FitchRatings

03 SEP 2026

Fitch Rates New York City's $1.6B Fiscal 2027 Ser B and C GO Bonds 'AA'; Outlook Remains Negative

Fitch Ratings - New York - 03 Sep 2026: Fitch Ratings has assigned a 'AA' rating to the following New York City fiscal 2027 general obligation (GO) bonds:

--$1,436,575,000 subseries B-1 (tax-exempt);

--$99,505,000 subseries B-2 (taxable);

--$37,250,000 series C (tax-exempt).

The bonds will price Sept. 8 and 9 via negotiation.

Concurrently with the issuance of the series B and C bonds, the city will be converting and reoffering a portion of its outstanding fiscal 2017 series A, subseries A-1 bonds in the fixed rate mode and redesignating them as GO bonds, fiscal 2027 series 1 (tax-exempt). Fitch has assigned a 'AA' rating to the series 1 bonds. The conversion date is expected to be Sept. 23, 2026.

In addition, Fitch has affirmed the city's Issuer Default Rating (IDR), outstanding GO bonds and various bank bonds at 'AA'. Fitch also affirmed the 'AA-' rating on the bonds listed below, which are backed by city appropriations. The Rating Outlook remains Negative.

The Negative Outlook reflects the potential for sustained weakening of the city's financial resilience, and uncertainty around projected expenditure savings and gap-closing solutions exclusive of reserve use. The city was able to close the FY2027 budget gap with a combination of recurring and non-recurring revenues, eliminating the use of reserves, and has improved projected FYE2026 results. Carryforward surpluses are declining despite continued strong yoy revenue growth. The city has proposed a minimum reserves balance policy that is subject to voter approval in November, which Fitch would view positively.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/ Downgrade

-- Failure to implement primarily recurring policy measures to address budget gaps contributing to a sustained erosion of the city's reserve cushion (sum of the revenue stabilization fund, plus the FYE discretionary transfer, and the RHBT fund balance) to below 7.5% of general fund spending, which would lead to a change in the financial resilience assessment to below 'aa';

-- An approximate 40%-50% sustained increase in long-term liabilities associated with debt and Fitch-adjusted NPLs and carrying costs, assuming current levels of personal income and governmental resources and spending, or evidence of accelerated growth in unfunded OPEB liabilities;

-- Regular leveraging of the property tax levy close to maximum permitted levels that erodes future tax increase flexibility and results in a reduction in the assessments of revenue control and budgetary flexibility.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- Credible plans for resolving out-year budget gaps through primarily recurring fiscal measures and demonstrated commitment to maintaining available reserves at no less than 7.5% of general fund spending would support a revision of the Outlook to Stable;

-- An approximate 35% decrease in long-term liabilities and carrying costs, assuming current levels of personal income, governmental revenues and spending, in combination with other factors, could support an upgrade;

-- Significant improvement in the city's demographic and economic strengths metrics, evidenced by higher resident income and improved population trends, in combination with other factors, could support an upgrade.

SECURITY

The city's GO bonds carry a pledge of New York City's full faith and credit, supported by a levy by the city of ad valorem taxes (without limit as to rate or amount) on all real property within the city subject to taxation. The city is not subject to New York state's property tax cap.

Fitch’s Local Government Rating Model

The Local Government Rating Model generates Model Implied Ratings, which communicate the issuer's credit quality relative to Fitch's local government rating portfolio. (The Model Implied Rating will be the IDR except in certain circumstances explained in the applicable criteria.) The Model Implied Rating is expressed via a numerical value calibrated to Fitch's long-term rating scale, which ranges from 10.0 or higher (AAA), 9.0 (AA+), 8.0 (AA) and so forth down to 1.0 (BBB- and below).

Model Implied Ratings reflect the combination of issuer-specific metrics and assessments to generate a Metric Profile and a structured framework to account for Additional Analytical Factors not captured in the Metric Profile that can either mitigate or exacerbate credit risks. Additional Analytical Factors are reflected in notching from the Metric Profile and are capped at +/-3 notches.

Ratings Headroom & Positioning

New York City Model Implied Rating: 'AA' (Numerical Value: 8.65)

-- Metric Profile: 'AA-' (Numerical Value: 7.65)

-- Net Additional Analytical Factor Notching: +1.0

Individual Additional Analytical Notching Factors:

--Economic and Institutional Strength: +1.0

New York City's Model Implied Rating is 'AA'. The associated numerical value of 8.65 is in the middle of the 8.0 to 9.0 range for a 'AA' rating.

Key Rating Drivers

Financial Profile

Financial Resilience - 'aa'

New York City's financial resilience is driven by the combination of its 'High' revenue control assessment and 'Midrange' expenditure control assessment, culminating in a 'High Midrange' budgetary flexibility assessment.

-- Revenue control assessment: High

-- Expenditure control assessment: Midrange

-- Budgetary flexibility assessment: High Midrange

-- Minimum fund balance for current financial resilience assessment: >=7.5%

-- Current year fund balance to expenditure ratio: 9.35% (2025)

-- Lowest fund balance to expenditure ratio for the fiscal-year period 2021-2025: 7.5% Analyst Input (vs. 9.3% actual in fiscal 2025)

Revenue Volatility - 'Strongest'

New York City's weakest historic three-year revenue performance is neutral to the Model Implied Rating.

