The case for the Space Economy

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The case for the Space Economy: why space is entering a new era of growth

Space is emerging as one of the most important strategic and technological frontiers of the coming decades. What was once the preserve of governments is evolving into a broader economic ecosystem, driven by falling launch costs, rapid innovation, and a growing range of commercial, defence, and scientific applications. At an expected annual growth rate of 9% through 2035, the global space economy is estimated to reach $1.8 trillion in value, highlighting both the scale of the opportunity and the pace of its expansion. As access to space becomes more economical and capabilities become more sophisticated, the sector is broadening beyond launches and satellites into connectivity, space-based intelligence, security and defence, in-orbit servicing and manufacturing, and other emerging opportunities uniquely enabled by space:

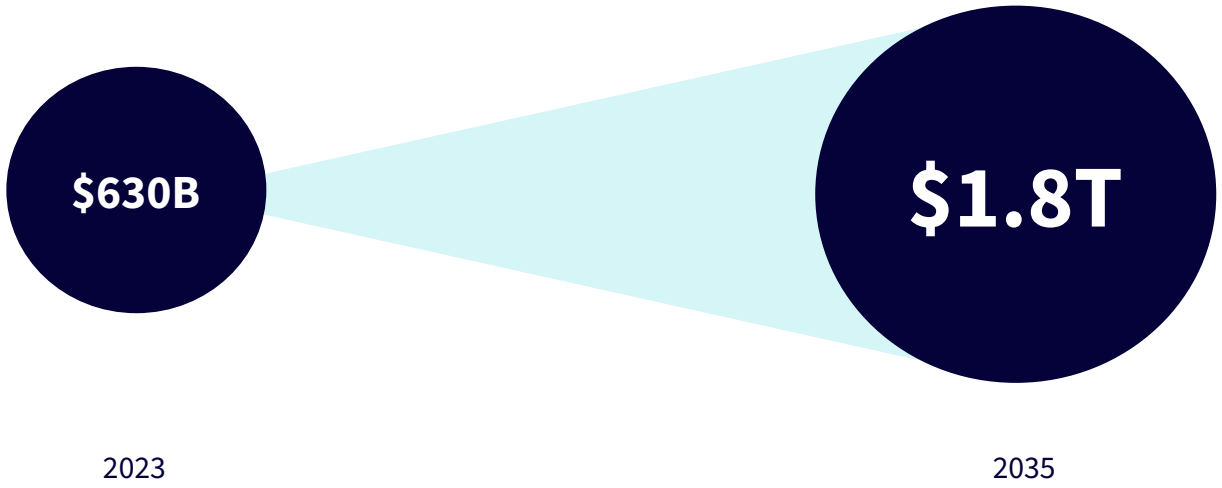
Launches and infrastructure: Systems and technologies that enable access to operations in space, including launch capabilities as well as the supporting infrastructure required for sustained activity in orbit and beyond.

Commercial space: Space-based capabilities to deliver services and economic value on Earth, including connectivity, intelligence, and other data-driven applications, as well as infrastructure supporting these use cases.

Defence space: Space-based capabilities for resilience, and the protection of critical assets and national interests.

Emerging technologies: Space as a platform for entirely new products and services, enabled by the unique conditions of space, including areas such as in-orbit manufacturing, on-orbit servicing and space-based data centres.

Figure 1: Estimated value of the global space economy from 2023 to 2035



Source: Source: World Economic Forum, McKinsey & Company, “Space: The $1.8 Trillion Opportunity for Global Economic Growth”, April 2024.

