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Research Update:

Triborough Bridge & Tunnel Authority Real Estate Transfer Tax Revenue Bond Rating Raised To 'AA-' On Resilient Demand

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Primary Contact

Thomas J Zemetis
New York
1-212-438-1172
thomas.zemetis
@spglobal.com

Secondary Contact

Ladunni M Okolo
Dallas
+ 1 (212) 438 1208
ladunni.okolo
@spglobal.com

Overview

- S&P Global Ratings raised its long-term rating to 'AA-' from 'A+' on the Triborough Bridge and Tunnel Authority (TBTA), New York's (Metropolitan Transportation Authority [MTA] Bridges and Tunnels) real estate transfer tax revenue bonds (TBTA Capital Lockbox Fund) outstanding.
- At the same time, we assigned our 'AA-' long-term rating to the TBTA's proposed $778 million series 2026A real estate transfer tax revenue bonds (TBTA Capital Lockbox Fund).
- The outlook is stable.
- The upgrade reflects our view that the exhibited strength, high desirability, and resilient demand within New York City's high-value real estate market will continue to drive a large volume of pledged real estate transfer tax revenue collections over time, underpinning our expectation that the bonds will maintain strong-to-very strong debt service coverage (DSC). The upgrade also reflects the effective limitation on additional debt issuance--due to the $150 million annual debt service limit established under the TBTA Real Estate Transfer Tax (RETT) Resolution being reached--which in our view, provides a substantial cushion for coverage during periods of volatile real estate market activity and softening pledged revenue performance.

Rationale

Security

Pledged revenues derived from real estate transfer taxes (RETT) levied on the conveyance of certain residential and non-residential real property in New York City and deposited into the MTA Capital Lockbox Fund (2020-2024 Capital Program Account) secure the series 2026A bonds. Pursuant to the 2019 authorizing legislation, a 0.25% additional base RETT applies to each residential real property conveyance (which consists of one-, two-, and three-family houses, individual condominium units, and cooperative apartment units) in the city valued at $3 million or more, and a graduated supplemental RETT rate (ranging from 0.25% to 2.9% based on the property sales value) applies to each residential property conveyance valued at $2 million or more. A 0.25% additional base RETT in the city is levied on each non-residential real property (including commercial and multi-family housing units other than residential property noted above) conveyance valued at $2 million or more.

Pledged revenue becomes subject to a statutory lien immediately when transferred from the state comptroller to the MTA Capital Lockbox Fund (2020-2024 Capital Program Account). The state comptroller transfers pledged RETT revenues to the lockbox by the 15th and final business days of each succeeding month. In practice, the full amount of revenues received during the previous month is expected to be transferred to the CBD tolling capital lockbox fund on or about the 15th of each month. Transfers are not subject to appropriation by the state or New York City. Pursuant to the TBTA RETT Resolution, following receipt of the transfer tax receipts, MTA Bridges and Tunnels is required to transfer available receipts from the lockbox fund to the trustee on a monthly basis until the full annual debt service requirement has been met. Debt service payments are made on their respective due dates--Dec. 1 for principal and interest and June 1 for interest only. Once the annual debt service requirements are fully satisfied, excess funds may be used for costs of any transit and commuter capital projects included in Metropolitan Transportation Authority's (MTA) 2020-2024 capital program, or its successor programs.

Proceeds from the series 2026A bonds will finance transit and commuter projects included in the MTA's approved capital programs and will fund a senior lien debt service reserve fund (DSRF) equal to maximum annual debt service (MADS).

Credit highlights

Although we believe transaction-based RETT revenues have historically exhibited sensitivity to global-scale event risks and macroeconomic cycles, New York City's very strong economic fundamentals--including its status as the most populous city in the U.S. and as a globally recognized commercial and financial hub, coupled with the city's high personal income base--help anchor the bonds' credit quality. In addition, a highly active housing and office construction sector, and a diverse residential and non-residential real estate market attract broad domestic and international demand from individuals and firms that have facilitated New York City's robust recovery and resilient RETT collections, as exhibited since 2020. Even when accounting for periodic economic volatility that can stress the pledged RETT revenue base, we believe there is significant headroom for the bonds to sustain strong-to-very strong DSC over the long term.

