Thematic Insights

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Beyond Gravity: Investing in the Space Economy

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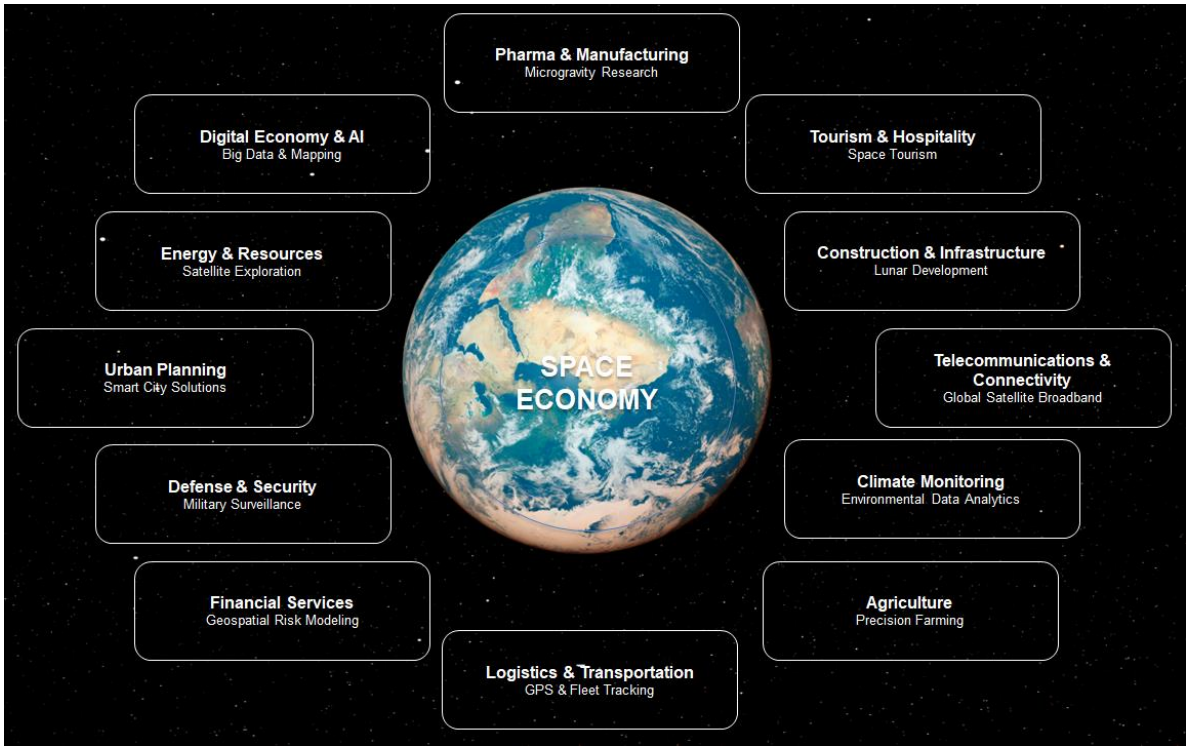
Executive Summary

The global space economy has entered a period of rapid commercial expansion, transforming from a government-dominated domain into a vibrant marketplace driven by private innovation, falling launch costs, and rising geopolitical investment. In 2024, the sector reached USD613bn, with commercial activity accounting for 78% of total growth – its highest share to date. Forecasts indicate that the industry could surpass USD1trn by 2032, propelled by satellite broadband, Earth-observation analytics, reusable launch systems, and the early stages of lunar commercialization. For investors, this represents a rare opportunity to participate in the early phases of a multi-decade transformation. Space is no longer a distant scientific endeavour; it has become a foundational infrastructure layer supporting global communications, climate intelligence, national security, logistics, and financial systems. This paper examines the structural drivers of growth, the ambitions of major spacefaring nations, the investment landscape, performance trends, and the risks that investors must consider.

