



The UBS Chief Investment Office expects the space economy to grow to become a USD 1tr market by 2028. (ddp)

Longer Term Investments

Space tourism closer than ever

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Jeff Bezos' Blue Origin is one step closer to making space tourism a reality, after completing another test flight of a rocket booster and capsule meant to eventually carry people. Media reports say a passenger space flight could take place within the next few months.

The mission launched on Thursday, January 14 from Texas. "The company's 18-meter-tall rocket launched a capsule to the boundary of space, one that's designed to eventually carry humans," reports [Forbes](#). Space tourists on these future flights can expect to experience weightlessness when the capsule separates from the rocket as it gets close to reaching an altitude of 107 kilometers.

In this latest test mission, the booster successfully restarted its onboard engine to land safely back on earth just seven minutes after launch, while the capsule landed gently with a parachute 10 minutes after launch.

Elon Musk's SpaceX is said to be planning orbital flights soon as well.

Declining costs, rising interest

Dennis Anthony Tito, an American multimillionaire, is considered the first space tourist, funding his own USD 20 million trip. In 2001, he spent nearly eight days in orbit as a crew member of ISS EP-1, a visiting mission to the ISS.

The cost of accessing space has fallen dramatically from the USD 20 million paid by Tito. [Forbes](#) is reporting that the Blue Origin flights that could happen this year cost about USD 200,000 per person (though the Blue Origin flights last minutes versus the days Tito spent in orbit).

Meanwhile, NASA has recently said that it would open up the ISS to tourism and other business ventures, reversing a previous policy banning commercial use of the station. [The BBC reported](#) that NASA will permit "private astronauts" to travel to the ISS for up to 30 days, travelling on US spacecraft.

Other commercial ventures aboard the ISS include marketing campaigns, with Estee Lauder becoming the first luxury brand in space. They inked a deal in 2020 to shoot an advertising campaign for one of their skin serums aboard the space station. Commercial deals are expected to offset some of the \$4 billion or so a year cost of operating the ISS.

What does this mean for the space economy?

The UBS Chief Investment Office expects the space economy to grow to become a USD 1tr market by 2028, driven by three main catalysts.

The first catalyst is a significant reduction in costs. “Supply chain consolidation has driven down input costs to manufacturing and rockets have become smaller and lighter overall, resulting in considerable cost savings per launch,” says Laura Kane, Head of Thematic Research Americas. “Additionally, reusable rocket technology has the potential to bring down the cost of hardware substantially.”

Also, private sector investment has surged, with increasing investments from both individuals and corporations. Government funding in space programs is also expected to increase, from USD 62.2bn in 2016 to USD 79bn by 2026, according to Euroconsult.

The third catalyst, says Kane, is an uptick in demand. Applications of space technology have the potential to solve a variety of global issues—from improving access to internet connectivity to replenishing natural resources. Key demand drivers include satellite internet services, bandwidth applications, asteroid mining, and commercial interests.

How to invest in space?

Similar to many emerging industries, there will be speed bumps along the way as technology is tried and tested. The road to the final frontier can be slow, evidenced by China landing on the far side of the moon in 2019—a lengthy 50 years after Neil Armstrong stepped on the near side for the first time. As the three driving forces converge, we might finally be at the inflection point we’ve been waiting for. While many space ventures are private, public exposure can be obtained through companies that focus on satellite services and rocket development.

Read more about investing in space in [Longer Term Investments: Space](#).

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