

# Predictions for the space industry in 2026

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The space industry endured massive transformation in 2025, and the pace of this change will only quicken into 2026. Space is increasingly becoming a strategic objective of governments and commercial entities worldwide, with more investment and ecosystem changes occurring on a seemingly daily basis. Read on to discover Analysys Mason's top-15 predictions for major developments in the space industry in 2026.

## **1. Satellite D2D messaging will yield a 1% revenue increase for early-adopter MNOs**

Consumer interest in direct-to-device (D2D) services is growing rapidly. Indeed, 76% of respondents to Analysys Mason's annual satellite D2D consumer survey stated an interest in D2D messaging in 2025, up 4 percentage points from 2024.

D2D services not only bring strong service differentiation; our survey results prove that D2D services may help to attract customers from rivals, increase customer retention and unlock upsell opportunities. Our results also show that subscribers that are considering churning in the next 6 months have the highest interest in D2D services. Bundling D2D messaging can therefore enhance retention by 79% and could deliver an annual revenue increase of 1% for those mobile network operators (MNOs) that implement D2D services in 2026.

## **2. Progress with space data centres will advance, and we will discover if the technology and model are viable**

We asked a panel of about 100 major digital infrastructure investors, in early 2025, whether they would consider investing in space data centres (SDCs). 25% said that they would if it was technically feasible and unit costs were similar to those of ground data centres (DCs), while another 40% said that they would wait for Amazon (or similar) to do it first.

Amazon, Google (Suncatcher project) and SpaceX have all since come out to say that SDCs are the future and will start to complement ground DCs within 5–10 years, with trials starting immediately. The space environment (one that is wide, cold and free) may overcome some of the current limitations of ground DCs, but many unsolved questions remain. For example, it is not clear how heat will dissipate in the vacuum of space, how players will assemble space structures

at n-scale and how efficiently solar power can be harnessed. There are also sustainability aspects and economics to consider.

SDCs are capturing the world's imagination, and our brightest minds will be working to overcome the associated hurdles. We should know the actual direction of travel by the end of 2026.

### **3. India will account for fewer than 1% of Starlink's subscribers due to inaccessible pricing**

Starlink's services were recently approved in India and IN-SPACE has authorised 600Gbit/s of throughput and a 2 million user cap. As a result, India is now a capacity-rich emerging market for Starlink. However, Starlink's comparatively high pricing will limit adoption among the general public (hardware will cost USD377.6 (INR34 000) upfront and subscriptions will cost around USD95.5 (INR8600) per month). Indeed, Starlink's services will be far more expensive than those of existing alternative providers such as JioFiber and Airtel Xstream, which offer terrestrial fixed broadband for USD5–18 per month for standard plans up to 1Gbit/s and around USD50 per month for gigabit tiers. These providers also cover a combined 55% of the population with terrestrial broadband services.

These high prices mean that Starlink's traction will be the strongest in rural, remote and under-connected regions where fibre cannot reach. However, the lower income levels in these regions will make widespread consumer adoption unfeasible.

As such, Starlink will be a specialised, premium-tier provider. India is therefore likely to account for just 1% of Starlink's projected 17 million subscribers worldwide by the end of 2026 (assuming that services in India are launched in 1Q 2026).

### **4. Amazon Leo's launch will accelerate price erosion in the B2B satellite broadband market**

Amazon Leo is set to reshape the satellite broadband landscape in 2026 by taking an enterprise-first path that directly challenges Starlink and incumbent geostationary-orbit (GEO) operators. Starlink built its market dominance via mass-market consumer adoption; conversely, Amazon Leo will use a strategy tailored to Amazon's core strengths: cloud integration, enterprise reliability and existing enterprise relationships.

Amazon Leo is due to roll out in 26 countries. Its offer of service-level agreements (SLAs), direct-to-AWS integration (via transit gateways and direct connect gateways) and private network interconnects in major co-location hubs positions it as a strong, cloud-native, low-Earth-orbit (LEO) option that eases network management for its customers while also providing broadband access. This will intensify competition across verticals such as banking, energy, government and military where SLAs are critical and there is a need for predictable performance.

Starlink's consumer near-monopoly will stay intact in 2026 with the potential to reach between 16 million and 17 million subscribers, but its advantage in the enterprise market will shrink as Amazon Leo uses Amazon's existing customer base. GEO operators are also expected to experience pressure and are likely to shift their focus towards multi-orbit and managed services offerings.

## **5. Mobility connectivity resellers will accelerate their diversification into managed IT and other value-added services**

Mobility bandwidth margins will shrink substantially by 2026 as LEO operators reach global scale and reset maritime pricing norms. Indeed, Starlink's competitive flat-rate plans have already reduced the cost per megabit per second by 75% compared to those of legacy GEO services, and Amazon Leo's expected commercial entry will intensify this downward pressure.

This expanding non-GEO capacity (non-GEO capacity will account for more than 70% of maritime market in the next 10 years) will further erode the viability of bandwidth-only business models, and will drive service providers to shift their focus to higher-margin offerings such as managed IT, cyber security, remote monitoring, vessel optimisation and end-to-end network orchestration. Service providers can expect a USD4 billion service revenue opportunity by 2034, but the competitive advantage will increasingly lie in integrated digital services rather than pure connectivity.