Exhibit 1: Space economy and its "reach" sectors



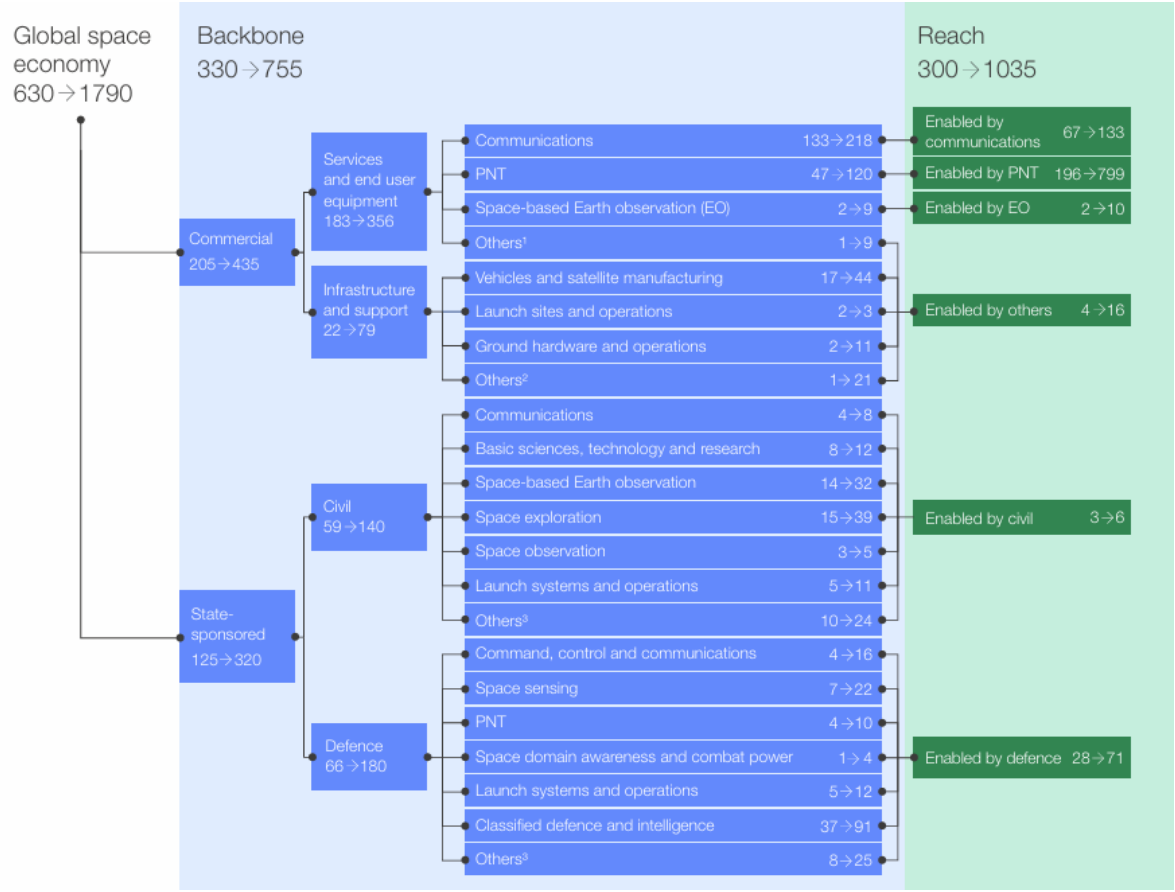
Source: ADCB Asset Management

Introduction: The emergence of a commercial space economy

The space economy has undergone a profound evolution over the past decade. What was once a domain reserved for national space agencies has become a dynamic commercial ecosystem that underpins critical aspects of modern life. Satellites now enable global navigation, weather forecasting, financial transactions, broadband connectivity, and defence operations. As a result, space infrastructure has become deeply embedded in the global economy. According to the Space Foundation's Space Report 2025, the global space economy reached USD613bn in 2024, expanding 7.8% y/y. This growth spans launch services, satellite manufacturing, downstream analytics, and emerging markets such as in-orbit servicing and lunar exploration. Three structural forces are driving this transformation: the rapid commercialization of space technologies, dramatic reductions in launch costs due to reusable rockets, and intensifying geopolitical competition as nations seek to secure strategic autonomy and technological leadership. Together, these forces have created a sector that is simultaneously strategic, commercially vibrant, and increasingly indispensable.

As seen by the World Economic Forum, the space economy consists of two major components: the "backbone", which includes satellites, launch systems, and services like TV broadcasting and GPS, and the "reach", which refers to the vast range of industries that rely on space-enabled technologies to generate revenue. In 2023, the backbone accounted for just over USD330bn, slightly more than half of the total space economy, while reach applications contributed another USD300bn, powering everything from ride-hailing and parcel tracking to weather forecasting and food delivery. As global demand for connectivity, mobility, and AI-driven insights accelerates, the space economy is projected to grow at 9% annually, reaching USD1.8trn by 2035 – twice the pace of global GDP growth. By then, reach activities are expected to expand 1.5 times faster than backbone infrastructure, making up nearly 60% of the total space economy and influencing a wide array of industries.

Exhibit 2: Expected growth of the space economy – both backbone and reach sectors
XX →YY below represents changes in global market sizing (USDXXbn in 2023 → USDYYbn in 2035)



Source: Future of Space Economy research, WEF | Notes: ¹ E.g. space tourism (aside from launch services), mining, in-space manufacturing. ² E.g. in-orbit servicing and de-orbiting, insurance for space systems, commercial participation for space stations and lunar missions ³ Miscellaneous administrative and research costs

Technological advancements reshaping the sector

Technological innovation is the engine powering the modern space economy, fundamentally altering the economics and feasibility of space activity. The advent of reusable launch systems, pioneered and scaled by SpaceX, has reduced launch costs by an order of magnitude and dramatically increased launch cadence. For instance, in the first half of 2025 alone, 149 launches occurred globally, with SpaceX accounting for 81 of them ("Space Foundation", 2025). This cost compression has enabled more frequent missions, larger satellite constellations, and commercially viable deep-space exploration.

