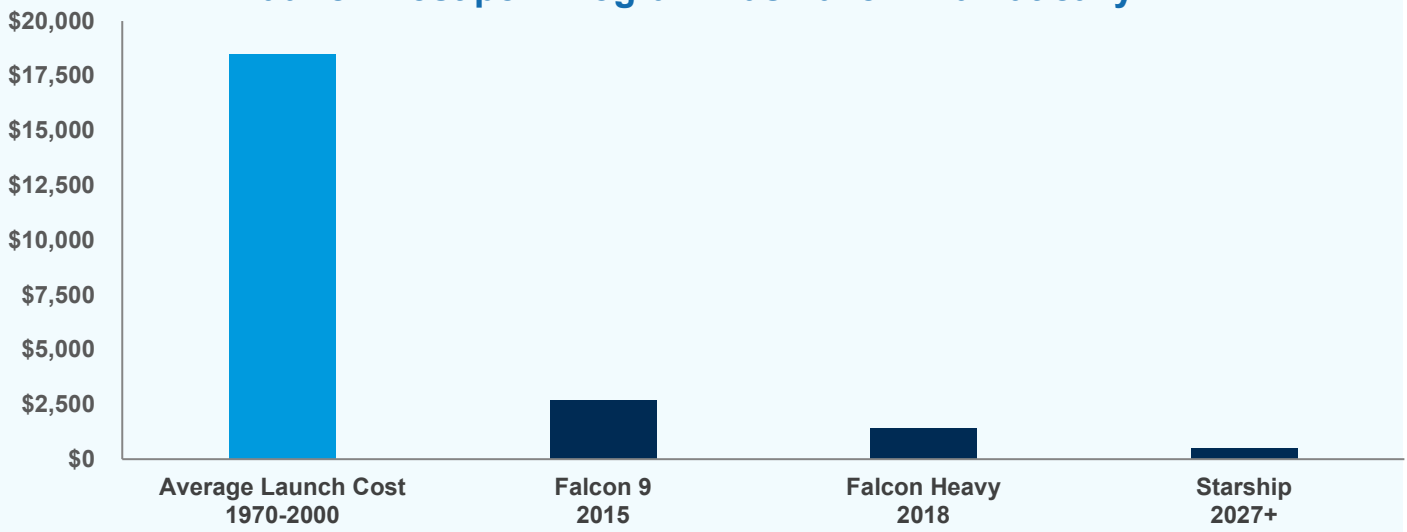
ALGER

Alger On The Money

Is Space Open for Business?

Throughout the history of space travel, reaching Earth's orbit has been so expensive that only governments could afford it. Over the past decade, however, remarkable innovation in reusable rockets has begun to lower that barrier, opening a frontier that until recently was deemed science fiction. With the cost of reaching orbit collapsing, what kinds of businesses can now be built in space, and where might long-term investors find potential opportunities?

Launch Cost per Kilogram Has Fallen Dramatically



Source: SpaceX. Figures are approximate cost per kilogram to low Earth orbit and vary by mission, payload, and degree of reuse. Years reflect each vehicle's first successful launch, except Starship, which reflects a projected target that may not be realized.

- As the chart above shows, the cost of sending a kilogram of material to orbit, roughly the weight of a laptop, has fallen dramatically over time, turning a historically cost-prohibitive activity into a viable one. For decades, launching a rocket meant discarding a vehicle worth tens of millions of dollars, comparable to destroying an airplane after a single flight. Advances in rocket engineering, including engines that can reignite mid-flight to guide boosters back to a precise landing, made it possible to recover and reuse the same vehicle, sometimes twenty times over. That turned the largest cost in the business into a reusable asset, driving prices down and unlocking an entirely new industry (also discussed in the Alger Podcast: Space, The Next Frontier?).
- More recently, cheap reusable rockets made it economically viable to put thousands of small satellites into orbit and link them into networks that deliver the internet almost anywhere on Earth. The largest of these constellations now serves more than 10 million customers across 160+ countries, from rural households to ships at sea.[1] Beyond internet connections, Earth imaging, navigation, and a widening set of data services are scaling as a result of falling prices.
- With launch costs low enough to make round trips to orbit commercially viable, companies are experimenting with manufacturing processes that gravity disrupts on Earth, such as producing ultra-pure pharmaceuticals and specialized semiconductors. Engineers are also planning orbital compute, which is a network of servers running artificial intelligence workloads in space, where the power and cooling limits that bottleneck data centers on Earth ease once the hardware reaches orbit. While these ideas remain early and unproven at scale, we believe vertically integrated launch providers, those that pair launch with the services built on top of it, may be well positioned to benefit as the next chapter of the space economy unfolds.

[1] Space Exploration Technologies Corp. Form S-1 filed May 20, 2026.

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