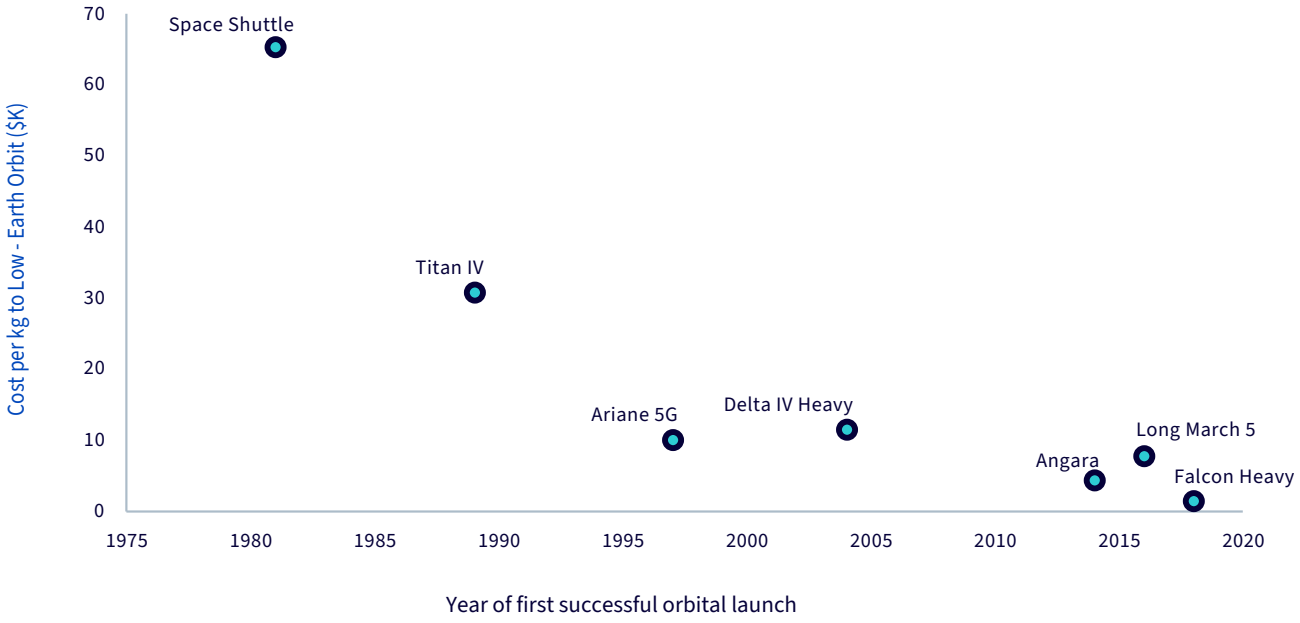
Structural forces behind a multi-trillion investment opportunity

Technological advances

One of the most important structural shifts in the space economy has been the rapid pace of technological innovation, which is fundamentally reshaping the cost and accessibility of space. Historically, high launch costs, limited launch frequency, and technological complexity constrained the sector to a small number of government-led missions. Today, advances in reusable rockets, satellite miniaturisation, and mission automation are significantly lowering barriers to entry and enabling a broader range of commercial applications.

A key driver of this transformation has been SpaceX, which has played a central role in redefining the economics of access to space. Through the development of reusable launch systems, SpaceX has been able to dramatically reduce the cost per launch while increasing reliability and cadence. Its Falcon Heavy rocket has further expanded payload capacity, allowing significantly larger missions at a fraction of historical costs (Figure 2).

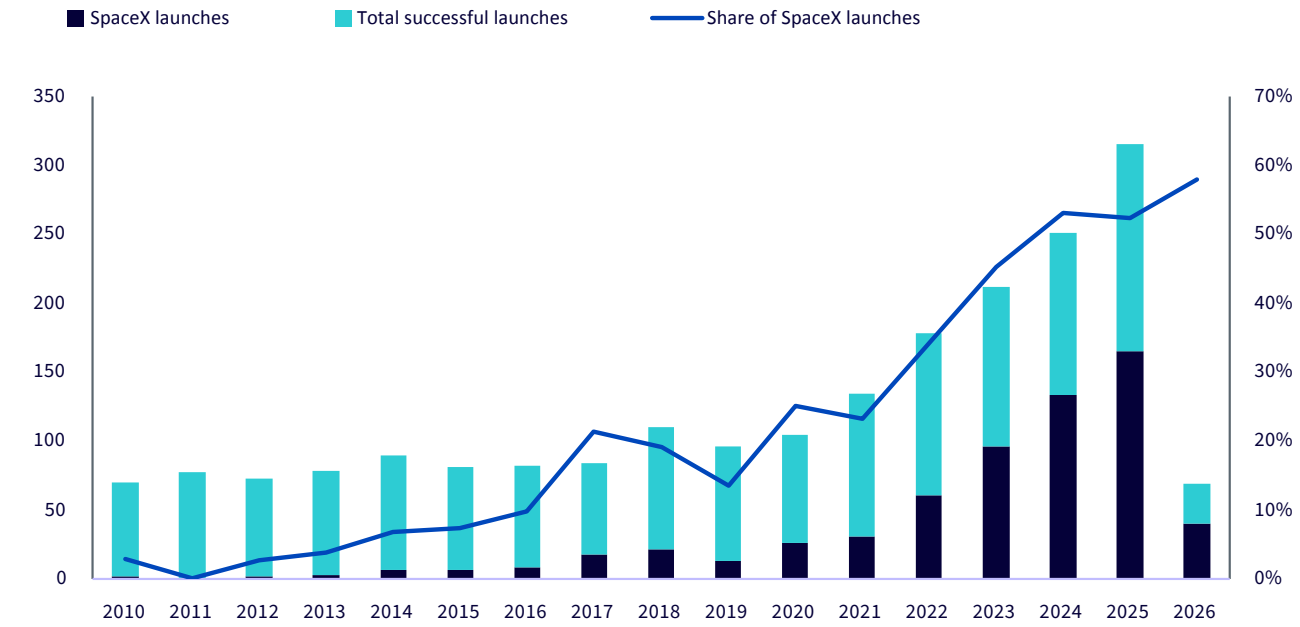
Figure 2: Cost per kg to Low-Earth orbit (LEO) – Heavy Launch