The revenue volatility metric is an estimate of potential revenue volatility based on the issuer's historical experience relative to the median for the Fitch-rated local government portfolio. The metric helps to differentiate issuers by the scale of revenue loss that would have to be addressed through revenue raising, cost controls or utilization of reserves through economic cycles.

-- Lowest three-year revenue performance (based on revenues dating back to 2005): 5.5% increase for the three-year period ending fiscal 2011

-- Median issuer decline: -3.6% (2025)

Demographic and Economic Strength

Population Trend - 'Weakest'

Based on the median of 10-year annual percentage change in population, New York City's population trend is assessed as 'Weakest'.

Population trend: -0.3% (2025) Analyst Input (4th percentile) (vs. -0.2% 2024 median of 10-year annual percentage change in population)

Unemployment, Educational Attainment and MHI Level - 'Midrange'

The overall strength of New York City's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2025 are assessed as 'Midrange' on a composite basis, performing at the 44th percentile of Fitch's local government rating portfolio. This is due to high education attainment levels offsetting low median-issuer indexed adjusted MHI and elevated unemployment rate.

-- Unemployment rate as a percentage of national rate: 120.9% 2025 (26th percentile), relative to the national rate of 4.3%

-- Percent of population with a bachelor's degree or higher: 41.7% (2024) (77th percentile)

-- MHI as a percent of the portfolio median: 86.1% (2024) (28th percentile)

Economic Concentration and Population Size - 'Strongest'

With a large population in 2025 and an economy that was not concentrated, New York City qualified for Fitch's highest overall category for Concentration and Population Size.

The composite metric acts asymmetrically, with most issuers (above the 15th percentile for each metric) sufficiently diversified to minimize risks associated with small population and economic concentration. Downward effects of the metric on the Metric Profile are most pronounced for the least economically diverse issuers (in the fifth percentile for the metric or lower). The economic concentration percentage shown below is defined as the sum of the absolute deviation of the percentage of personal income by major economic sectors relative to the U.S. distribution.

-- Population size: 8,584,629 (2025) Analyst Input (above the 15th percentile) (vs. 8,596,825 2024 Actual)

-- Economic concentration: 37.0% Analyst Input (above the 15th percentile) (vs. 0.0% 2025 Actual)

Demographic and Economic Strength Additional Analytical Factors and Notching: +1.0 notch (for Economic and Institutional Strength)

Fitch applied a one-notch positive Additional Analytical Factor due to the city's important role and significant contributions to the growing New York-Newark-Jersey City, NY-NJ-PA MSA. It is the largest MSA in the nation, accounts for over 10 million jobs, and is the largest job market in the nation.

Analyst Inputs to the Model

Fitch adjusted metrics to account for historical data anomalies, forward-looking performance shifts or non-recurring events that may otherwise skew the time series.

Fitch used the most recent available demographic data, including the 2025 unemployment rates from the U.S. Bureau of Labor Statistics. For population trend, Fitch used the 10-year trend through 2025.

Long-Term Liability Burden

Long-Term Liability Burden - 'Weak'

New York City's liabilities to governmental revenue remain strong while carrying costs to governmental expenditures and liabilities to personal income remain weak. The long-term liability composite metric in 2025 is at the 31st percentile, indicating a somewhat elevated liability burden relative to Fitch's local government rating portfolio.

-- Liabilities to personal income: 23.1% Analyst Input (2nd percentile) (vs. 22.5% 2025 Actual)

-- Liabilities to governmental revenue: 151.8% Analyst Input (63rd percentile) (vs. 148.1% 2025 Actual)

-- Carrying costs to governmental expenditures: 16.7% Analyst Input (36th percentile) (vs. 20.2% 2025 Actual)

Analyst Inputs to the Model

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts or non-recurring events that may otherwise skew the time series.

Fitch adjusted direct debt to reflect principal amortization through the end of fiscal 2026, and non-refunding city GO bond and Transitional Finance Authority revenue bond issuances occurring after fiscal year-end 2025.

PROFILE

Fitch considers the city's status as an international center for numerous industries and a major tourism destination, as well as its proven resilience through the pandemic-related downturn and prior severe economic disruptions, as credit strengths. The local economy and operating budget remain strongly linked to the financial activities sector, supportive of residents' high wealth levels.

Sources of Information

In addition to sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Climate Vulnerability Signals

The results of our Climate.VS screener did not indicate an elevated risk for New York City, NY (General Government).

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
New York City (NY) [General	LT IDR	AA ⊖	Affirmed		AA ⊖

ENTITY/DEBT	RATING			RECOVERY	PRIOR
Government]					
• New York City (NY) /City Appropriation - HHC/ 1 LT	LT	AA-	Affirmed		AA-
• New York City (NY) /City Appropriation - NYSE/ 1 LT	LT	AA-	Affirmed		AA-
• New York City (NY) /City Appropriation - UN Development Corp./1 LT	LT	AA-	Affirmed		AA-
• New	LT	AA	Affirmed		AA

ENTITY/DEBT	RATING		RECOVERY	PRIOR
York City (NY) /General Obligation - Unlimited Tax/ 1 LT				

RATINGS KEY OUTLOOK WATCH

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	◆
NEGATIVE	⊖	◆
EVOLVING	◎	◆
STABLE	◎	

Applicable Criteria

U.S. Public Finance Local Government Rating Criteria (pub.01 May 2026) (including rating assumption sensitivity)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

U.S. Local Government Rating Model, v1.2.0 (1)

Additional Disclosures

Solicitation Status

Endorsement Status

United Nations Development Corp. (NY)	EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

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