New Space: A Frenzy of High Valuations in 2026 but… Only for Those Who Plan Ahead

AI giants will press manufacturers of buses and mission operators to combine and merge. Expect high valuations in the second part of 2026 for those New Space firms that anticipated the specific requirements of the AI giants.

As they review their capital needs and their success in delivering on their business plan, the boards of New Space companies should, in the next few weeks, consider to what extent strategic mergers and acquisitions might create a secure path to continued capital access for younger companies, or, for the more mature among New Space companies, exit opportunities for their shareholders in late 2026 and into 2027.

We encourage management to prepare discussions with their boards and their lead investors on strategic mergers and acquisitions in 2026.

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Dec. 31, 2025



For the past almost four years, valuations in "New Space" have weathered a period of relative stagnation, hampered by adverse financial markets and the lack of shattering news in industry direction. 2025 however has seen a narrative consolidate: that of “AI-in-space.” 2026 will see that narrative translate in valuation, but mostly only for those firms that will agree to leverage their experience, expertise, cash and credibility by combining it with others’ to create a sharp and vertically integrated AI-in-space champion.

AI hyperscalers and AI giants are currently under intense pressure to secure scalable energy and operational solutions to power the next generation of artificial intelligence. Rather than relying on a single "miracle" power source, the industry is moving toward a "patchwork" approach—a diverse array of technical solutions of which space-based operations are increasingly viewed as a realistic and necessary component.

New concepts in AI are likely to use less data and use less energy, and, as experts and high-profile AI investors have helped us understand, just “depend less on brute force” to operate efficiently. These new technological approaches alone would make space a serious battlefield in AI’s future.

Recent strategic moves, such as Google’s "Project Suncatcher" and reported high-level discussions between AI leaders, including OpenAI, and successful space startups, indicate that AI hyperscalers and giants are transitioning from space curiosity to active strategic space planning.

The widely anticipated SpaceX IPO, if it occurs, would be a significant market catalyst in mid-to-late 2026—one more "Netscape Moment" for the space economy, potentially triggering massive waves of capital deployment as generalist investors and AI hyperscalers scramble to acquire assets that offer "SpaceX-like" vertical integration.

AI-in-space will be the single most effective path to value creation for New Space companies in 2026. The time is right, the moves are happening, and the needs converge.

To meet the needs of AI-in-Space, three pillars are essential: launch, manufacturing, and operating infrastructure. Currently, most players in the sector, only possess one piece of this puzzle, creating a reliance on third-party supply chains that multiply regulatory frictions, geopolitical risks and strategic vulnerabilities.

For a New Space company to reach a point of pertinence for a Microsoft, a Google or an OpenAI, a compelling dose of vertical integration is a non-negotiable requirement. A platform must demonstrate the ability to move beyond bespoke and prove it can execute serial, repeatable manufacturing and in-orbit missions at scale. These AI giants will not be impressed with “plans to integrate” in the future or “building a baseline for integration”: their money will go to proven integration with no or little risks.

By combining manufacturing with sophisticated mission operations, New Space companies that embark in calibrated combinations or acquisitions early in 2026 will create a scarce, turnkey asset that commands urgent attention from AI hyperscalers and tech giants.



The window to capitalize on this re-rating is narrow. Companies that consolidate and demonstrate functional verticalization by the end of 2026 will be positioned to shed legacy New Space valuations and adopt the significantly higher valuations reserved for AI infrastructure.

Strategic mergers—rather than traditional acquisitions—offer an efficient path to this outcome for those New Space companies that have achieved recognition, success and pertinence in their field, but still lack vertical integration.

Embarking on New Space's own "M&AI" wave in 2026 is not for everyone. Many New Space companies will persist in their plan to organically expand and organically move toward integration. Many will be right to do so, but some of them may miss out on crucial benefits that increased valuations offer when they come sooner than later, particularly at times when the industry shifts gears.

The more mature New Space companies should look at their revenue curb over the past couple of years and their down-to-earth projections for the next two years. If the curb has any flat component and the company does not seriously consider a strategic combination, it may create a risk of value obsolescence and waste returns on assets such as its technology, experience, in-orbit record and human resources.

The younger New Space companies should look at their business plan and monitor their speed of execution. If delays appear, whichever the reason might be, their single most critical risk in 2026 will be that of talent exodus to companies that have decided to fully embrace the AI-in-space wave.

Values of New Space companies in 2026 will be dictated by their pertinence to AI-in-space. Capital for New Space companies in 2026 will primarily seek the fittest models to serve AI-in-space.

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