

# The Next Space Frontier: Your Backyard

Once upon a time, space was a business of two superpowers. Since the end of the Apollo era, a growing number of state and non-state actors have joined the club, with [commercial space recently driving much of the expansion](#) of space activities. The cosmos is becoming accessible to new space programs around the globe, to entrepreneurs, innovators, researchers, and students. The next big event in the story will unveil political, economic, and social implications across a much broader spectrum with a geographic redistribution of space activities. The trend has gained momentum in the US, where the space economy is scaling beyond traditional hubs.

Until recently, most space-related activities revolved near NASA centers such as the ones in Florida, Texas, and California. [There are thousands of space companies](#) across the entire space value chain in the United States. Thriving commercial space activity is now easily observed across the country. There are exciting space startups in states such as Arizona, Hawaii, New Hampshire, New Jersey, and Utah, and the list continues. Several factors explain the recent phenomenon; below are our two cents on the matter, having seen hundreds of pitch decks recently and through our experience talking to founders, fellow investors, government officials, and other stakeholders.

*Lower entry barriers.* Technology evolution, decreasing launch costs, and higher demand for space products and services have created opportunities for entrepreneurs. The pandemic provided additional momentum with virtual incubators and accelerators. Investors, talent, suppliers, customers, and other resources became suddenly reachable through videoconference calls. Additionally, large and well-capitalized space companies, such as Blue Origin, are [actively working on initiatives](#) to help reduce barriers and costs to access and stay in space.

*Expansion of startup hotspots.* Not too long ago, it was rare to find promising startups outside Silicon Valley. Like unicorns began appearing in [diverse geographies](#), so did space businesses. The evolving investment landscape supported local startups, including investors focusing on specific regions or sectors. Regional synergies, such as companies using [space solutions for precision agriculture](#) in the Mountain states, also play a role.

*Talent access.* Space startups are clustering around areas with abundant specialized human capital. In certain cases, the space-business-ready human capital comes from a pool of professionals formed at SpaceX, Blue Origin, and other space companies. Colorado has seen a surge in the number of startups thanks to its established space ecosystem. Arizona and Washington State are up-and-coming space hubs near large research universities. In New England, graduates from MIT and other world-class academic institutions support a regional commercial space push. Austin, a hotbed for tech talent, has attracted companies like [Firefly](#).

*Public funding diversification.* Government programs, mainly through NASA and the Department of Defense, have contributed to supporting startups regardless of location. Besides, some states have been keen to foster commercial space. New Mexico and Spaceport America are examples. The Pacific Spaceport Complex in Alaska is one of the four orbital launch sites in the US. [BluShift Aerospace](#) has become a poster child for Maine's high-tech sector. Programs such as the \$10 billion [State and Small Business Credit Initiative](#) should help states eager to foster a New Space ecosystem by promoting and attracting startups and professional investors.

## What's next

The geographic redistribution of space activities will accelerate in the foreseeable future, both in the US and elsewhere, with implications for all stakeholders involved. This path should favor entrepreneurs unwilling or unable to relocate. Investors with deep knowledge and connections to specific sectors and geographies will be able to spot the most promising deals early on.

Political economy factors come into play as a space race among different jurisdictions takes shape. States that have suffered from the decline of industrial manufacturing and are attempting to reinvent their economy might have the most to gain with an industrial space base. Success stories may prove as an incentive to jurisdictions looking for economic growth opportunities in the medium and long term. Washington saw its space economy [doubling in size in the last four years](#), and Colorado's space economy grew to the point that it has spillover effects on its real estate market. Both states have seen the number of jobs in the space sector *skyrocket* in recent years.

For policymakers, assessing winners and losers, promoting effective public-private partnerships, allocating resources wisely, and creating synergies between space and other areas will contribute to realizing the impact of a sector that eventually will touch down in everyone's backyard.

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