On a calendar-year basis, actual pledged RETT receipts peaked at $524.4 million during 2022, while year-over-year pledged performance remained within a range of $322.8 million and $406.6 million during calendar years 2023-2025. The TBTA reported 2025 actual receipts of $406.6 million, which would provide pro forma MADS coverage of approximately 2.6x (assuming pro forma debt service of $150 million). Through the first half of calendar 2026 (through June 2026), pledged RETT receipts totaled $207.1 million, which continues to materially outperform revenue collections for the same period in the previous year.

TBTA management and Miller Samuel Inc., a New York City-based real estate appraisal and consulting firm, both note that year-to-date activity in the luxury real estate market has been robust due to record Wall Street profits and bonuses and an increase in high-wage tech sector employment and firm relocations to the city that have increased the pool of cash buyers that are less sensitive to higher interest rates, while continued price appreciation and a limited pool of luxury properties have kept listing prices high. These trends observed in New York City are consistent with S&P Global Ratings' view that demographics and supply shortages support a floor under demand and prices, while real estate--particularly residential--is positioned to gradually become a modest growth tailwind over the next few years. For more information, see "Real Estate Credit Snapshot: Second-Half 2026," July 27, 2026. We have not observed any immediate chilling effect on the luxury segment of New York City's real estate market activity following recent city, state, and federal policy changes--including the enacted pied-a-terre tax levied on non-primary New York City residences and federal restrictions on institutional investors from purchasing single-family homes. However, we will continue to watch if these actions, coupled with any future policy changes or expansion of tax levies targeting the luxury real estate segment, significantly add to all-in transaction costs and have an adverse impact on real estate demand or pricing.

Built into our forward-looking view of the bond's creditworthiness, however, is the potential for softening real estate market conditions as U.S. and New York City economies continue to navigate uncertainty. In July 2026, the MTA released its 2027-2030 financial plan forecast, which projected 2026 calendar-year lockbox RETT receipts to reach $395.1 million, or a 2.8% decline compared with the previous calendar year. In our view, the plan also conservatively projects that lockbox RETT receipts would experience a 15% year-over-year decline to $335.8 million for calendar 2027, followed by a modest annual increase of 1.2% in calendar 2028, 1.3% in calendar 2029, and 1.2% in calendar 2030. Incorporating the MTA's conservative financial plan estimates, we still anticipate the coverage will be maintained at or near 2.0x.

Our opinion that coverage will remain within a range we consider strong to very strong is also supported by our view that following the issuance of the 2026A bonds, pro forma debt service will be at the $150 million annual debt service limit established under the resolution. We believe the prohibition of additional leverage on the lien preserves a structural cushion against pledged revenue volatility during real estate market downturns.

The 'AA-' long-term rating further reflects our view of:

- Strong-to-very strong coverage and liquidity of 2.6x provided by calendar 2025 pledged revenues, and pro forma coverage that we believe will exceed 2.0x based on RETT revenue receipts projected in the MTA's 2027-2030 financial plan (July 2026). Our view of coverage is further anchored by our expectation that following the issuance of the fiscal 2026 bonds, the $150 million annual debt service limit under the TBTA RETT Resolution will be reached, prohibiting additional debt from being issued unless bonds are called. Very strong economic fundamentals as represented by the city's expansive and diverse economic base of approximately 8.6 million people, high income levels relative to the U.S., and exceptionally active high-value real estate market that generates the pledged revenues. New York City attracts domestic and global commercial, investment, and high-wealth individuals, extending its base beyond those buyers who reside in the city. However, S&P Global Economics' forecast incorporates some uncertainty as to the trajectory of U.S. inflationary, policy, and macroeconomic factors that could affect new construction, real estate financing, and sales activity in the near term, which we continue to monitor.
- High volatility of RETTs due to the economic sensitivity of the revenue stream to disruptions (e.g., high interest and mortgage rates, event risks) and economic headwinds relative to other tax types. However, New York City has exhibited somewhat more resilient demand and a recovery in real estate transactions relative to other major U.S. cities following recent economic downturns, particularly in its high-value residential and non-residential property base. We continue to watch how shifting demographic trends--including the city's high cost of living and outmigration patterns--and changes in city, state, and federal policies--particularly

