's future attractiveness that Aberdeen should capitalise on. The challenge for policymakers and business leaders is converting positive investor sentiment into investment decisions.

Alongside lower energy costs, investors in the UK continue to emphasise the importance of a predictable policy environment, efficient regulation and a pipeline of skilled labour. The message here is not that the UK lacks strengths – in fact, it has plenty – it is that those strengths are being discounted by investors when the operating environment feels expensive, uncertain or slow. The UK's energy sector is no exception. The winners will be those countries and regions that combine strong fundamentals with fast, credible delivery.

International industrial energy prices (pence/kWh), European IEA countries, 2000 vs. 2024



Source: EY UK Economic Outlook, Spring 2026

1 Energy cost a key competitiveness issue

The UK has some of the highest energy costs for businesses among advanced economies, with prices above European averages and International Energy Agency (IEA) benchmarks.

It is one of the strongest recurring themes investors identify in the survey:

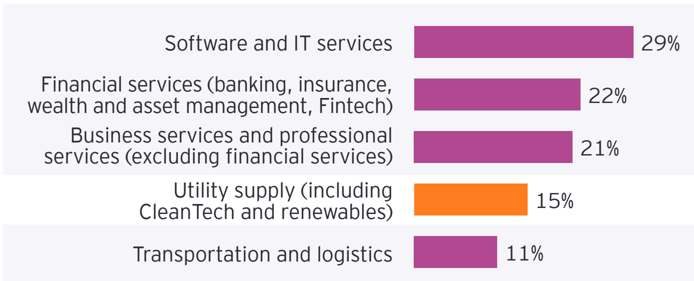
- The cost of doing business, including energy costs, is among the UK's most significant perceived disadvantages, with 29% of investors citing cost as the third-biggest risk over the next three years, after macroeconomics and geopolitics.
- More than a fifth (22%) said the UK should concentrate efforts on reducing energy prices to maintain competitiveness in the global economy, marginally ahead of the 20% who said reduce and simplify taxation.

Many industrial strategy sectors require cheaper energy to be competitive, and energy prices are increasingly influencing global investment location decisions.

2 Utility supply, CleanTech and renewables are growth sectors

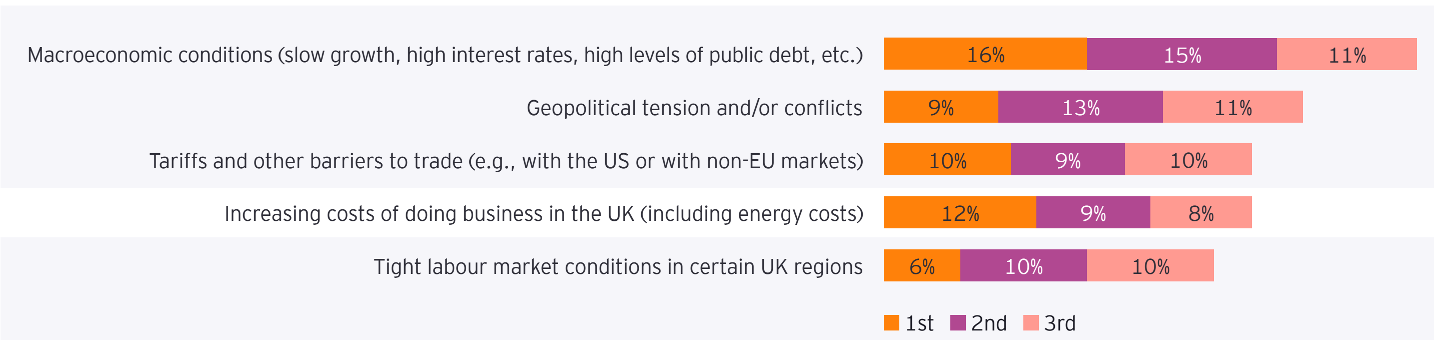
Despite cost concerns, investors remain positive about the UK's long-term clean energy opportunities. When asked which sectors will drive UK growth in coming years, 15% believe it to be an area of future growth. This places energy transition activities among the UK's most important opportunities.

