



In the last decade, several factors have converged to bring us closer to an inflection point in the business of space than at any other time. (Getty)

Longer-term Investments

# Investing in Space

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**Mainstream financial markets are only just starting to awaken to the commercial and disruptive opportunities that space offers, as technology is starting to tear down the high entry barriers to access space.**

We forecast that the combination of declining space launch costs and advances in satellite technology will raise the value of the space economy from USD 340bn currently to nearly USD 1trn over the next two decades. And while traditional satellite, government, and military applications in space will continue to grow, in our view, the space economy will start to have major spillovers across several industries. The emergence of satellite broadband internet is one such example.

In the next two years, we will likely witness the first commercial space tourism flights to low orbit space by Virgin Galactic and Blue Origin and the launch of the first satellite internet service by Space X. These will be important catalysts for the space economy, awakening consumers and investors to the commercial possibilities of space, and creating demand for new applications, not unlike the trajectory of the online economy over the last 20 years.

## Framework

The investment theme of "Space" falls into our new Long Term Investment (LTI) framework because of the role that technology, one of the three "known unknowns," plays in shaping the investment case for space over the long term. Technology is lowering the entry barriers to space, creating

new business opportunities as well as potentially disruptive trends. The opening of the space economy can provide solutions to address environmental and resource scarcity issues arising from urbanization and population growth, two key long-term drivers, or "known knowns," of our LTI themes.

## How to invest in space?

Investors can gain exposure to space via public stocks already engaged in rocket development and launch services, satellite manufacturing, satellite services and communications. Due to considerable consolidation in the satellite launch asset market, leading players often share exposure to the same asset.

The number of investments in space has increased from eight in 2000–2004 to an average of 93 in the last five years, with the reported involvement of at least 16 of the world's richest billionaires. Because space investment is still in its early stages, we foresee rising private investment as costs/entry barriers decline and new public listings of private space ventures increase. Many new private space ventures are likely to become profitable in the coming years, and we would be surprised to not see some of these new start-ups IPO given their capital intensity.

We also expect to see a rise in internet providers and communications companies investing in space, given the huge growth of this market. We think there is an ample spectrum of companies across new sectors that will benefit from space in the coming years, some by raising existing investments and others by investing for the first time.

Because private companies offer more focused exposure, we would expect more aggressive growth as well as higher investment risk as the space economy develops.

For more details on the LTI theme Space, see [Longer Term Investments – Space](#), 30 Nov. 2018

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