

## German City Built on Car Parts Looks to Uncertain Future



Friedrichshafen, on the shores of Lake Constance, has for centuries been an industrial hub. *Photographer: Felix Kastle/dpa/Getty Images*

By [Laura Alviz](#)

February 13, 2026 at 10:00 PM PST  
Updated on February 16, 2026 at 2:35 AM PST



Located on the shores of picturesque Lake Constance near Austria and Switzerland, the German city of Friedrichshafen has for centuries been an industrial hub, with ZF Friedrichshafen AG among the companies anchoring its considerable wealth. For years, the world's third-biggest car parts maker - and the region's biggest employer - made it possible for Friedrichshafeners to live comfortably. There were well-paying jobs, affordable childcare, and

amenities including an international airport and one of the country's few private liberal arts colleges.

## Bloomberg Hyperdrive

Ford Looks to Hit \$30,000 EV Price Target by Shrinking Battery

Canada Embraces Asia to Save Auto Heartland Squeezed by US Tariffs

China Takes Aim at Screen-Heavy Car Dashboards in Safety Push

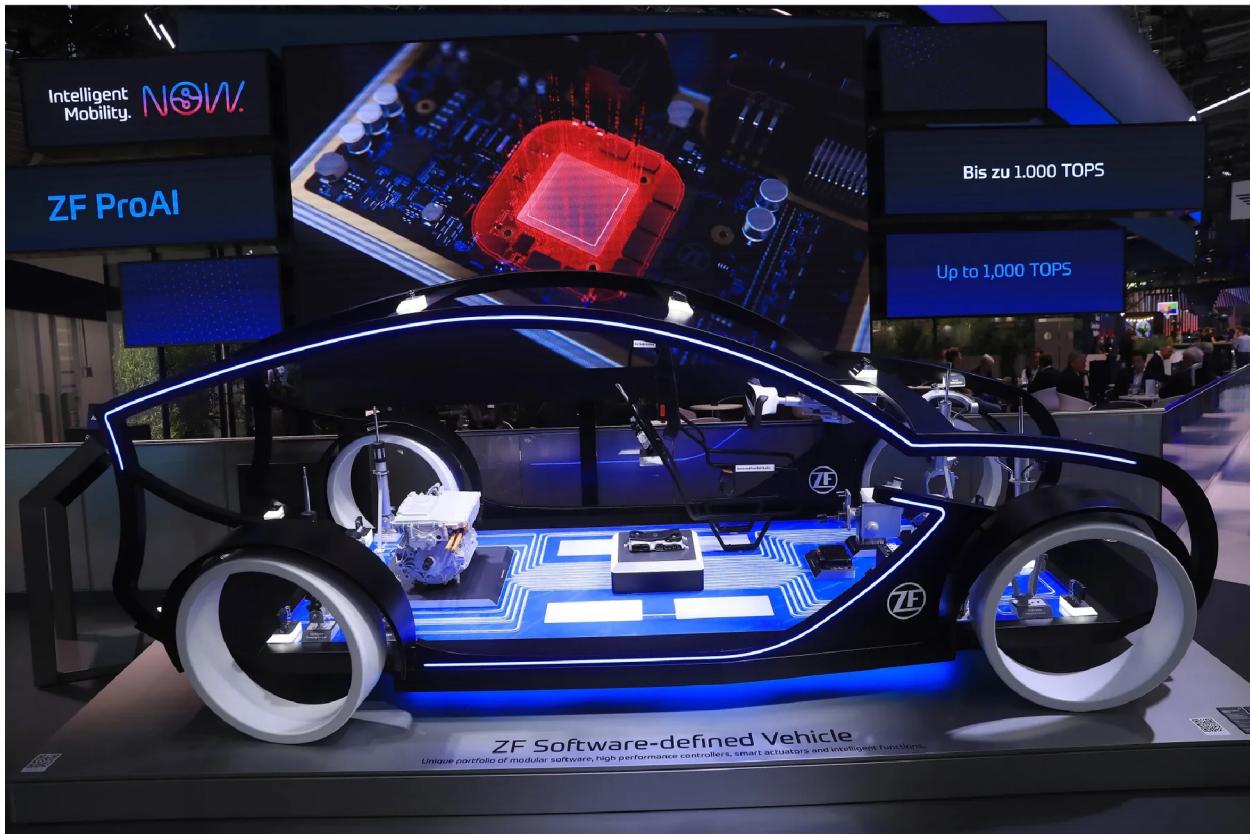
Detroit Auto Rep Warns Carney That China EV Plan Risks US Trade

