Research Update:

# Fastighets AB Forvaltaren 'AA-/A-1+' And 'K-1' Ratings Affirmed; Outlook Stable

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## Overview

- We forecast that Swedish public housing provider Fastighets AB Forvaltaren (Forvaltaren) will ramp up its capital expenditure (capex), leading to weaker liquidity.
- At the same time, we believe that Forvaltaren will slightly strengthen its EBITDA margins, which will help contain debt-funding needs for said capex.
- We affirmed our 'AA-' long-term and 'A-1+' and 'K-1' short-term issuer credit ratings on Forvaltaren.
- The outlook is stable.

## Rating Action

On Oct. 27, 2025, S&P Global Ratings affirmed its 'AA-/A-1+' long- and short-term foreign and local currency issuer credit ratings on Fastighets AB Forvaltaren (Forvaltaren). The outlook is stable. We also affirmed the 'K-1' short-term Nordic regional scale rating on Forvaltaren.

## Outlook

The stable outlook reflects our view that Forvaltaren's management will be able to uphold the public housing provider's financial performance and contain the strain on debt from an expanding capex program.

### Downside scenario

We could lower the rating if Forvaltaren's management allows faster debt accumulation, for instance if capex on new construction and existing housing stock increases faster than we assume in our underlying base case. This would likely weigh on indebtedness, with the ratio of debt to non-sales-adjusted EBITDA surpassing 15x. Such developments could signal a weakening of management and governance.

### Upside scenario

We could consider raising the rating if Forvaltaren's EBITDA margin and liquidity significantly improve. An upgrade could also occur if the ownership support structure for Forvaltaren strengthens to the extent that we positively reassess the housing provider's role for, or link with, the City of Sundbyberg (not rated), Forvaltaren's sole owner.

## Rationale

Our ratings reflect Forvaltaren's stable rental operations; the strong focus of its risk-averse management on the provider's core activities; and its robust financial metrics. We expect Forvaltaren to keep EBITDA margins close to 30%, which should help contain debt accumulation during periods with higher capex in coming years.

### Enterprise profile: Forvaltaren benefits from strong demand in Sundbyberg, thanks to its proximity to Stockholm

Forvaltaren focuses on renting out residential properties, which we regard as a low-risk sector due to its stable and noncyclical revenue base. Demand for rental housing is strong in Sundbyberg thanks to its proximity to central Stockholm. Forvaltaren's housing vacancies primarily relate to apartments that are being emptied for renovation. The housing provider updated its approach from vacating apartments during refurbishments to offering the affected tenants a discount on the rent to incentivize them to remain in the property.

In our view, Forvaltaren's management is experienced and proactively manages the housing provider's financial and operational risks. Over the years, Forvaltaren has gradually reduced its exposure to commercial premises and increased its focus on refurbishing and developing existing residential stock. It monitors financial risks prudently, in line with its risk-limiting financial policies. Positively, the city's directive for the housing provider's strategy has become more balanced between growth and financial objectives in recent years, and we do not foresee any major shifts in Sundbyberg's direction of Forvaltaren under the current political leadership.

We assess the regulatory framework for Swedish public housing companies as very strong (see "Regulatory Framework Assessment: Very Strong For Swedish Public Housing Companies And Cooperative Housing Societies," June 2, 2025).

### Financial profile: New development and rising capex will push up leverage

EBITDA margins have recovered from an inflationary expenditure shock in 2022. While the tariffs that drive utility expenditure like heating, water, and waste are still rising above inflation levels, Forvaltaren has been able to recover associated EBITDA margin losses in recent years through higher rent increases and lower vacancies. We believe that Forvaltaren will be able to uphold EBITDA margins closer to 30% in coming years, which should help limit debt-funding needs for its capex program.

We still forecast capex to be elevated in coming years, although anticipated delays in construction will likely spread out the peak in expenditure more than we previously expected. We forecast Forvaltaren's capex will rise to about Swedish krona (SEK) 750 million in 2026, up from SEK350 million in 2023. We assume that about half of these investments will go toward renovating and maintaining existing stock, while the other half will be spent on new development. As local construction capacity is constrained, we foresee new development being delayed

compared with original timelines and we furthermore anticipate that stronger EBITDA margins will help to contain debt accumulation. As a result, we forecast Forvaltaren's debt-to-non-sales-adjusted EBITDA ratio will reach 13.8x by year-end 2027. We project the ratio will remain structurally below 15x, in line with our previous expectations.