At the same time, the deployment of mega-constellations for global broadband has emerged as one of the fastest growing segments of the industry. Starlink's rapid expansion has catalyzed competition from Amazon Kuiper, Eutelsat OneWeb, China's Guowang constellation, and India's Bharti-backed initiatives.

These networks aim to deliver high-speed internet to underserved regions, creating a vast addressable market and reshaping global connectivity.

Earth-observation technologies have also advanced significantly, with satellites now playing a critical role in climate monitoring, disaster response, agricultural optimization, and insurance risk modeling. Their ability to generate high-resolution, real-time data has made them indispensable for governments, corporations, and financial institutions seeking to manage climate-related risks.

Meanwhile, new frontiers such as in-orbit servicing, satellite refueling, debris removal, and autonomous space logistics are emerging as essential components of a sustainable orbital economy. These capabilities will support the long-term viability of satellite networks and enable new business models in space manufacturing and maintenance. Looking ahead, lunar, and deep-space commercialization are expected to become major growth drivers. Future Market Insights projects that post-2032, these segments will contribute 27.3% of the industry's incremental expansion.

National ambitions: The geopolitics of space

Space has become a strategic priority for major economies, each seeking to secure technological leadership, national security advantages, and commercial competitiveness. The US remains the global leader, investing USD77bn in national security and civil space programs in 2024 (Space Foundation, 2025). Its priorities include the Artemis lunar program, Mars exploration, military space capabilities, and extensive partnerships with commercial players such as SpaceX and Blue Origin.

China is rapidly expanding its space footprint with the Tiangong space station, lunar south pole missions, large-scale LEO broadband constellations, and a comprehensive modernization of its military space capabilities. Its long-term ambition is to become the world's leading space power by 2045 (China National Space Administration, 2024).

Europe continues to prioritize scientific research, climate monitoring, secure communications, and defence-related space infrastructure. The European Space Agency's Space Economy Report 2025 highlights Europe's collaborative model as a competitive strength (ESA, 2025).

India has emerged as one of the fastest-growing space economies, leveraging its cost-efficient launch capabilities and successful Chandrayaan missions to build global credibility. Its Gaganyaan human spaceflight program and ambitions in LEO constellations position it as a rising force (ISRO, 2024).

In the Middle East, the UAE and Saudi Arabia are establishing themselves as regional leaders. The UAE's Mars mission, the creation of a National Space Fund, and investments in satellite communications and Earth observation reflect a long-term commitment to space innovation (UAE Space Agency, 2024).

The Investment Opportunity

The space economy is transitioning from a niche sector into a mainstream investment theme, supported by strong structural growth and expanding commercial applications. From USD613bn in 2024, the global space economy is expected to exceed USD1trn by 2032 (Future Market Insights, 2024) and the total size (backbone + reach sectors) to reach USD1.8trn by 2035 (Future of Space Economy Research, and World Economic Forum, 2024). This growth mirrors the early stages of the internet and mobile revolutions.

A defining feature of the modern space economy is the dominance of commercial activity, which now accounts for 78% of total sector growth (Space Foundation, 2025). Space technologies now enable telecommunications, navigation, logistics, climate analytics, defence, cybersecurity, financial services, agriculture, and mining. This wide range of applications reduces thematic concentration risk and embeds space infrastructure deeply into global economic systems.

Companies operating in the sector often benefit from high barriers to entry, proprietary technologies, and long-term government contracts, creating durable competitive moats. Moreover, the space economy aligns with global megatrends – including AI, climate resilience, national security, digital inclusion, and autonomous systems – making it a future-proof investment theme.

Performance of space-related investments

Performance across space-related investments varies by segment, but several clear trends have emerged. Satellite broadband and communications remain the largest segment, accounting for 61% of the 2025 market (Future Market Insights, 2024). Companies in this space benefit from recurring subscription revenues and global demand for connectivity. As a theme, space economy appears to be outperforming key US benchmarks.