Source: CSIS Aerospace Security Project (2022), available at Cost for Space Launch to Low Earth Orbit- Aerospace Security Project.

Equally important has been the increase in launch frequency (Figure 3). SpaceX has scaled its operations to the point where launches are now taking place at an unprecedented cadence, averaging one launch every second day in 2025.

Figure 3: Historical successful rocket launches globally



Source: Total launches statistics from Launches by year | Space Stats, SpaceX launches from List of Falcon 9 and Falcon Heavy launches - Wikipedia. As of 1 April 2026.

Looking ahead, the development of SpaceX's Starship represents the next step change in launch economics. Designed as a fully reusable, heavy-lift system, Starship is poised to dramatically increase payload capacity (over 100 t fully reusable and 250 t expendable), making access to orbit and beyond even cheaper. SpaceX expects Starship to enable interplanetary flights with up to 100 people on board. As part of its Artemis program, NASA selected Starship to land the first astronauts on the Moon in over 50 years. If successfully scaled, Starship can unlock entirely new use cases, further expanding the commercial viability of the space economy.

Renewed government interest

Space is experiencing renewed government interest, with the US, Europe, and China all treating it as a strategic priority. In the US, Artemis and Golden Dome illustrate the growing role of space in both exploration and defence. In Europe, Galileo and IRIS2 highlight a stronger focus on sovereign navigation and secure connectivity, while ESA's Strategy 2040 reinforces long-term ambitions around autonomy, resilience, and competitiveness.

In China, space is increasingly framed as a leading emerging technology and future growth engine, with late-2025 filings for around 203,000 satellites further highlighting the scale of ambition and the intensifying race for orbital resources. Beyond major aerospace powers, other countries, led by India, Japan, and South Korea, are also expanding their space agendas, reinforcing space as an increasingly important arena for security, industrial and technological leadership and socio-economic progress. Currently, among more than 80 countries with national and regional space strategies, around 45 have dedicated space strategies[1]. Only 14 space agencies demonstrated orbital launch capabilities, including six with advanced space capabilities (Figure 4)[2].

Figure 4: Overview of space agencies with advanced space capabilities.

Agency	Orbital launch	Extraterrestrial exploration	"Human spaceflight"	Crewed moon landing
NASA (United States)	yes	yes	yes	yes
Roscosmos (Russia)	yes	yes	yes	no
CNSA (China)	yes	yes	yes	no
ESA (many European countries)	yes	yes	no	no
ISRO (India)	yes	yes	no	no

