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Finance and Investment: The Practitioners' Perspectives (2)

Author: Mr. Brian Dunn

Bryce Space and Technology, United States, brian.dunn@brycetechnology.com

Ms. Carissa Christensen

Bryce Space and Technology, United States, carissa.christensen@brycetechnology.com

Mr. Blake Ahadi

Bryce Space and Technology, United States, Blake.ahadi@brycetechnology.com

Mr. Nickolas Boensch

Bryce Space and Technology, United States, nick.boensch@brycetechnology.com

Mr. Simon Potter

Bryce Space and Technology, United Kingdom, simon.potter@brycetechnology.com

Ms. Carie Mullins

Bryce Space and Technology, United States, carie.mullins@brycetechnology.com

START-UP SPACE: GLOBAL INVESTMENT TRENDS

Abstract

Start-up space ventures have attracted over US\$50 billion in investment since the year 2000. This paper identifies and analyzes publicly-reported seed, venture, and private equity investment in start-up space ventures as they grow and mature, from 2000 through the end of 2021. Debt financing, merger and acquisition (MA), and initial public offering (IPO) activity is also identified where applicable to provide a complete picture of the capital available to start-up ventures in the space industry. Start-up space ventures attracted over \$15 billion in financing of all types in 2021, breaking the \$7.7 billion record set in 2020. It was a record setting year for the number of start-up space deals (+31% from 2020), investment (+95%), and average deal size (+48%).

This paper finds over 1,500 unique investors in start-up space firms in the 21st century across six investor types. While private investors continued to pour large amounts of capital into start-up space ventures in 2021, the year also saw public markets emerge as a significant source of investment for companies across all space sectors, from launch to in-space services. In addition, a record number of MA deals occurred in 2021 for start-up space companies, driven by an increasingly diverse set of investor types including private equity firms, recently public space companies, and legacy space incumbents. This paper characterizes the evolving market of start-up space investors, including special purpose acquisition vehicles (SPACs) as a mode to enable capital access for start-up space firms, as well as the continued global proliferation of space investment activity.

Key questions this paper will address include: How has global investment activity in the start-up space industry evolved over time? How large is the start-up space industry, in terms of investment magnitude and number of companies and investors? How many start-up space ventures have received private financing, and from whom? How has investment activity in start-up space differed between sectors? How is investment activity in space start-ups proliferating internationally? How much MA activity has occurred and how does it compare to prior years? How correlated is start-up space investment activity with broader private investment industry dynamics?

This paper seeks to aid and inform decision-making in industry, government, and academia by providing the space community with rigorous analyses of industry dynamics. Additionally, this paper seeks

to educate investors, the aerospace industry, and the wider public about activity in the emerging start-up space ecosystem.