City of Stockholm

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This report does not constitute a rating action.

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Ratings Score Snapshot

Institutional framework	Individual credit profile	Issuer credit rating
Extremely predictable and supportive	Economy	**AAA/Stable/A-1+**
Very predictable and well-balanced	Financial management	
Evolving but balanced	Budgetary performance	National scale rating
Evolving but unbalanced	Liquidity	**--/--/K-1**
Volatile and unbalanced	Debt burden	
Very volatile and underfunded	1 2 3 4 5 (Strongest – Weakest)	

Credit Highlights

Overview

Credit context and assumptions	Base-case expectations
--Sweden's extremely predictable and supportive institutional framework underpins our ratings on the city of Stockholm.	--The city can maintain robust budgetary performance through 2028, thanks to solid tax revenue growth and contained spending pressure.
--S&P Global Ratings expects the city's unchanged political leadership after the 2026 election will remain committed to financial sustainability, partly by maintaining its debt-containment strategy.	--We forecast limited buildup in debt as the city and its company sector cover most investment needs with cash flow, while new debt relates mainly to infrastructure for water and wastewater.
--The city's financial management remains a key credit strength, sustained by strict budgetary discipline and sophisticated treasury practices that support strong liquidity.	We expect Stockholm's liquidity will remain strong because it maintains ample liquidity sources.

Amid macroeconomic headwinds, we expect the City of Stockholm's budgetary performance will remain resilient through 2028. We forecast operating balances to remain consistent with those in 2024-2025 over that period, with limited investments leading to surpluses after capital accounts.

We project debt accumulation to come mainly from high investment needs in water and wastewater-related infrastructure. However, we expect Stockholm will remain committed to its debt-containment strategy, underpinned by political continuity following the Sept. 13, 2026,

election. At the same time, we expect the city's experienced financial management will maintain its strong liquidity position while benefitting from reliable and broad access to external financing.

Outlook

The stable outlook reflects our expectation that Stockholm will contain debt buildup, partly by funding its capital expenditure (capex) with proceeds from divestments of nonstrategic assets, both at the city and the companies it owns. At the same time, we expect the city's management will remain committed to its proactive financial planning, such that budgetary performance remains strong and the liquidity position healthy.

Downside scenario

We could lower our ratings if we observe loosened financial discipline, for example, if Stockholm loses control over its expenditure while failing to take timely actions to sustain a solid budgetary performance, leading to materially higher debt build-up than we currently expect.

Rationale

The 'AAA' rating on the City of Stockholm reflects our view of the high predictability and supportiveness of Sweden's institutional framework for local and regional governments, together with the city's strong local economy, prudent management, and solid financial position. These strengths are illustrated by the city's robust financial results, ample liquidity buffers, and moderate debt. We expect Stockholm's budgetary performance will remain strong through 2028, supported by effective cost-containment measures.

Because of continued high investment needs in the city and its company sector, we project a gradually expanding debt burden. We forecast that the city's water, wastewater, and sewer infrastructure needs will be an important driver of debt increases, with the proceeds of borrowing to be lent to the related utility company Stockholm Vatten och Avfall.

However, we expect Stockholm will remain committed to its debt-containment strategy, partly through the divestment of nonstrategic assets to balance debt accumulation. At the same time, we expect the city's experienced financial management will maintain the city's strong liquidity position while benefitting from reliable and broad access to external financing.

Sweden's robust institutional framework and Stockholm's competent management continue to support the ratings

We consider the institutional framework in Sweden extremely predictable and supportive. In our view, the framework displays a high degree of stability, and the sector's revenue and expenditure management is based on a far-reaching equalization system and tax autonomy. Historically, the central government has provided extensive support to the local and regional government (LRG) sector, for example through additional grants distributed in response to the pandemic or, more recently, to cover rising pension costs (see "Institutional Framework Assessment: Swedish Municipalities And Regions Are Shifting Capex To Replace Aging Infrastructure," Dec. 11, 2025).