1 United Nations Office for Outer Space Affairs, April 2026.

2 Wikipedia, available at List of government space agencies - Wikipedia, April 2026.

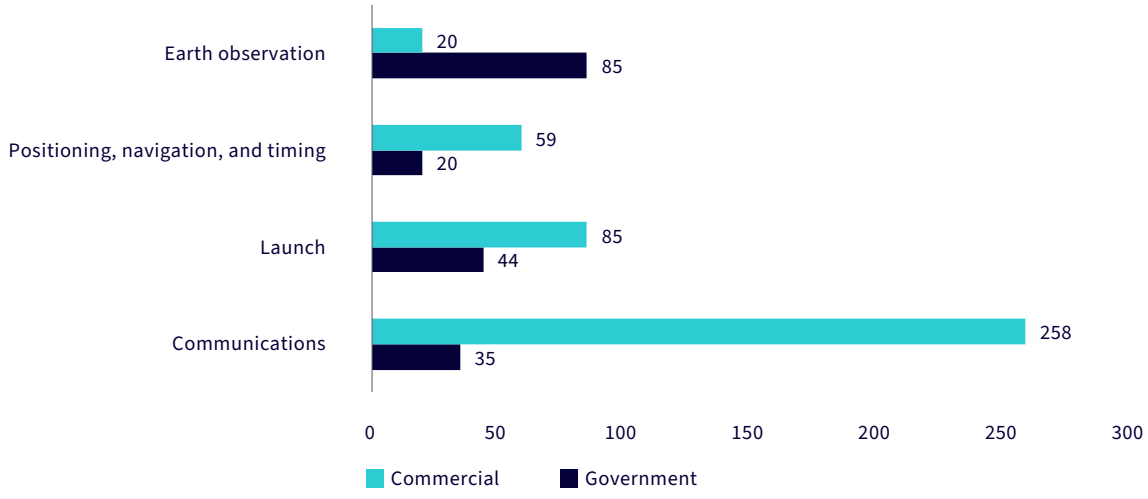
Agency	Orbital launch	Extraterrestrial exploration	"Human spaceflight"	Crewed moon landing
JAXA (Japan)	yes	yes	no	no

Source: WisdomTree, Wikipedia. Information collected from List of government space agencies - Wikipedia. The presented list includes the group of agencies that have developed advanced technological capabilities required for travel and study of other heavenly bodies within the Solar System but doesn't include space agencies that operate satellites in extraterrestrial environments.

Expanding commercial use cases

Commercial use cases are pushing the space economy well beyond its traditional base in launch and satellite manufacturing. Space-enabled connectivity, earth observation, geospatial intelligence, navigation, and data services are increasingly embedded in the real economy, supporting applications across agriculture, logistics, climate monitoring, communications, and critical infrastructure. As a result, space is evolving from a narrow aerospace segment and a government domain into a broader commercial and technology ecosystem (Figure 5).

Figure 5: Size of government markets vs. commercial markets by mission area, 2025-29 (forecast as of 25 August 2025), $ billion