In the past decade, however, the 63,000-person city's fortunes have changed. Competition from China and slower-than-expected EV uptake have battered Germany's automotive sector, and in Friedrichshafen, ZF has taken a hit. In 2024, the company announced plans to cut up to 14,000 workers by 2028 - more than one in four of its 54,000 German employees. As the city is the majority owner of ZF, and the main recipient of its dividends, the company's economic struggles have become Friedrichshafen's.

Friedrichshafen is now in the same position as many towns and federal states in Germany that have for decades relied on sector-specific economic growth which can no longer be taken for granted. Stuttgart, the city home to car parts maker Bosch and luxury car maker Mercedes, incurred a €785 million budget shortfall last year due to lower income from business taxes. Volkswagen AG's hometown of Wolfsburg, which relies heavily on the car maker for tax revenues, has also had significantly less money available to spend, with an anticipated budget gap of about €138 million in 2026.

Gerhard Leiprecht, a retired engineer at Rolls-Royce Power Systems, likened what's going on now in Germany's car country to what happened in the late 20th century in the Ruhr area, when globalization and decreasing demand led to major job losses across the region's steel mills, resulting in widespread deindustrialization.

While Friedrichshafen is still doing well relative to most places in Germany, it is having to make some painful adjustments. Last year, officials raised prices on public parking, kindergarten and public pool fees to close a €21 million funding gap. The city's hospital has filed for bankruptcy. Almost all of the city's cultural and social offerings, including its aviation and art museum, event venues and a state-of-the-art library, are likely to reel from the cuts for years to come. This is not only affecting residents' quality of life - it's also changing how they view their hometown.



Competition from China and slower-than-expected EV uptake have battered Germany's automotive sector. *Photographer: Krisztian Bocsi/Bloomberg*

"Parking fees in the city have increased significantly," complained Anna, an employee at the local university who prefers to omit her last name, noting that poor public transit means she has no choice but to drive. And as the mood in Friedrichshafen has soured as a result of rising prices and job losses, she said, she and her friends don't go downtown as often as they used to.

In happier times, Friedrichshafen funneled large dividend payouts to its Zeppelin foundation-named after the city's most famous invention-whose assets are earmarked for educational, social and cultural projects. Recent

high points came in 2017 and 2018, when Friedrichshafen received €192 million and €160 million in dividends from both ZF and Zeppelin GmbH, another company owned by the Zeppelin foundation that mostly makes construction equipment.

The city doesn't rely on this money for its municipal budget, emphasized mayor Simon Blümcke, but it does have a profound effect on how locals live. "Friedrichshafen finances many things that other comparable towns don't," Leiprecht said, singling out its airport and exhibition hall, which hosts more than 60 trade fairs a year.

Following the ZF cuts, Friedrichshafen had to pass a supplementary budget last year. That was because as of September, it had only received €67 million in dividend payouts.

The Zeppelin Foundation's reliance on its associated company for financing "is why it is important for the city and the Zeppelin Foundation that ZF quickly returns to economic success," a spokesperson for ZF wrote in a statement to Bloomberg. "We are working on that."