## **6. Sovereign LEO security projects will attract up to USD80 billion in committed funding worldwide**

Much of the almost USD60 billion of committed funding for sovereign LEO projects is currently earmarked for large communications constellations such as IRIS<sup>2</sup>, Proliferated Warfighter Space Architecture (PWSA; USA) and Guowang (China). Commitments to new PWSA tranches and Chinese development ramp-up will expand the sovereign LEO funding by a further USD10 billion–USD15 billion in 2026. Smaller Earth observation projects, including Italy's IRIDE, Luxembourg's LUXEOSys/NAOS and the UAE's Sirb constellation, round out the current funding picture. We also expect that medium-sized players in the Gulf and Indo-Pacific regions will announce a further two or three new sovereign LEO projects in 2026.

Alongside this growing sovereign asset base in LEO, NATO powers including the EU, the UK and the USA are developing means of pooling and orchestrating sovereign and commercial space assets. This means that the scope of sovereign space is set to broaden widely in 2026 to involve trusted commercial players.

## **7. Virtualised architectures will account for half of all broadband satcom network spend in 2026**

Multi-orbit networks and digital payloads are making the ground-based control plane more complex and mission critical. Defence and high-end enterprise customers are driving the demand for flexible, highly reconfigurable services that can be run on private or public cloud servers. Active trials for field programmable gate arrays (FPGA) as a service promise to make public cloud economics more attractive for high-throughput baseband, but the bulk of virtualised satellite communication (satcom) on the ground will remain in private cloud data centres, such as those operated by Starlink, in 2026. Overall, we expect that on-premises deployments will account for 60–65% of spending on virtualised satcom on the ground; the remainder will come from hybrid deployments or those fully in the public cloud.

## **8. Sovereignty will break the launch monopoly in Europe, with at least two new operating vehicles expected**

At least 2 of the 12 players in Europe aiming for a first launch in 2026 will be successful, thus breaking the monopoly of Ariane 6. Sovereign launch capability remains a key part of European government initiatives; numerous rounds of funding, as well as spaceport support and development, have been made across Europe in the last few years. Most emerging launch players will not launch, or will see their first failure, in 2026, but Analysys Mason expects at least two to have successful flights and move to their first commercial flights by the end of the year.

## **9. European satellite manufacturers will receive nearly USD1 billion in funding to build new government constellations**

European players received nearly USD780 million in investment to build new satellites and constellations in 2024; this figure is expected to increase in 2026. The growing need for sovereignty (that is, national space capabilities) will push government procurement towards new communications, Earth observation and navigational constellations.

## **10. The number of sovereign orders of Earth observation satellites and services will grow rapidly outside of North America**

Concerns over sovereign, independent access to imagery and monitoring will increasingly push governments outside of North America to invest and contract more within their home markets than in recent years. Service providers will use satellite-as-a-service models to more strongly cater to local government requests, and several constellations are expected to be announced in 2026. At the same time, tools such as AI and cloud computing, in conjunction with prominent mergers and acquisitions in Europe and Asia, will allow non-local players to work around sovereignty restrictions.

## **11. The number of ground segment and other infrastructure carve-outs from satellite networks will surge**

Satellite network operators have been developing strategic plans to diversify their activities for years. However, they will soon require cash to scale new industrial ventures (such as D2D service) and new space defence capabilities. Ground segment infrastructure carve-outs, such as those done by Eutelsat with EQT in 2024/2025, are an attractive financial option that has piqued the interest of investors.

## **12. The satcom supply chain will consolidate further as players continue to seek scale to fund investment in new technologies**

2025 has seen some consolidation among satcom supply chain players, such as, most recently, between Gatehouse and Cobham. We expect similar transactions in 2026; medium-sized companies will combine to strengthen their product and client portfolios and invest in new technologies (such as 5G non-terrestrial networks, virtualisation, LEO ground segment technology, electronically steered antenna terminals and defence technology) with greater certainty and scale.

## **13. A large new European prime will emerge as an alternative to Bromo**

Project Bromo, the merger of the satellite manufacturing capabilities of Airbus, Leonardo and Thales, was announced in 2025. This vehicle will be a strong contender for all new critical European tenders, such as IRIS<sup>2</sup>, and should support billions of euros of investment into the European space sector. However, there remains a wide range of smaller, very innovative and capable space providers and satellite manufacturers who will compete with their own unique strengths. We expect that, in 2026, many will realise that they need minimal viable scale and scope to prime some of the larger, long-run European tenders, and thus will look to combine to become a Bromo alternative.

## **14. Leading US space players will expand their capabilities and invest in Europe**

European players are upping their game when it comes to investment in space and defence, and this has not gone unnoticed. We expect that large US aerospace groups (both incumbents and new space primes) will invest to expand further into Europe, thanks to the combination of siloed, but attractive, European technical capabilities and expanding European market requirements. This will also strengthen their technical product portfolios.

Success will depend on the attitude of European states towards US interests, the advance of US capabilities over those of Europe and US export finance. There may be a strong strategic

rationale for US space primes to partner with some of Europe's champions to make the most of the opportunity.

## **15. European venture capital and growth equity firms will participate more actively in the growth of European scale-ups**

US venture capital (VC) firms have led investment in the space sector for years, including for European scale-ups. However, the trend for European reinvestment and the coming of age of many European space leaders with proven, leading technologies and strong international pipelines could encourage larger European VC funds that have not already invested significantly in space to invest more. It may also attract the interest of growth equity firms with larger investment capabilities, and could help the handful of space-focused European investment vehicles to raise larger funds.

*Our super-sized list of predictions from across our space research and consulting teams highlights the significant changes ahead. To discuss or engage on any of our space predictions, be sure to contact Christopher Baugh or Antoine Grenier.*