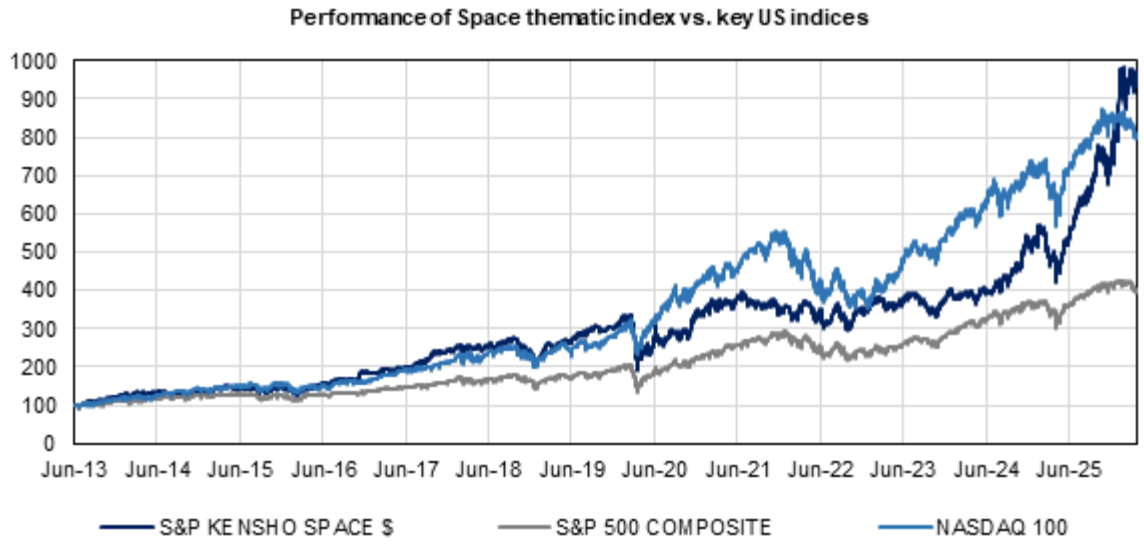
Launch providers have also experienced significant momentum. With 149 launches in the first half of 2025 – an average of one launch every 28 hours – the industry is operating at unprecedented scale (Space Foundation, 2025). Reusable launch systems have improved margins and enhanced scalability for leading players.

Earth-observation and geospatial analytics companies are benefiting from rising demand for climate intelligence, ESG-driven corporate adoption, and government contracts focused on environmental monitoring.

Defence and national security remain critical pillars of the space economy. Government space spending grew 6.7% in 2024, reaching USD132bn (Space Foundation, 2025).

Long-term growth is expected to accelerate, with a projected 7.6% CAGR through 2035, driven by lunar and deep-space commercialization (Future Market Insights, 2024).

Exhibit 3: Putting performance of space economy equity index into context



Source: S&P, Nasdaq, LSEG Workspace, and ADCB Asset Management

How investors can gain exposure

Investors can access the space economy through a variety of vehicles, each offering different levels of liquidity, risk, and thematic purity. Public equities provide exposure to satellite operators, launch providers, aerospace manufacturers, defence contractors, and geospatial analytics firms. Companies such as Airbus, Boeing, Lockheed Martin, Northrop Grumman, Thales, and Viasat offer diversified exposure to space-related revenue streams (Company Annual Reports, 2024).

Thematic ETFs offer diversified exposure to satellite communications, space infrastructure, and aerospace and defence, providing liquidity and broad coverage.

Private markets offer access to high-growth opportunities in launch start-ups, in-orbit servicing companies, space logistics providers, Earth-observation analytics firms, and space manufacturing ventures.

Sovereign and government-backed funds in the UAE, Saudi Arabia, and the US are increasingly active in space investment.

Corporate bonds issued by large aerospace and defence companies provide lower-volatility exposure to space-related revenue streams, while indirect exposure can be achieved through adjacent sectors such as semiconductors, AI, telecom, and insurance.

Risks to consider

Despite its strong growth prospects, the space economy carries several risks that investors must evaluate carefully. Technological and execution risks remain significant, as launch failures, delays in constellation deployment, or underperformance of new technologies can materially impact financial outcomes. Regulatory and geopolitical risks are also prominent, with export controls, spectrum allocation disputes, militarization of space, and sanctions affecting supply chains.

The capital-intensive nature of space projects introduces financial risk, as cost overruns and long development cycles can strain balance sheets. Market saturation is another concern, particularly in satellite broadband, where the proliferation of constellations may lead to oversupply and price competition. Environmental risks, including the growing threat of space debris, pose operational and insurance challenges.

Outlook: A multi-decade growth frontier

The space economy is transitioning from an exploratory frontier to a commercial engine of global growth. With strong demand drivers, accelerating technological innovation, and rising geopolitical investment, the sector is poised for sustained expansion. The dominance of the commercial sector, the rapid scaling of satellite broadband, the emergence of lunar and deep-space markets, and the increasing integration of space technologies with AI, climate tech, and defence all point to a future in which space becomes an even more integral part of global economic infrastructure. By 2032, the space economy is expected to surpass USD1trn, marking the beginning – not the culmination – of a multi-decade transformation. For investors, this represents a rare opportunity to participate in the early stages of a structural growth story that will reshape communications, security, climate resilience, and global connectivity. However, investors should also keep in mind that this is a high risk-high reward investment opportunity.

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