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## **Investors Rush to Buy Near-Junk College Bonds Even as Risks Grow.**

- **Investors ‘treading carefully’ as private colleges struggle  
Schools face demographic cliff, choking economic conditions**

Investors are snapping up bonds sold by colleges with near-junk credit ratings in a push for higher-yielding assets — even as concerns linger about the challenges facing small, private institutions.

When Emerson College in Boston sold \$88 million of debt in early January, the BBB+ rated deal received more than \$900 million in orders from 26 different investors. And BBB- debt sold by Houston Christian University last month has climbed in the secondary market, indicating strong demand. Bonds due in 2054 traded in late February at an average spread of 98 basis points above top-rated debt, much lower than the 148 basis points spread the bonds initially priced at earlier that month.

That demand comes as riskier municipal bonds have outperformed the broader state and local bond market this year, according to Bloomberg index data. But buyers say they have to pick and choose with hypervigilance given that the institutions are confronting a demographic cliff from a smaller pool of would-be students and choking economic conditions that have pushed many to the brink.

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### **Bloomberg Politics**

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