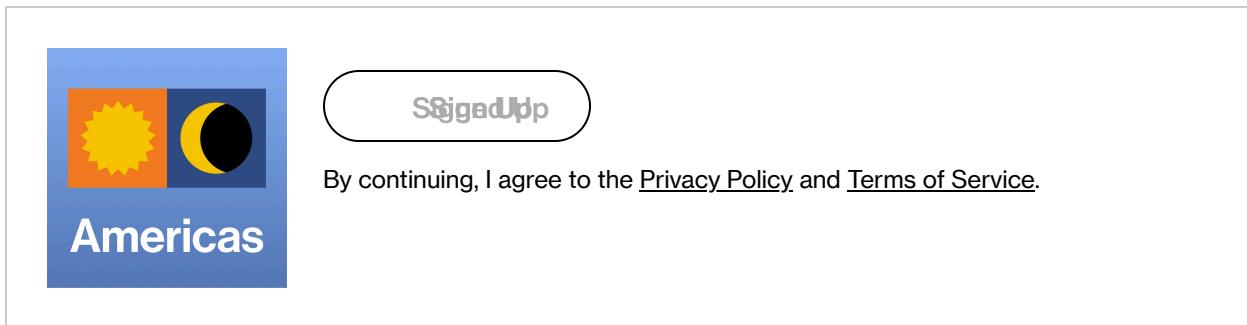
People from all walks of life are being affected by the cuts. Local private liberal arts college Zeppelin University had to lay off 20% of its staff. Kindergarten fees will as much as triple until 2027 as a result of decreasing subsidies. Friedrichshafen's hospital also had to file for insolvency as a result of the spending cuts and may have to merge some wards with other hospitals, said Rainer Eckert, a lawyer overseeing the insolvency of Medizincampus Bodensee, the hospital's parent company. That could make it more difficult for locals to access quality medical care.



Friedrichshafen funneled large dividend payouts to its Zeppelin foundation—named after the city's most famous invention. *Photographer: Felix Kaestle/dpa/Getty Images*

In Friedrichshafen, ZF Friedrichshafen AG has taken a hit. *Photographer: Krisztian Bocsi/Bloomberg*

In a statement to Bloomberg, Blümcke said the cuts ensure the city “remains capable of acting, even though scope for maneuver is shrinking and reserves are dwindling.”



Because ZF's ownership structure grants Friedrichshafen considerable leverage over its business decisions, some critics argue that the city has put itself in its current situation by refusing to open the closely held firm to the capital market, which could have provided a much-needed cash infusion. Delays in ZF's \$7 billion acquisition of braking systems maker Wabco in 2019 also generated significant debt which the company still carries today. Opposition from former Friedrichshafen mayor Andreas Brand was part of the reason for that delay.

As Blümcke has vowed to focus on essential public services, private actors are stepping up to ensure that the city doesn't lose its luster. Companies recently donated €2.5 million to an airline that re-introduced domestic flights to Friedrichshafen this January.

Looking ahead, one bright spot for growth could be the defense sector. The Lake Constance region was a major arms hub during the Second World War and remains one of the few areas in Germany with a noteworthy defense cluster. Today, Airbus Defence and Space employs more than 2,000 people in the area and missile maker Diehl Defence is expanding its headquarters in nearby Überlingen. ZF also produces components for armored vehicles and collaborates with Rolls-Royce Power Systems, which makes engines for tanks and ships.



Airbus Defence and Space on the shore of Lake Constance. *Photographer: Felix Kaestle/dpa/Getty Images*

Missile maker Diehl Defence is expanding its headquarters in nearby Überlingen. *Photographer: Christoph Schmidt/dpa/Getty Images*

Bernd Behrend, who manages customer relations at the Bodensee Airport, says the sector is “generating growth that we had not anticipated.” As people increasingly move to the region to work at defense firms, travel is picking up and more people are commuting by plane.

Even so, the sector’s production pales in comparison to that of the auto industry, and no defense companies have the kind of relationship ZF has with Friedrichshafen. That means the city, like others in Germany that were built on cars, will have to reckon with the fact that its economic model may not be future-proof. And unless it reinvents itself, it risks the fate of the massive airships that once made Friedrichshafen famous - and which were eventually made obsolete by airplanes.

– *With assistance from Wilfried Eckl-Dorna*

(Removes image of downtown Ravensburg)



 Save

Contact us:

[Provide news feedback or report an error](#)

Site feedback:

[Take our Survey](#) 

Confidential tip?

[Send a tip to our reporters](#)

Before it's here, it's on the [Bloomberg Terminal](#)