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American Dream Mall Bonds Climb.

- **Prices rise by more than 2 percent in secondary market trades**
- **Offering by Goldman was year's biggest of unrated muni bonds**

Investors are seeing quick profits from the American Dream.

Prices of some unrated bonds issued for the long-stalled shopping and entertainment center in New Jersey's Meadowlands have risen 2.4 percent since they were issued last week, cutting the yields by more than 0.3 percentage point to 6.3 percent. The price increase surprised some investors, given that the sale had been delayed amid speculation over whether there was sufficient demand for the risky securities. Borrowers frequently sell unrated bonds to avoid the potential taint of being labeled junk.

"It's a little bit bigger and quicker in narrowing than I expected," said John Miller, who oversees more than $120 billion in municipals at Nuveen Asset Management, including its $14.8 billion high-yield open end muni fund, the market's biggest. "There's a difference between negotiating the structure and not knowing whether they will have a complete financing package to get the mall built, to now that you're certain it's settled, maybe you want in."

The outcome of the sale illustrates the growing appetite for risk in the municipal market after a rally pushed yields to the lowest since early November. Prices have been supported in part because traders are building up inventory, anticipating investors will need to reinvest a flood of cash from July 1 coupon and principal payments, Miller said.

Goldman Sachs Group Inc., which managed the $1.1 billion bond issue for Canadian mall developer Triple Five Group, postponed it for a week as it fielded questions from investors and gauged where to set the price. The 2.9 million square-foot mall will have indoor amusement and water parks, a skating rink, ski slope, Ferris wheel, aquarium, and performing arts theater with 500 stores, anchored by Saks Fifth Avenue and Lord & Taylor. The total cost of the project is estimated at $2.8 billion.

Bonds due in 2050 that are backed by payments the developer will make in lieu of taxes were priced to yield 6.63 percent on June 22. They fell to an average yield of 6.29 percent the following day and traded Monday at 6.27 percent.

"There were a lot of negotiations," said Miller, who declined to say whether he bought any of the debt. "It was a relatively large deal, perhaps a bit controversial, doing some things that haven't been done before."

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