

Research Update:

Forvaltnings AB Framtiden Outlook Revised To Stable On Lower Expenditure Growth; 'AA-/A-1+' And 'K-1' Ratings Affirmed

October 24, 2025

Overview

- Through rent increases and lower maintenance spending, Forvaltnings AB Framtiden (Framtiden) strengthened its S&P Global Ratings-adjusted EBITDA margins above expectations in 2024.
- For the coming years, we expect Framtiden will be able to maintain EBITDA margins above 25% given that rent increases will roughly match expenditure growth.
- Due to the stronger financial performance and reduced capital expenditure (capex) than previously expected, Framtiden's financial leverage, expressed as debt to EBITDA, should improve to around 12x.
- We therefore revised our outlook on Framtiden to stable from negative and affirmed our 'AA-' long-term and 'A-1+' and 'K-1' short-term issuer credit ratings.

Rating Action

On Oct. 24, 2025, S&P Global Ratings revised its outlook on Forvaltnings AB Framtiden (Framtiden) to stable from negative.

At the same time, we affirmed our 'AA-/A-1+' long- and short-term issuer credit ratings and our 'K-1' short-term Nordic regional scale rating on Framtiden.

Outlook

The stable outlook reflects our view that Framtiden will be able to maintain EBITDA margins at current levels because rent increases are expected to broadly match expenditure growth. In turn, this should support stronger cash flows and maintain leverage at current levels.

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Downside scenario

We could lower the rating if capex increased significantly, pushing leverage in debt-to-EBITDA terms materially beyond 15x, which would also weigh on EBITDA interest coverage.

Upside scenario

We could raise the rating if management can continue to reduce maintenance spending or is able to contain other operating expenditure in a structurally sustainable way, such that it pushes EBITDA margins above 30%. Coupled with limited capex, this could bring the debt-to-nonsales adjusted EBITDA ratio closer to 10x.

Rationale

The outlook revision reflects our view that Framtiden's management has been able to strengthen EBITDA margins through active steps, such as reducing maintenance spending, while rent increases mitigated the impact of inflationary pressure in 2022 and 2023. We now believe Framtiden will be able to maintain margins around current levels, which should allow it to be better absorb any unexpected shocks in coming years.

Enterprise profile: Framtiden's size and the demand for rental housing in Göteborg underpin its strong market fundamentals

The company provides housing in Sweden's second-largest city, Göteborg, with a clear focus on affordable accommodation, for which we understand there is a very strong local demand. Framtiden also benefits from being one of the largest public housing providers in Sweden with over 76,000 units owned. It operates through various subsidiaries, partly independent from each other. The risk of vacancies in Framtiden's portfolio is, in our view, very low and largely limited to turnover from moving tenants or renovations.

We consider Framtiden's management follows prudent financial planning and risk management standards, given it consistently monitors and stress tests operations under various scenarios. Framtiden has strict control of its cash flows, with the flexibility to adjust any capital projects if needed. Furthermore, Framtiden has a track record of adhering to its internal targets, set by the owner, including keeping loan-to-value and equity ratios at satisfactory levels.

We expect that development for sale activities through Framtiden's subsidiary, Göteborgs Egnahems AB, will increase again in coming years as market conditions improve, but remain below 5% of revenue through at least 2027. The subsidiary has been developing condominiums for sale as an additional revenue source but has had low activity in the past several years as a result of market weakness coinciding with a reduced development plan. These activities are also socially motivated, considering they improve the mix of housing in the city districts, but they are more exposed to market risk compared with rental housing, according to our view.

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: Debt burden shrinks as margins improve and capex is slower than previously expected

Framtiden's strategy to recover its EBITDA margins that were pressured in 2022 and 2023 has been successful. Active steps from management, such as limiting maintenance spending and

implementing rent increases, have strengthened margins and covered previous years' expenditure growth. In our view, they put the operations in a stronger position to handle any potential adverse shocks in coming years. The multiyear rent settlements signed in 2023 has made planning easier for the company and added predictability. As Framtiden now enters a period with higher capex again in coming years, we expect that maintenance spending, elevated in the past couple of years, will be contained sufficiently to allow stronger coverage of capex through cash flows from operations.

During our forecast horizon 2025-2027, we expect capex to be stable, at about Swedish krona (SEK) 2.3 billion annually. Out of this, we treat 20% as capitalized repairs that we adjust back as an operating cost. Framtiden has used some of its available flexibility in recent years to spend more on maintenance of existing properties rather than on new development. That said, we expect that development of new properties will now rise again as demand for housing increases. We note, however, that plans might be affected by delays, lack of profitability in projects, and availability of land.

