

Research Update:

City of Goteborg 'AA+/A-1+' Ratings Affirmed; Outlook Stable

April 3, 2026

Overview

- We expect Göteborg's budgetary performance to remain resilient through 2028, with operating budget surplus projected to stay well above 5% due to solid tax revenue growth and a wealthy local economy.
- Debt will continue to rise over the coming years, due to substantial capital expenditure requirements, although partly mitigated by lower onlending to municipal subsidiaries, in particular, Göteborg Energi, than we previously estimated.
- We therefore affirmed our 'AA+/A-1+' and 'K-1' ratings on Göteborg; the outlook is stable.

Rating Action

On April 3, 2026, S&P Global Ratings affirmed its 'AA+/A-1+' long- and short-term issuer credit ratings on the Swedish city of Göteborg. The outlook is stable.

At the same time, we affirmed our 'K-1' Nordic regional scale rating.

Outlook

The stable outlook reflects our expectation that Göteborg will maintain a sound financial position and post relatively solid operating budget results through 2028.

Downside scenario

We could consider lowering the ratings if budget deficits after capital accounts widen significantly, for example due to increases in infrastructure investments, leading to further debt accumulation.

Upside scenario

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We could raise the ratings if Göteborg consistently strengthens its budgetary performance, for example by tightening control over expenditure. Ratings upside would also hinge on considerable debt reduction, potentially on the back of divestments in the municipal company sector.

Rationale

The affirmation reflects our view of the high predictability and supportiveness of Sweden's institutional framework for local and regional governments (LRGs), together with Göteborg's strong economy, prudent management, and solid operating budget balances, albeit with relatively high and rising debt. We expect Göteborg's budgetary performance will remain robust through 2028, supported by solid tax revenue growth and effective budget execution.

Because of continued high investment needs for the city and its municipal companies, we project gradually rising debt, mainly driven by the city and its housing subsidiary Förvaltnings AB Framtiden (Framtiden). We believe the city's strong liquidity position and broad access to external financing, the extremely supportive nature of the institutional framework, and Göteborg's local economy, will remain key credit strengths.

Sweden's extremely supportive institutional framework continues to underpin the ratings

We consider the institutional framework under which Göteborg operates as extremely predictable and supportive. In our view, the framework for LRGs in Sweden is highly stable, and the sector's revenue and expenditure management are based on a far-reaching equalization system and tax autonomy (see "[Swedish Municipalities And Regions Are Shifting Capex To Replace Aging Infrastructure](#)," Dec. 11, 2025).

Since September 2022, Göteborg has been governed by a minority coalition comprising the Social Democrats, the Left Party, and the Green Party, which together hold 40 of the local parliament's 81 seats. Despite its minority status, the coalition maintains a technical agreement with the Center Party, ensuring policy continuity and the smooth passage of budgets. Management demonstrates a strong track record of budgetary discipline, underpinned by prudent cost controls and swift corrective actions to address deviations in budgetary units. This institutional strength is exemplified by the city's robust operating performance in 2025, which supports our expectation of sustained high performance over the forecast horizon. Furthermore, Göteborg's treasury operations are governed by comprehensive, risk-averse financial policies. By centralizing debt and liquidity management of the entire municipal company group via an internal cash pooling system, the city optimizes economies of scale and enhances operational efficiency across its corporate entities.

Göteborg, Sweden's second largest city, functions as a key industrial and regional hub, fostering significant international trade. This position supports a dynamic, diverse labor market, drawing employees from the surrounding municipalities. The city's employment structure and socioeconomic indicators align closely with national averages. Furthermore, Göteborg benefits from the strength of Sweden's national economy, which we project will generate a strong GDP per capita of about \$63,300 in 2026.

Robust operating budgetary performance mitigates the impact of elevated capital expenditure

We project Göteborg's operating budgetary performance will remain healthy through 2028, underpinned by operating surpluses of more than 5% of operating revenue. Following strong

City of Goteborg 'AA+/A-1+' Ratings Affirmed; Outlook Stable

operating results in 2025, due to higher income and prudent cost controls, we expect management will sustain its commitment to budgetary discipline and post stronger results than budgeted. By executing necessary efficiency measures, the city is well-positioned to navigate structural expenditure pressures stemming from demographic headwinds, thereby achieving its internal surplus targets and preserving a strong financial profile.

However, these high operating budget surpluses will only partly absorb the city's substantial investment requirements. We project Göteborg's budget deficits after capital accounts will average a moderate 3.2% over 2026-2028. These investments primarily focus on infrastructure development, public service facilities, and sustainability initiatives, including increased investment in waste-water operations managed by Göteborg's subsidiary, Gryaab.

