What exactly is space and bandwidth/data transfer?

Diskspace is the size your website can be. Every single letter on your website has to be stored somewhere on your web host's server. Each letter is one byte, and a megabyte is roughly one million bytes. HTML pages are usually very small, but it is the extra images, scripts, and even databases that can take up large amounts of disk space.

Bandwidth/Transfer is the amount of data the server will allow your site to send in a month. Transfer is usually measured in gigabytes - billions of bytes. Once you go over your monthly limit, a host may either shut your site down for the remainder of the month or it can charge you 'overage.' This overcharge is usually about \$2.00/Month.