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Posh Real Estate Deals Boom in High-Flying Junk Muni Market.

- **Risky muni returns are beating US corporate high-yield debt**
- **Atlanta and Miami projects sold high-yield muni debt this year**

High-end real estate developments are tapping the municipal-bond market, leading to a slew of so-called luxury dirt deals and fueling returns for investors willing to take on the risk.

This year, state and local debt buyers have helped finance a vacation-home golf enclave in Florida, a resort near Zion National Park and a $4.2 billion redevelopment in Atlanta's downtown. The deals — all high-yield and sold exclusively to sophisticated investors — represent a niche corner of a market that typically raises money to build schools, roads and bridges.

Some of these offerings have been oversubscribed and repriced tighter, helping to boost returns for junk-rated muni-bonds to a 7.2% gain this year, outpacing their investment-grade counterparts by more than 5 percentage points, according to data compiled by Bloomberg. The risky state and local debt is also beating US high-yield corporate debt.

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By Sri Taylor

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