Rank the top two business sectors that you expect to drive the UK's growth in the coming years (top five)

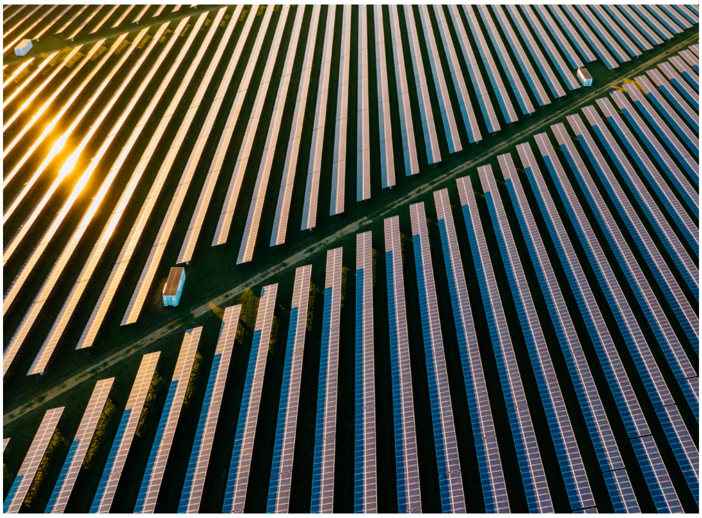


Source: EY UK Attractiveness Survey 2026

What are the three main risks affecting UK's attractiveness over the next three years? (top five)



Source: EY UK Attractiveness Survey 2026



3 Investors value the UK's green credentials

There is strong investor confidence in the UK's sustainability proposition:

- Just under two-thirds (60%) of investors rate the UK positively for renewable provision in electricity supply.
- More than half (53%) rate it positively for green innovation.
- Nearly a fifth (19%) say climate and sustainability policies are the most important factor when choosing to invest.

The UK is, therefore, seen as possessing many of the credentials and skills needed to become a leading destination for energy transition investment.

4 Energy security is rising up the international agenda

There is a growing link between:

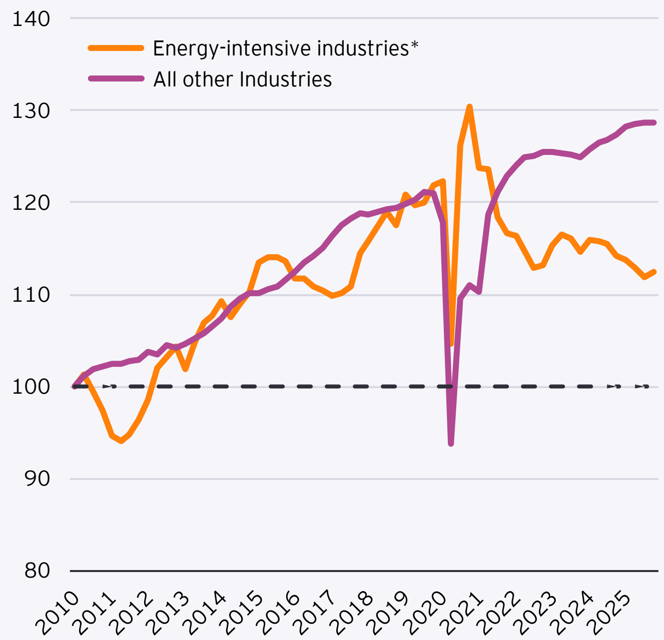
- Energy policy
- National security
- Industrial resilience
- Investment decisions

There could soon be a need to revisit the balance between affordability and security vs. sustainability in the energy trilemma: the UK will need oil and gas for many more years, and as well as the security of a domestic supply, the secondary benefits – such as taxation and employment – as opposed to carbon-intensive imports is a mounting advantage.

Investors increasingly see energy security as a strategic issue rather than simply an environmental one. Energy security also impacts confidence in other tactical industries that have high energy consumption, such as data centres and steel production, with a knock-on effect on other industries heavily reliant on their supply chains.

Cheap energy is a key input to almost all other sectors, particularly investment in AI that underpins the top three growth sectors. Since 2019, higher relative energy costs have seen output from the UK's energy-intensive industries fall by 8%, compared to economy-wide growth of 6%. If the energy-intensive sectors had instead simply kept pace with the wider economy, then GDP would have been £30bn higher in 2025.

UK gross value added (GVA), real, pounds millions (Q1 2010 = 100)



*Energy intensive industries are defined in accordance with DESNZ's classification: Energy intensive industries

Source: EY UK Economic Outlook, Spring 2026

Geopolitical instability and external price shocks have increased the importance of building resilient energy systems and protecting industrial capability. This is particularly favourable for regions with energy infrastructure, engineering capability and project delivery experience.