We expect commitment to the city's operational strategies and financial targets, including efforts to contain debt accumulation, to be stable over political cycles. Following the election on Sept. 13, 2026, Stockholm's left-leaning majority coalition--comprising the Social Democrats, the Left Party, and the Green Party--was re-elected. We believe the transition to a new finance

commissioner will incorporate the governing coalition’s focus on maintaining the city’s financial position.

We expect the city will continue divesting assets to finance upcoming investments and contain debt accumulation in the coming years. At the same time, the city has a track record of budgetary discipline, demonstrated by strict cost control. We consider the treasury team highly competent and experienced, supported by risk-minimizing financial policies and robust follow-up procedures that underpin the city's strong liquidity position. Moreover, we observe that the city and its companies' managements uphold robust governance practices. The municipal company sector is efficiently run, supported by well-organized communication between the holding company and government-related entities.

The economic landscape in Stockholm is characterized by a dynamic and well-diversified labor market. The city benefits from being the Nordic region's financial center and home to many of Sweden's largest companies. The city's socioeconomic profile is underpinned by high incomes and an unemployment rate of 6.8%, roughly in line with the national average. Stockholm also benefits from Sweden's strong economic fundamentals, reflected in our 2026 GDP per capita estimate of $69,699.

Amid macroeconomic headwinds, the city's budgetary performance remains resilient, enabling contained debt accumulation

We expect Stockholm's budgetary performance will remain robust through 2028 as cost pressures abate and tax-revenue growth strengthens. In cash flow terms, we expect the city will continue divesting nonstrategic assets, which will help it to keep operating balances well above 5% of operating revenue. We view Stockholm's revenue flexibility as stronger than that of peers. This is because of a tax rate than remains low, even after increases in 2024 and 2025, as well as its ability and declared willingness to divest nonstrategic assets, such as large tracts of land, to support financial sustainability. At the same time, the municipal property companies have substantial accumulated surplus values in their asset portfolios, and interest from prospective buyers remains high thanks to Stockholm's favorable market fundamentals.

Although the city faces high investment needs, we expect Stockholm will finance the majority of this with cash generated by operations and land sales, resulting in only moderate deficits after capital accounts. A noticeable share of the investment portfolio relates to development projects, which allow for continued expansion of the city. The most sizable investment needs are upgrades of infrastructure within the water, wastewater, and sewerage sector's, in line with stricter sustainability requirements. These investments are carried by the city's water and waste company. To enhance comparability with other Swedish municipalities, we reflect these investments as an adjustment to our assessment of Stockholm's budgetary performance.

The city's investment requirements are also adjusting to meet demographic trends. Its aging population will increase the need for elderly-care properties. In Stockholm, such investments are carried out by Stockholm's fully owned property company, Micasa Fastigheter, which owns and manages the city's care facilities. The increase in demand for elderly care is balanced by slower population growth and, in particular, lower birth rates, which reduce the need for investments in childcare and schools.

Overall, we expect moderate nominal debt accumulation in the next few years, with direct debt reaching 106% of operating revenue in 2028, compared with 108% in 2025. Debt and liquidity management for the city and its municipal companies is carried out by the inhouse bank, hence the city raises debt externally and lends the proceeds to its fully owned companies. All the city's external debt is attributable to loan proceeds it lends to its companies, with the real estate

companies, water and waste company, and the harbor being the largest borrowers. We consider there is low risk associated with onlending to the housing companies, owing to their strong business profiles and financial positions. Adjusted for the relative share of the company sector's liabilities to the city, Stockholm's debt would be about 65% of operating revenue. Furthermore, we regard the city's contingent liabilities, including extended guarantees and its 50% stake in energy company Stockholm Exergi, as limited.