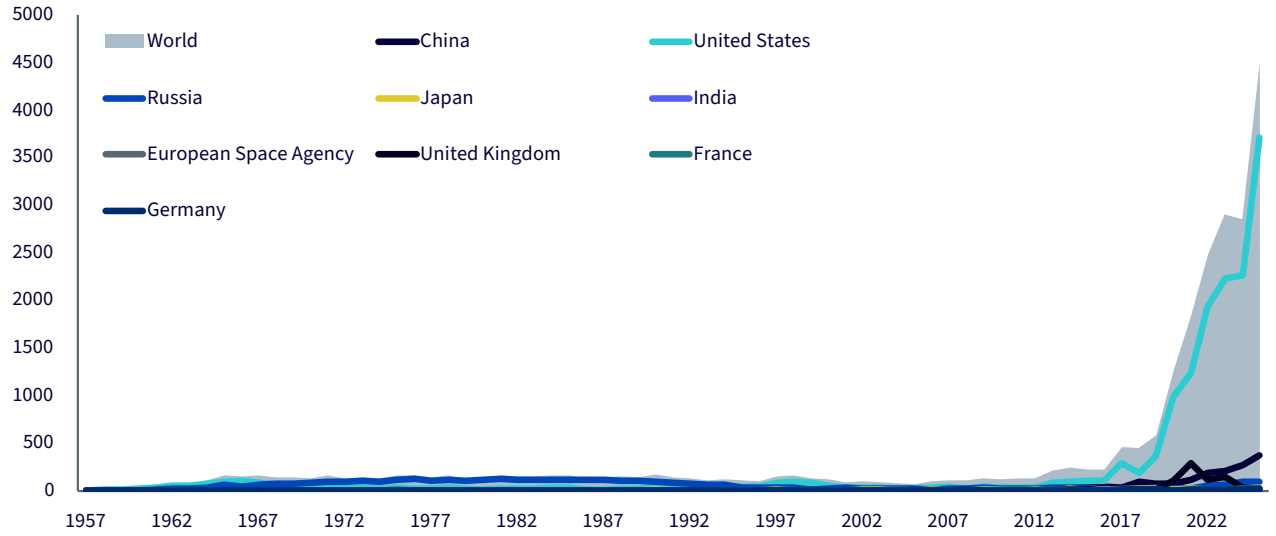


Commercial space markets are taking off. Government includes both US government and international government. Earth observation includes the following markets: US sending and tracking, US Earth sciences, and international sensing, tracking, and operations.

That shift is visible in the sharp rise in orbital activity (Figure 6). The number of objects launched into space reached a record 4,510 in 2025, driven largely by commercial constellation deployment. SpaceX has been central to that expansion, with Starlink approaching 10,000 launched satellites by early 2026, highlighting both the scale of private-sector investment and the growing role of satellites as enabling infrastructure for connectivity and data services.

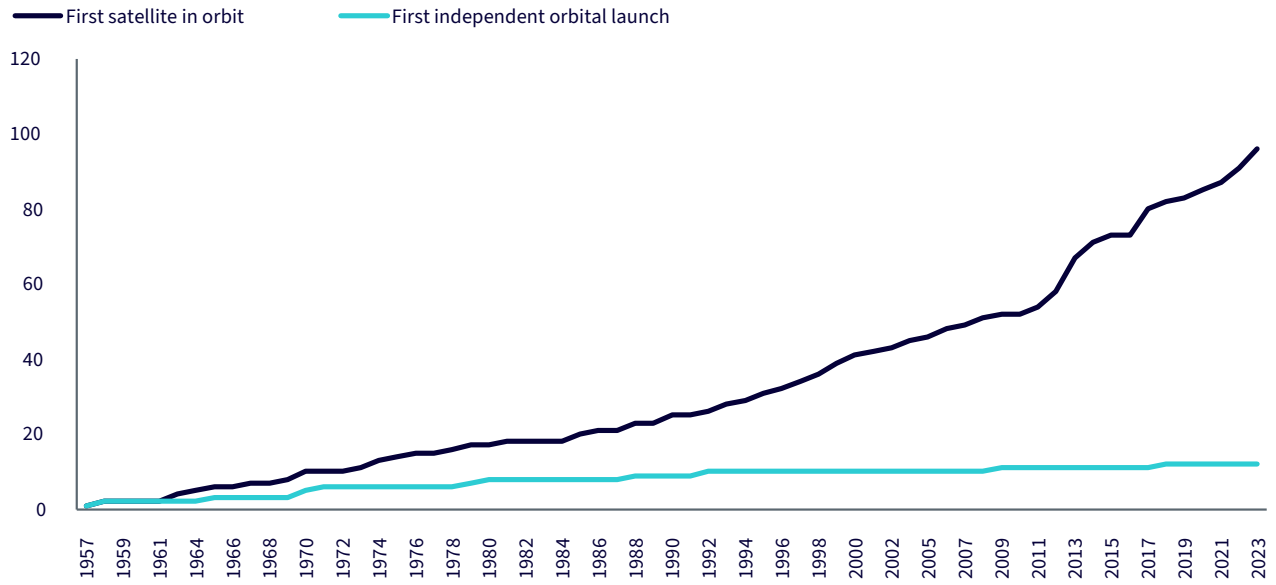
Figure 6a: Annual number of objects launched into space

This includes satellites, probes, landers, crewed spacecrafts, and space station flight elements launched into Earth orbit or beyond.



Source: Our World in Data, United Nations Office for Outer Space Affairs (2026). Chart available at Annual number of objects launched into space.

Figure 6b: Number of countries with satellites in orbit, 1957-2023



Source: OECD (2023), "The Space Economy in Figures", available at Space economy | OECD.

