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New York Mega Mall Has Muni Bond Rating Slashed Deeper Into Junk.

Municipal bonds tied to Destiny USA, the biggest shopping mall in New York state, were cut deeper into junk by Moody's Investors Service on Wednesday because the complex is unlikely to meet a key measure of profitability needed to extend an outstanding loan.

Moody's lowered the rating on municipal bonds backed by payments in lieu of taxes to Caa2 from Caa1 and revised the outlook to stable, the company said in a release. The downgrade reflects an increase in "default risk" because the net-operating-income target needed to extend an existing subordinate mortgage-backed security loan past June 2024 is "unlikely to be satisfied."

The municipal debt was originally issued to expand the Carousel Center mall in Syracuse, New York, into a super-regional shopping complex, now called Destiny. About $270 million of Pilot bonds are outstanding, according to data compiled by Bloomberg.

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Bloomberg Markets

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