Consequently, capital expenditure requirements of Göteborg and its municipal companies will drive a steady increase in consolidated debt, even as investment needs at Göteborg Energi are expected to decline. We project the city's debt will rise to approximately 139% of operating revenue by 2028 from 125% in 2025, with Göteborg Energi's borrowing requirements forecast to average Swedish krona (SEK) 575 million annually through 2028. This figure is about half of our previous forecast due to slower investments.. Alongside the municipal housing company, Framtiden, these entities will serve as the primary reasons for the city's debt accumulation. Overall, municipal subsidiaries (government-related entities) will require annual onlending of nearly SEK3.1 billion during this period. This, combined with the city's own average financing needs of nearly SEK1.9 billion per year, will sustain debt's upward trajectory.

Göteborg lends a substantial portion of its debt proceeds to the Framtiden, which, in our view, benefits from a strong and stable business risk profile that helps mitigate the risks associated with the city's elevated debt. If we adjust for onlending to Framtiden, the city's debt ratio structurally improves to 91%. Furthermore, we assess Göteborg's contingent liabilities as limited, including the joint and several guarantees it has extended to Swedish LRG funding agency, Kommuninvest.

Interest expenditure will remain higher than in the past, although market rates have come down significantly in the past year. Moreover, given that Göteborg has lent a significant portion of its debt proceeds to the companies it owns, a portion of the interest expenses will be paid by the municipal companies and reflected in higher financial revenue, easing the impact on the city's budgetary performance.

We assess Göteborg's liquidity position as strong, underpinned by ample committed credit facilities and an estimated weighted debt-service coverage ratio of 124%. We anticipate the city's liquidity ratio will decrease and fall to 80%-120% structurally over 2026-2028. Furthermore, we view Göteborg's strong access to external liquidity as a key credit strength that distinguishes it from domestic LRG peers. As one of the largest municipal issuers in the Nordic region, with decades of capital market activity, the city has cultivated a strong name and recognition among investors. This proven market access is complemented by highly diversified funding channels and currencies, encompassing traditional bonds and commercial paper, as well as strategic financing from Kommuninvest, the European Investment Bank, Nordic Investment Bank, and the Council of Europe Development Bank.

City of Goteborg Selected Indicators

Mil. SEK	2023	2024	2025	2026bc	2027bc	2028bc
Operating revenue	51,554	54,656	56,709	58,392	60,218	62,093
Operating expenditure	47,877	50,128	52,095	53,915	55,735	57,585
Operating balance	3,677	4,528	4,614	4,477	4,483	4,509

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Operating balance (% of operating revenue)	7.1	8.3	8.1	7.7	7.4	7.3
Capital revenue	1,678	2,351	2,053	1,500	1,725	1,430
Capital expenditure	6,698	8,195	7,543	7,627	8,193	8,261
Balance after capital accounts	(1,343)	(1,316)	(876)	(1,650)	(1,986)	(2,322)
Balance after capital accounts (% of total revenue)	(2.5)	(2.3)	(1.5)	(2.8)	(3.2)	(3.7)
Debt repaid	9,970	8,764	8,999	11,400	11,150	12,000
Gross borrowings	18,695	13,432	13,926	18,000	16,000	16,000
Balance after borrowings	777	(820)	291	443	(6)	(288)
Direct debt (outstanding at year-end)	56,364	65,491	71,066	77,666	82,516	86,516
Direct debt (% of operating revenue)	109.3	119.8	125.3	133.0	137.0	139.3
Tax-supported debt (outstanding at year-end)	60,574	68,961	74,509	81,178	86,098	90,170
Tax-supported debt (% of consolidated operating revenue)	82.0	87.3	91.2	96.8	99.9	101.8
Interest (% of operating revenue)	2.6	4.2	3.8	3.3	3.3	3.2
Local GDP per capita (\$)	--	--	--	--	--	--
National GDP per capita (\$)	55,029.0	57,214.9	57,761.9	63,282.5	67,838.9	70,743.4

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.

City of Goteborg--Rating component scores

Key rating factors	Scores
Institutional framework	1
Economy	1
Financial management	2
Budgetary performance	3
Liquidity	1
Debt burden	3
Stand-alone credit profile	aa+
Issuer credit rating	AA+

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](https://www.spglobal.com/ratings/sri/), Dec. 11, 2025. An interactive version is available at <https://www.spglobal.com/ratings/sri/>

Related Criteria

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

Related Research

- [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
- [Sweden](#), Dec. 8, 2025
- [Water Woes: Swedish Municipalities Face Rising Infrastructure Challenges](#), Nov. 14, 2025
- [Institutional Framework Assessments For Local And Regional Governments Outside Of The U.S.](#), July 31, 2024

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see "Related Criteria"). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see "Related Criteria").

Ratings List

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Ratings Affirmed

Goteborg (City of)

Issuer Credit Rating

AA+/Stable/A-1+

City of Goteborg 'AA+/A-1+' Ratings Affirmed; Outlook Stable

Ratings List

Nordic Regional Scale	--/--/K-1
Senior Unsecured	AA+
Commercial Paper	A-1+
Commercial Paper	K-1

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