Satellite-enabled connectivity is becoming an increasingly important layer of modern communications infrastructure, extending broadband access to remote and underserved areas, supporting aviation and maritime operations, and helping maintain resilient communications when terrestrial networks are unavailable or disrupted. In daily life, many of these use cases can go largely unnoticed, from enabling internet access and card payments on flights and

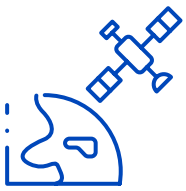
connectivity at sea to supporting navigation, emergency response, logistics coordination, and access to digital services in harder-to-reach regions.

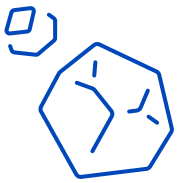
At the same time, satellite-based intelligence is emerging as one of the most commercially valuable parts of the space economy because it converts orbital data into real-world decision support. High-frequency imagery, vessel and geolocation data, and emissions monitoring can help businesses track freight flows, monitor crops, assess industrial activity, detect methane leaks, and respond more effectively to natural catastrophes. As these datasets are increasingly integrated with artificial intelligence (AI) and analytics platforms, satellite intelligence is becoming embedded across a wide range of industries, including transportation, agriculture, energy, insurance and finance. This expansion in use cases underscores the shift of space from a specialised aerospace segment to a broader commercial and technology ecosystem.

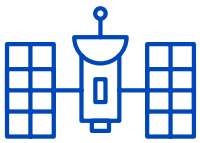
Emerging space technologies opening new markets

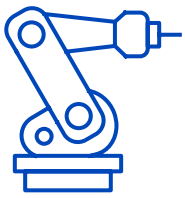
Satellites are at the forefront of today's commercial use cases, yet they capture only a fraction of the space economy's longer-term potential. As access to space becomes cheaper and more routine, lower barriers to entry are enabling a broader set of companies to participate through hardware, software, robotics, analytics, and mission services. This is creating a more competitive ecosystem and opening the door to future markets beyond connectivity and observation, including on-orbit servicing, in-orbit manufacturing, space-based solar power and space-based computing infrastructure.

Figure 7: Emerging applications – the next frontier of the space economy

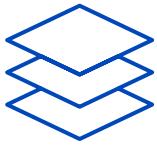
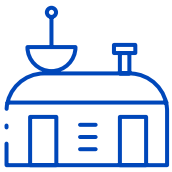


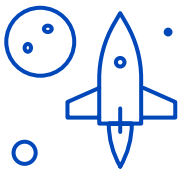






On-orbit servicing	Debris removal	Space-based solar power	In-space manufacturing
Extend the life of assets and support space operations through refuelling, repair, upgrades, and component replacement.	Actively remove debris to protect critical infrastructure, ensure long-term orbital sustainability, and reduce collision risk.	Capture continuous solar energy in space and beam clean power to Earth, providing a scalable source of renewable energy.	Leverage microgravity and vacuum to produce advanced medicines, higher-purity materials, and novel products not possible on Earth.



Data centers in space	Lunar habitat and infrastructure	Space mining	Space tourism
Housing data centres in space to leverage abundant solar power and efficient cooling, enabling scalable, energy-intensive computing.	Develop the habitats, power systems, robotics, transport, and in-situ resource capabilities needed for a sustained human and industrial presence on the Moon.	Access valuable resources from the Moon, asteroids, and other celestial bodies.	Open space to explorers, adventurers, and civilians through suborbital and orbital travel experiences.

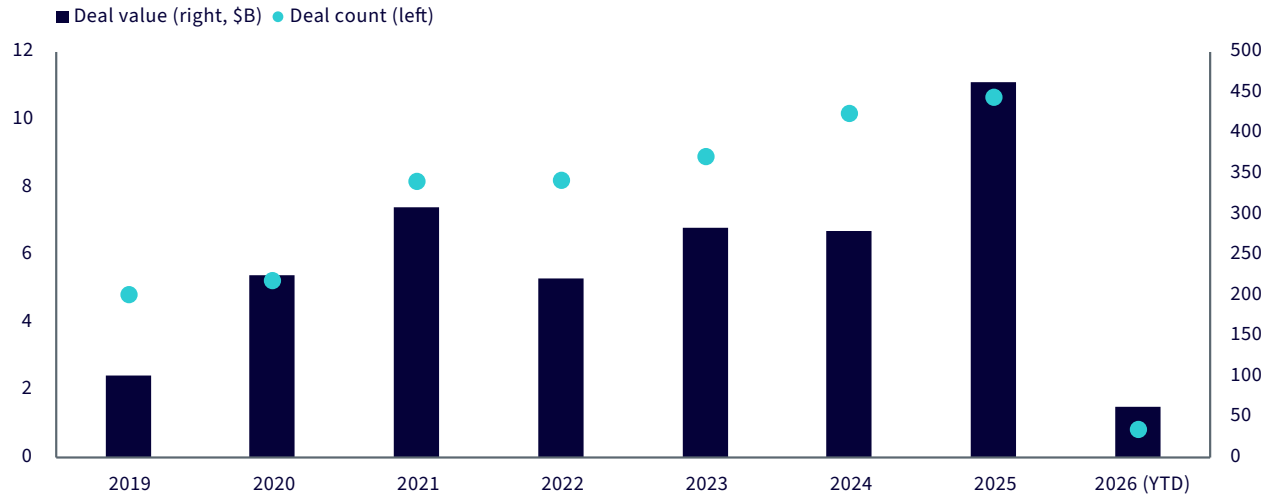
Source: WisdomTree.