the implementation of the city's pied-a-terre tax and restrictions on institutional investors--could affect trends over the medium-to-long-term.

- Generally strong provisions, including a DSRF funded at a level equal to MADS, and legal mechanisms--including the MTA Capital Lockbox Fund (2020-2024 Capital Program Account) where the lien attaches for the benefit of bondholders and pledged revenues are not commingled with other TBTA money--that separate control of pledged RETT revenues, supporting our view of a remote obligor linkage. Pledged revenue in the capital lockbox is unavailable for New York City, the MTA, or the TBTA operations and, and after payment of debt service, excess revenues may only be used for purposes permitted under statute, including for congestion relief zone tolling capital or operating costs and MTA's 2020-2024 capital program and successor programs.
- New York City's general creditworthiness (AA/Stable), which does not constrain the rating.

Outlook

The stable outlook reflects our view that the city's very strong economic fundamentals and exhibited strength of high-value real estate market base will continue to drive demand and generation of pledged revenues supporting resilient DSC at levels we consider strong-to-very strong over time. Furthermore, we believe the limitation on additional debt issuance provides a buffer that will likely support credit stability during periods of stress on the city real estate market and pledged revenue.

Downside scenario

We could lower the rating or revise the outlook to negative should a severe or sustained economic downturn significantly diminish DSC, and we anticipate that pledged revenues will not recover to a level commensurate with the current rating.

Upside scenario

Given the inherently high volatility in pledged revenue, we do not expect to raise the rating on the bonds during our two-year outlook horizon. However, we could raise our rating if growth in RETT receipts leads to materially higher coverage that we believe will be sustained at levels we consider very strong, while pledged revenues also demonstrate greater resiliency to cyclical downturns or other pressures.

Credit Opinion

Coverage and liquidity: strong-to-very strong

Our assessment of coverage incorporates TBTA's expectation to fully leverage the statutory allocation equal to the $150 million annual debt service limit (as covenanted in the TBTA's RETT Resolution) following the issuance of the series 2026A bonds. It also reflects our expectation that DSC will generally remain near 2.0x over time, given the historical revenue performance and the potential for cyclical or other disruptions that could lead to a fluctuation in the city's real estate market activity.

Historical lockbox RETT revenues have demonstrated a swift bounce back following severe global macroeconomic events, including the 42.6% decline in pro forma amounts (to $215.5 million) during calendar 2020. Although the TBTA did not have RETT revenue bond debt outstanding in

2020, pledged revenues would still have yielded DSC of 1.44x (assuming issuance up to the $150 million annual debt service limit), indicating resilience of the pledged revenues under severe real estate market stress events. Following a swift rebound in real estate activity in the five calendar years since 2020, actual pledged RETT revenues have averaged 2.54x MADS over this period.