We expect debt will continue to increase through 2027, at about SEK800 million-SEK1.0 billion annually, and reach about SEK29 billion by the end of 2027. However, leverage, measured as debt to non-sales-adjusted EBTIDA, should remain stable around 12x as the stronger financial performance offsets the expected debt increases. Further we expect that interest rates will remain broadly stable in coming years. This and the stable leverage relative to EBITDA will, in our view, be mirrored in Framtiden's EBITDA interest coverage, which we expect to remain around 3.2x through 2027. We overestimated capex in 2024, and debt hence grew slower than we previously anticipated.

We calculate Framtiden's liquidity sources will cover the next 12 months' debt service by a factor of just above 1.0x. The provider's liquidity sources consist of cash and our forecast operating cash flow of SEK2.2 billion. As part of our assessment of Framtiden's liquidity position, we consider the interaction between the company and Göteborg's in-house bank as ongoing financial support from the owner. Therefore, we include a cash injection equivalent to Framtiden's estimated capex for the coming 12 months, alongside maturing debt and interests minus operating cash flow, totaling SEK1.4 billion. These sources then cover uses of SEK3.5 billion, which includes maturing debt, capex, and interest.

Even though Framtiden no longer taps capital markets on its own, we consider its access to external liquidity strong, because funding is managed by its owner's in-house bank, which we assess as having strong access to external funding.

Government-related entity analysis

Framtiden is a fully owned subsidiary of the city of Göteborg (AA+/Stable/A-1+), via its holding company Göteborgs Stadshus AB. We believe Framtiden benefits from a high likelihood that its owner would provide timely and sufficient support in case of financial distress. Framtiden plays an important role as a key provider of affordable housing for the city's growing population. Furthermore, we consider the link to Göteborg as very strong. The city is the sole owner and is actively involved in defining Framtiden's strategies.

Key Statistics

Forvaltnings AB Framtiden--Key statistics

| Mil. SEK | 2023 A | 2024 A | 2025 BC | 2026 BC | 2027 BC |
|--|---------|---------|---------|---------|---------|
| Number of units owned or managed | 75,821 | 76,090 | 76,564 | 77,123 | 77,388 |
| Adjusted operating revenue | 7,060.0 | 7,422.7 | 7,899.5 | 8,223.5 | 8,516.7 |
| Adjusted EBITDA | 1,494.4 | 1,935.2 | 2,160.5 | 2,275.5 | 2,356.9 |
| Non-sales adjusted EBITDA | 1,494.4 | 1,935.2 | 2,160.5 | 2,275.5 | 2,356.9 |
| Capital expense | 1,667.5 | 2,600.3 | 2,073.6 | 2,340.0 | 2,340.0 |
| Debt | 24,476 | 25,995 | 26,815 | 27,815 | 28,755 |
| Interest expense | 469.9 | 641.3 | 704.1 | 705.7 | 728.0 |
| Adjusted EBITDA/Adjusted operating revenue (%) | 21.2 | 26.1 | 27.4 | 27.7 | 27.7 |
| Debt/Non-sales adjusted EBITDA (x) | 16.4 | 13.4 | 12.4 | 12.2 | 12.2 |
| Non-sales adjusted EBITDA/interest coverage(x) | 3.2 | 3.0 | 3.1 | 3.2 | 3.2 |

A--Actual. BC--Base case forecast.

Rating Component Scores

Forvaltnings AB Framtiden--Ratings score snapshot

| | Assessment |
|--------------------------------|------------|
| Enterprise risk profile | 2 |
| Industry risk | 2 |
| Regulatory framework | 2 |
| Market dependencies | 2 |
| Management and governance | 2 |
| Financial risk profile | 3 |
| Financial performance | 4 |
| Debt profile | 2 |
| Liquidity | 3 |
| 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

- [City of Goteborg](#), March 10, 2025
- [Regulatory Framework Assessment: Very Strong For Swedish Public Housing Companies And Cooperative Housing Societies](#), June 2, 2025

Ratings List

Ratings List

| Ratings Affirmed; Outlook Action | | |
|----------------------------------|-----------------|-------------------|
| | To | From |
| Forvaltnings AB Framtiden | | |
| Issuer Credit Rating | AA-/Stable/A-1+ | AA-/Negative/A-1+ |
| Ratings Affirmed | | |
| Forvaltnings AB Framtiden | | |
| Issuer Credit Rating | | |
| Nordic Regional Scale | --/--/K-1 | |

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