These emerging applications matter because they point to a shift in how value is created in space. Areas such as in-orbit manufacturing, on-orbit servicing, debris removal, and space-based data centres show how the space economy is evolving beyond access and observation into a broader set of operational, industrial and digital capabilities. For some applications, particularly in-space manufacturing and research, the unique conditions of space, such as microgravity and vacuum, may enable processes, products, and efficiencies that are difficult to achieve on Earth. This includes the potential to manufacture higher-quality medicines, more uniform protein crystals, advanced semiconductors, and novel space-derived materials whose properties could benefit industries ranging from healthcare to electronics.

On-orbit servicing may prove especially valuable, as it can extend satellite life, improve resilience, and reduce replacement costs through refuelling, repair, relocation, and upgrades performed directly in orbit. NASA highlights these capabilities as central to a more sustainable space economy, while ESA emphasises that active debris removal will be essential to stabilising key orbits as congestion and debris continue to accumulate. Over time, the space economy could open even more transformative opportunities, including relocating selected resource-intensive or polluting activities off-planet and accessing metals and materials through space-based extraction and processing. One example is helium-3, a rare isotope that is scarce on Earth but present in lunar soil, and which is discussed as a potential fuel for future fusion energy.

PitchBook also suggests that investor interest is expanding alongside the range of commercial applications. Deal counts in space technology rose from 218 in 2020 to 444 in 2026 (Figure 8). PitchBook tracks around 3,000 companies in space technology, highlighting the growing depth of the ecosystem, while private-market activity continues to build. A combination of technological progress, entrepreneurial formation, and rising private capital reinforces the case that emerging applications may become an increasingly important driver of the space economy's next phase of growth.

Figure 8: Momentum in space technology deals.



Source: PitchBook. Geography: Global. As of 4 February 2026.

Advances in AI and autonomous robotics

Advances in AI and autonomous robotics are helping accelerate the expansion of the space economy. AI is increasing the value of space-based infrastructure through more powerful data processing, analytics and autonomous decision-making, while also supporting future applications such as space-based data centres. In parallel, autonomous robotics are enabling increasingly sophisticated in-space operations, from servicing and assembly to manufacturing and scientific exploration. Together, these technologies are broadening the range of investable applications and shortening the path from technical possibility to commercial use.

Conclusion

The space economy is moving beyond its origins as a government-led frontier and is becoming an increasingly important domain of strategic influence, technological and industrial leadership, and commercial value creation, supported by falling launch costs, rapid innovation, renewed government interest and expanding adoption across the real economy. As the ecosystem broadens from launches and foundational infrastructure to data and space-based intelligence, defence, servicing, manufacturing, and other emerging applications, the investment case may become increasingly relevant. Over the longer term, space may also play a central role in enabling humanity's multi-planetary expansion, extending economic activity, resource access, and eventually human presence beyond Earth. For investors, space offers exposure to a long-term theme at the intersection of technological progress, geopolitical priority, and the next generation of economic activity.

Investments in the space economy involve risks including sector concentration, exposure to emerging technologies, regulatory uncertainty and reliance on government spending. Such investments may be more volatile and less diversified than broader market strategies. The value of investments may go down as well as up, and investors may lose some or all of their capital.

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