Based on calendar 2025 receipts, pledged revenues would have to decrease 26.2% before reaching 2.0x coverage and 63.1% before reaching 1.0x coverage (based on MADS of $150 million, occurring in 2059), which would be comparable to the estimated two-year decline of historical pro forma real estate transaction receipts for 2007 and 2008 (62.4%). Year-to-date 2026 pledged revenues of $207.1 million have already exceeded the $150 million annual debt service limit, and the MTA forecasts pledged RETT receipts at $395.1 million, providing MADS coverage of 2.6x, taking into account actual pledged transfer tax receipts through June 2026. The MTA's 2027-2030 financial plan estimates receipts will decrease to $335.8 million in calendar 2027 (a 15% decline)-- reflecting current budget assumptions and not expectations for future pledged revenue performance--which would continue to provide MADS coverage of 2.2x. Between calendar years 2028-2030, the MTA projects average annual growth of receipts of 1.2%, which we generally view as conservative estimates relative to the historical (2020-2026 year-to-date) average annual growth rate of 9.9%.

Volatility: high

In our view, real estate transaction-based taxes are highly sensitive to economic activity. We assess revenue volatility to determine the likelihood of the availability of revenue during different economic cycles. Our macro analysis assessment is based on the variance of national economic activity that we believe most closely represents the taxing base over multiple economic cycles, and factors in any societal, demographic, political, and other factors that could affect these activities, which informs our expectations of volatility.

Since New York State enacted the legislation establishing the RETT in New York City in 2019, year-over-year fluctuations in pro forma lockbox RETT amounts ranged from 87.7% growth in calendar 2021 to a 34.2% decline in calendar 2023. Over the last two full calendar years, the year-over-year (%) change in pledged RETT revenue collections was negative 4.5% for 2024, followed by a 23.4% increase for 2025, which we believe is a byproduct of recent favorable economic conditions, healthy investment market windfalls, and steady financial and technology sector performance that have expanded the pool of cash buyers and generated steady demand in New York City's real estate market.

Based on a pro forma 2003-2026 historical pro forma analysis conducted by Miller Samuel Inc., historical pro forma RETTs (if in effect during this period) would have experienced a cumulative 62.4% decrease in calendar years 2007 and 2008 during the Great Recession. Over the subsequent years, prior to the enactment of the RETTs (2010-2019), growth has been spurred in part by an exceptionally active housing market. However, in each year since 2009, we assessed that actual collections exceeded the $150 million annual debt service limit authorized in the TBTA RETT resolution.

Calendar year-to-date (as of June 2026), approximately 14.6% of residential real estate transactions (and 48% of all residential sales volume) are subject to the RETT -- an increase from 8.0% of all residential transactions in 2019. At the same time, approximately 51% of all non-residential sales transactions (and 94.5% of all non-residential sales volume) are subject to the RETT, with only modest year-over-year fluctuations. Residential real estate transactions accounted for approximately 81% of total RETT receipts in 2025, while non-residential receipts accounted for approximately 19% of receipts. In our view, the residential RETT tax rate cohorts subject to the tax are be relatively diversified, with no segment accounting for more than 28% of RETT receipts between 2024-2026 (year to date).

Economic fundamentals: very strong

New York City's economic fundamentals are underpinned by the size and diversity of its economic base, with a population of 8.6 million (2025 Census estimate), and its status as a globally recognized employment, financial, and tourism hub. Important pillars of New York City's deep and diverse economic base--including healthy financial sector activity, business and residential real estate investment, healthcare, and higher education--continue to bolster gross metropolitan product growth at levels we believe will mirror those of GDP growth during the outlook period. The city's residential and commercial property have shown signs of a healthy bounce back compared with other large U.S. cities, with the full value of taxable real estate reaching $1.76 trillion for fiscal 2027 (or a 9.8% increase from the previous fiscal year). New York City also maintains its status as a globally recognized economic and high-demand real estate market that exhibits exceptionally active new construction and sale of high-value property.