Stockholm's liquidity position remains strong, and we estimate the city's sources will cover close to 200% of average debt service in the coming 12 months. In our view, the city has prudent liquidity policies and has shown commitment to maintaining a strong liquidity position. Supporting our assessment is our view of its access to external liquidity as strong. Stockholm is one of the largest and most frequent issuers in the Nordics. Moreover, it has access to a variety of funding channels, including capital market programs, the European Investment Bank, Nordic Investment Bank, and Council of Europe Development Bank.

City of Stockholm Selected Indicators

Mil. SEK	2023	2024	2025	2026bc	2027bc	2028bc
Operating revenue	71,745	75,547	78,183	80,543	84,095	87,029
Operating expenditure	64,993	68,742	71,515	74,163	77,218	80,220
Operating balance	6,751	6,805	6,669	6,380	6,877	6,809
Operating balance (% of operating revenue)	9.4	9.0	8.5	7.9	8.2	7.8
Capital revenue	3,331	3,107	2,427	3,204	3,314	3,259
Capital expenditure	8,570	10,426	9,436	10,173	9,735	9,424
Balance after capital accounts	1,512	(515)	(340)	(589)	456	644
Balance after capital accounts (% of total revenue)	2.0	(0.7)	(0.4)	(0.7)	0.5	0.7
Debt repaid	8,874	9,550	12,031	11,422	10,368	12,989
Gross borrowings	15,305	19,738	13,318	15,489	12,580	14,399
Balance after borrowings	206	4,723	(2,434)	(1,267)	(109)	111
Direct debt (outstanding at year-end)	73,281	83,469	84,756	88,823	91,036	92,446
Direct debt (% of operating revenue)	102.1	110.5	108.4	110.3	108.3	106.2
Tax-supported debt (outstanding at year-end)	73,281	83,469	84,756	88,823	91,036	92,446
Tax-supported debt (% of consolidated operating revenue)	83.6	89.7	87.9	89.9	88.4	86.7
Interest (% of operating revenue)	2.4	3.0	2.8	3.0	2.9	2.8
Local GDP per capita ($)	--	--	--	--	--	--
National GDP per capita ($)	55,029.0	57,781.7	63,898.7	69,698.6	71,276.3	72,821.6

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. SEK--Swedish krona. $--U.S. dollar.

Table 2

City of Stockholm Rating Component Scores

Key rating factors	Scores
Institutional framework	1

City of Stockholm Rating Component Scores

Key rating factors	Scores
Economy	1
Financial management	1
Budgetary performance	2
Liquidity	1
Debt burden	3
Stand-alone credit profile	aaa
Issuer credit rating	AAA

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

Key Sovereign Statistics

- Sovereign Risk Indicators, July 7, 2025. An interactive version is available at http://www.spratings.com/sri

Related Criteria

- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017

Related Research

- Global LRGs Rating History List, June 23, 2026
- Sweden 'AAA/A-1+' Ratings Affirmed; Outlook Stable, June 5, 2026
- Institutional Framework Assessments For Local And Regional Governments Outside Of The U.S., April 27, 2026
- Subnational Government Outlook 2026: The Nordics Face Credit Tests With Rising Investment, Jan. 19, 2026
- Institutional Framework Assessment: Swedish Municipalities And Regions Are Shifting Capex To Replace Aging Infrastructure, Dec. 11, 2025

Ratings Detail (as of November 05, 2026)*

Stockholm (City of)

Ratings Detail (as of November 05, 2026)*

Issuer Credit Rating		AAA/Stable/A-1+
Nordic Regional Scale		--/--/K-1
Commercial Paper		A-1+
Senior Unsecured		AAA
Short-Term Debt		A-1+
Issuer Credit Ratings History		
14-May-2021	*Foreign Currency*	AAA/Stable/A-1+
17-May-2019		AAA/Negative/A-1+
18-Dec-2007		AAA/Stable/A-1+
14-May-2021	*Local Currency*	AAA/Stable/A-1+
17-May-2019		AAA/Negative/A-1+
18-Dec-2007		AAA/Stable/A-1+
31-Dec-1998	*Nordic Regional Scale*	--/--/K-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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