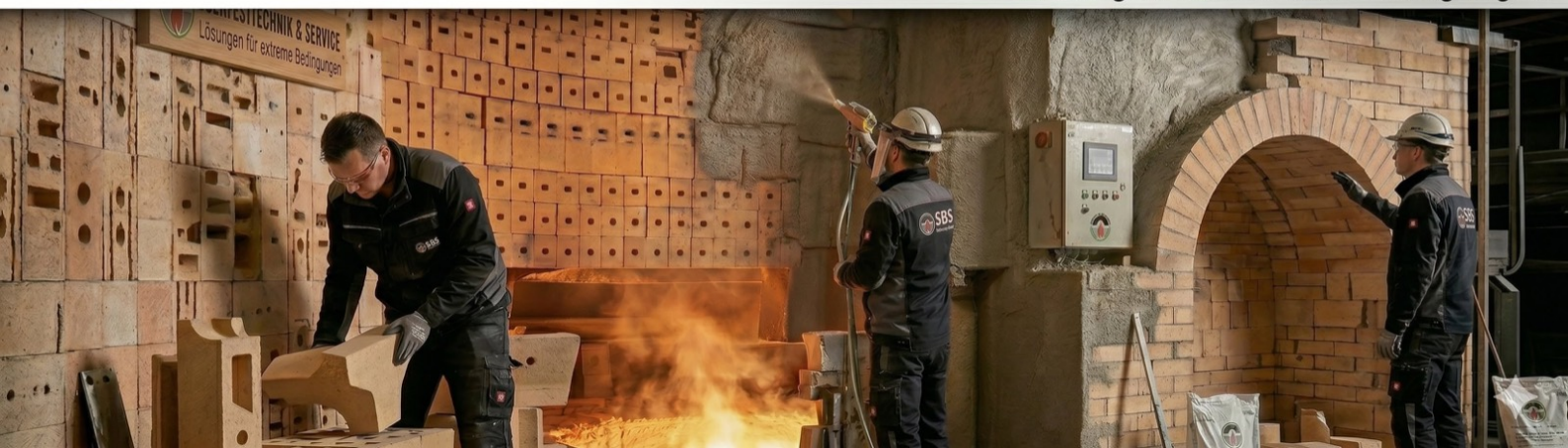




GUIDE DISMANTLING · 8 MIN READ

Structural change in German industry — a market analysis

An analysis of structural change in German industry: the sectors affected, the reasons behind it, the impacts and the opportunities for brownfield development.

The current situation of German industry

German industry is going through a far-reaching process of transformation. Rising energy costs, tighter regulatory requirements, geopolitical upheaval and the demands of decarbonisation are forcing numerous companies to relocate their sites, reduce production or close plants entirely. Industry's share of gross domestic product has fallen continuously since reunification.

- Industry's share of GDP: down from over 30 % (1991) to under 20 % (2025)
- Employment in manufacturing: a marked decline since 2018
- Investment ratio: falling, with increasing relocation abroad
- Energy-intensive industries: particularly hard hit by the rise in energy prices

Note: Transformation, not decline — Structural change does not mean the end of German industry, but a shift towards more knowledge-intensive, less energy-intensive production processes. For the dismantling sector this is creating a growing market for professional site clearance and land revitalisation.

The sectors most affected

Not all industrial sectors are equally affected by structural change. Energy-intensive sectors are under particular pressure, as are sectors facing intense international competition and low margins. The following overview shows the sectors with the greatest need for dismantling.

- Steel industry: blast furnace sites are being given up in favour of electric steel plants, with extensive dismantling projects at traditional ironworks locations
- Chemical industry: closure of plants with outdated technology, high demands on hazardous-substance remediation and soil decontamination
- Automotive suppliers: the transformation to electric mobility is making sites for combustion engine components obsolete
- Coal-fired power stations: the politically agreed coal phase-out by 2038 means numerous sites have to be dismantled
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Refineries and petrochemicals: declining production of fossil fuels, complex dismantling projects

- Textile industry: long-term structural change, with many legacy sites requiring remediation
- Glass and ceramics industry: site closures driven by energy costs, with refractory linings as a dismantling issue

Note: Regional concentration — Structural change is hitting certain regions particularly hard: the Ruhr area (steel, chemicals), Lusatia (coal), Saarland (steel, automotive) and parts of Bavaria and Baden-Württemberg (automotive suppliers). This is where the largest brownfield sites and the greatest need for dismantling are arising.

Drivers of structural change

The causes of the transformation of the German industrial landscape are multi-layered and act cumulatively. No single factor on its own explains the change — it is the combination of cost pressure, tighter regulation and a changed global competitive situation.

- Energy costs: industrial electricity prices in Germany are two to three times higher than in the USA or China
- CO2 pricing: EU emissions trading (EU ETS) and CBAM are making energy-intensive production more expensive
- Bureaucracy and permitting procedures: long planning times, high compliance costs
- Shortage of skilled workers: particularly in technical occupations and in structurally weak regions
- Geopolitical risks: dependency on supply chains, decoupling of markets
- Decarbonisation: the investment required for climate-neutral production exceeds the capital base of many companies
- Technological change: digitalisation and automation call for new site concepts

Impacts on sites and local authorities

The closure of industrial sites has far-reaching consequences that go beyond the immediate loss of jobs. Local authorities lose trade tax revenue, suppliers lose orders, and derelict sites are created that cannot be put to new use without professional preparation.

- Loss of jobs and of regional purchasing power
- Shortfalls in trade tax revenue for the local authorities affected
- The emergence of industrial brownfield sites suspected of legacy contamination
- Damage to the image of the site and the region
- Deterioration of infrastructure: works railway connections, utility lines, roads

Note: Professional dismantling as an opportunity — A site that has been properly dismantled and remediated is not a problem but an asset. Given the federal government's target of reducing land take (to under 30 ha/day by 2030), development-ready sites in serviced locations are a sought-after commodity for investors, local authorities and project developers.

Opportunities in brownfield development

Former industrial sites offer considerable potential for economic reuse. As a rule they already have transport links, utility infrastructure and the planning law prerequisites for commercial or industrial use. Revitalising brownfield sites is also a contribution to conserving land and protecting agricultural land.

- Location advantages: existing servicing (road, rail, water), grid connections, planning status
- Sustainability advantage: reuse instead of sealing new greenfield land
- Funding: the federal government and the states support the revitalisation of brownfield sites and the

remediation of contaminated land

- Demand: commercial sites in serviced locations are scarce in conurbations
- Increase in value: the difference between a contaminated plot of land and a remediated site is the economic driver

Note: Dismantling as part of the value chain — Professional dismantling is the link between a decommissioned industrial site and a commercially usable area. Investors and project developers need a partner who has command of the entire process — from the site survey through hazardous-substance remediation to handover as a development-ready site.

Frequently asked questions

How many industrial sites will be dismantled over the next few years?

No reliable overall figures exist. Industry experts anticipate a significantly rising volume of dismantling work, driven in particular by the coal phase-out, the transformation of the automotive industry and consolidation in the chemical industry. The Federal Environment Agency estimates the number of sites in Germany suspected of legacy contamination at more than 300,000.

Is structural change reversible?

In part, yes — through lower energy costs or faster permitting procedures, for example. However, the transformation to climate-neutral production and digitalisation will lead to a change in the structure of industry in any scenario. The need to dismantle legacy sites will remain.

What role do municipal funding programmes play?

Local authorities and the federal states offer various funding programmes for the revitalisation of brownfield sites. These range from the remediation of contaminated land through land recycling funds to investment grants for businesses locating on former industrial sites. The programmes vary considerably from one federal state to another.

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