Although market interest rates have started to come down, we expect the non-sales-adjusted EBITDA interest coverage ratio will decrease to 3.0x by 2026. This reflects rising indebtedness as Forvaltaren carries out its capex plan.

Forvaltaren's liquidity sources cover its uses by 0.85x over the next 12 months. Its sources comprise cash and committed liquidity facilities totaling SEK1.2 billion, as well as operating cash flow forecast at SEK250 million. Anticipated uses include SEK680 million of capex that we expect over the coming 12 months, as well as SEK1.1 billion of maturing debt and interest payments in the same period. While Forvaltaren historically has had liquidity coverage around 1.0x, the higher capex will weigh on the ratio in coming years because the company's liquidity policy requires coverage of debt maturities but not of future capex.

Forvaltaren's liquidity position rests on its committed borrowing facilities, alongside our view of its strong access to external liquidity. Forvaltaren has proven that it has good access to capital market funding even amid market stress, and it benefits from being able to obtain bank loans with a municipal guarantee from Sundbyberg.

## Government-related entity analysis

Forvaltaren is a fully owned subsidiary of Sundbyberg. In our view, Forvaltaren benefits from a high likelihood of receiving timely and sufficient support from Sundbyberg if needed. Forvaltaren plays an important role as a key contributor of housing for the city's increasing population and expanding ambitions. Furthermore, we consider Forvaltaren's link to Sundbyberg to be very strong. The city is actively involved in defining Forvaltaren's strategies.

# Key Statistics

### Fastighets AB Forvaltaren--Key statistics

| Mil. SEK | 2023 A | 2024 A | 2025 BC | 2026 BC | 2027 BC |
|---|---|---|---|---|---|
| Number of units owned or managed | 6,633 | 6,665 | 6,679 | 6,781 | 6,795 |
| Adjusted operating revenue | 810.3 | 832.7 | 870.4 | 905.8 | 938.7 |
| Adjusted EBITDA | 228.4 | 223.5 | 237.9 | 254.6 | 270.3 |
| Non-sales adjusted EBITDA | 224.0 | 221.6 | 236.0 | 252.6 | 268.2 |
| Capital expense | 399.1 | 350.2 | 495.9 | 744.8 | 597.6 |
| Debt | 2,200 | 2,400 | 2,730 | 3,330 | 3,710 |
| Interest expense | 44.6 | 50.5 | 69.0 | 85.2 | 90.1 |
| Adjusted EBITDA/Adjusted operating revenue (%) | 28.2 | 26.8 | 27.3 | 28.1 | 28.8 |
| Debt/Non-sales adjusted EBITDA (x) | 9.8 | 10.8 | 11.6 | 13.2 | 13.8 |
| Non-sales adjusted EBITDA/interest coverage(x) | 5.0 | 4.4 | 3.4 | 3.0 | 3.0 |

# Rating Component Scores

### Fastighets AB Forvaltaren--Ratings score snapshot

| | Assessment |
|---|---|
| **Enterprise risk profile** | **2** |
| Industry risk | 2 |
| Regulatory framework | 2 |
| Market dependencies | 3 |
| Management and governance | 2 |
| **Financial risk profile** | **3** |
| Financial performance | 4 |
| Debt profile | 2 |
| Liquidity | 4 |
| Stand-alone credit profile | a+ |
| **Issuer credit rating** | **AA-** |

# Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | General: Methodology For Rating Public And Nonprofit Social Housing Providers, June 1, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

# Related Research

- Regulatory Framework Assessment: Very Strong For Swedish Public Housing Companies And Cooperative Housing Societies, June 2, 2025

# Ratings List

| Ratings List |
|---|
| **Ratings Affirmed** |
| **Fastighets AB Forvaltaren** |

**Ratings List**

| | |
|---|---|
| Issuer Credit Rating | AA-/Stable/A-1+ |
| Nordic Regional Scale | --/--/K-1 |

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