While energy security drives investment, as does domestic generation as seen with renewables, if that energy is markedly more expensive then investment will not follow.

5 Traditional energy sectors are under pressure

UK oil and gas projects fell to three in 2025 from 16 the year before. Utility supply (which includes green energy, transmission and storage) projects also reduced from 39 to 24 with half (12) in Scotland, where the UK's windfall tax rates, sizable CapEx investment requirements and offshore cost drivers influence investment decisions.

However, capital discipline is part of a broader structural adjustment across Europe rather than a uniquely UK phenomenon: the three oil and gas projects – all in Aberdeenshire – represented 15.8% of European market share, while the other 24 projects represented 15.2%.

- Investment in manufacturing, a key activity in traditional energy, fell sharply.
- Energy-intensive sectors are facing competitiveness challenges.
- High energy costs are reducing industrial attractiveness.

Spotlight: Aberdeen sits at the crossroads of energy transition

The latest EY UK Attractiveness Survey reinforces a powerful story for Aberdeen. Utility supply remained one of Scotland's leading investment sectors, ranking third with 12 projects in 2025.

While Scotland remains the UK's leading FDI destination outside London, Aberdeen experienced a notable decline in activity, reflecting wider structural changes in energy markets and the continued decline of North Sea oil production. At the same time, energy costs emerge as the most significant concern affecting the UK's future competitiveness for inward investment.

Aberdeen recorded five projects in 2025, down from 12 the year before, and fell out of the UK top 10 cities outside London for FDI, with Edinburgh missing the top spot by one project and Glasgow in fourth. Despite a more buoyant year for oil and gas projects in 2024, 2025 saw a material dip with projects falling from seven to three. Sharp declines on this scale are perhaps more common in oil and gas than in other sectors due to the interaction of long-term structural shifts and cyclical shocks.

What is clear, however, is that macro uncertainty and geopolitics are driving a 'wait and see' approach from investors, and reshaping capital flows in a sector that is markedly more sensitive than most others to political risks and cross-border complexity.

Security concerns around energy sovereignty may also have a substitution effect under which FDI is displaced in favour of domestic investment.

However, given more than half (53%) of international investors rate the UK positively for green innovation, opportunities remain through renewable energy, utilities, advanced manufacturing and Scotland's broader energy transition agenda. Scotland's natural resources make it the ideal part of the UK to be at the forefront of wind, tidal and hydro innovation, for both generation and transmission.

While Aberdeen's investment performance reflects challenges with the uncertain future of the North Sea, the city sits directly at the intersection of where the UK's energy production challenges meets its more immediate opportunities.

Having a robust domestic energy mix has many advantages, if it remains expensive then the barrier to investment just changes shape. Success will depend on addressing energy costs, improving policy certainty, and attracting investment into new high-value energy and industrial sectors.

From oil and gas capital to energy capital

While the survey notes Aberdeen's lower FDI project numbers and the challenges affecting the oil and gas industry, the bigger story needs to become one of transformation rather than decline.

Aberdeen remains uniquely positioned because it combines:

- Traditional energy expertise
- Emerging renewables capability
- Offshore wind delivery experience
- Carbon capture and storage potential, such as Acorn, St Fergus and Peterhead Power Station
- Hydrogen opportunities
- Energy security relevance

In short, the city is not merely adapting to the transition – it is one of the few places capable of delivering it at scale. The capital exists in the sector, but as the local market waits for a policy landscape that catches up with – and enables – local willingness, that capability and scale may be lost to time.

Why Aberdeen matters to UK competitiveness

The central message from international investors is that the UK must:

- Reduce energy costs
- Strengthen industrial capability
- Deliver infrastructure
- Improve energy security
- Support strategic industries

Aberdeen is already home to the skills, companies and infrastructure needed to advance all five objectives.

That makes the city strategically important not only to Scotland's economy, but to the UK's wider attractiveness as an energy sector investment destination.

These are precisely the capabilities required to deliver the energy transition investors are demanding.

Challenge

Investors are concerned about:

- High energy costs
- Energy security
- Industrial competitiveness
- Supply chain resilience
- Long-term energy infrastructure

Opportunity

Aberdeen possesses:

- Decades of offshore engineering expertise
- A globally recognised energy supply chain
- Major project delivery capability
- Skills transferable across oil and gas, offshore wind, carbon capture, hydrogen and electrification
- Existing energy infrastructure unmatched elsewhere in the UK

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