In our view, the city's economy remains resilient, although slowing employment growth may indicate more cautious hiring trends as private sector employers continue to navigate evolving macroeconomic conditions, trade and policy uncertainty, and AI-related capital investment. S&P Global Ratings Economics forecasts baseline real gross domestic product (GDP) growth at 2.1% in 2026 before it slows to an average of 1.9% in 2027 and 2028. (For more information, see "Economic Outlook U.S. Q3 2026: Resilient To Layered Supply Shocks," June 24, 2026). A central demand-growth risk to an already supply-constrained economy is the abrupt re-escalation of the U.S.-Iran conflict and disruptions to activity in the Strait of Hormuz, which could prolong geopolitical and trade uncertainty. This, along with recent tariff increases, could erode purchasing power and propagate supply-chain shortages. Sharply lower international immigration is also a major challenge to the U.S. labor supply, especially with the labor force already structurally slowing from aging demographics.

Downside risks for the city's economy could emerge if a protracted slowdown or worsening of the residential or commercial real estate sector translates into more pronounced pressure on housing and office valuations and sale transactions. Softening population growth that normally underpins growth in the city's labor market, business investment, and consumption base, coupled with potentially tighter financial conditions on Wall Street and corporate profits and affordability pressures, could blunt the city's economy and pledged revenue growth trajectory. In addition, restrictive international immigration could lead to inflationary wage increases and rising production costs for certain sectors, including residential and commercial construction. While we would not expect the MTA to reduce service given its recent financial support from the state and approval of the Central Business District Tolling Plan (CBDTP) – revenues derived from the CBDTP dedicated to the MTA’s capital program and not available to fund MTA operations -- we continue to monitor any future decisions that could affect the health of the city’s real estate market and overall economic activity.

Obligor linkage: remote

In our view, the transfer tax collection and flow of funds do not present any unusual timing risks and we view its exposure to operating risks of New York City, the TBTA, and the MTA to be remote.

The City of New York general obligation (GO) rating serves as an assessment of the city's overall creditworthiness and is a key determinant of the TBTA's ability to pay bonds secured by the

RETT. New York City's fundamental credit strengths include a deep, dynamic, and resilient economy and tax base, as well as a robust governance framework that includes comprehensive financial planning and oversight, which underpin the city's ability to weather economic and fiscal uncertainties. Still, we believe the city continues to walk a fiscal tightrope. The city's 2026-2030 financial plan more fully recognizes previously underbudgeted expenses and costs of complying with state and local mandates, and we believe the potentially less predictable future-year federal and state funding presents risks. Important to our view of credit quality will be the city's ability to reduce its reliance on one-time and short-term budget measures, while identifying recurring revenue and expenditure controls to curb future-year gaps. While the city has been adept at managing evolving risks, we also continue to watch how geopolitical uncertainty could shape its economy and revenue forecasts, and whether this could widen structural budget gaps.

For more information on New York City, see our report, July 31, 2026.

Climate And Other Evolving Factors

We view the city's economic base as particularly exposed to severe weather events that have led to coastal and river flooding, as well as other chronic physical climate risks (e.g., long-term sea-level rise) that have the potential to disrupt economic and real estate market activity that could adversely affect pledged revenue collections. However, the city is ahead of peers by integrating various climate scenarios into its capital planning and budgeting--underscored by local scientific projections into its climate resiliency design guidelines that consider climate hazards, including heat, precipitation, flooding, and sea-level rise. The city has developed key performance indicators to monitor its sustainability and resiliency efforts and plans to annually report progress toward its goals.

Triborough Bridge & Tunnel Authority, New York--key credit metrics

Economic data	
Economy	Very strong
Pledged revenue taxing base	
Local EBI level per capita % of U.S. (taxing base)	105
Population (taxing base)	8,584,629
Broad and diverse MSA	Yes
Financial data	
Revenue volatility	High
Coverage and liquidity	Strong to very strong
Baseline coverage assessment	Projected (other)
MADS coverage (x)	2.6
MADS year	2059
Annual debt service coverage (x)	6.8
Pledged revenue 2-year CAGR (%)	5.6
Bond provisions	
ABT (x)	$150 million (annual debt service limit, per TBTA RETT resolution)
ABT type	Other
ABT period	Projected
DSRF type	MADS
Obligor relationship	

Triborough Bridge & Tunnel Authority, New York--key credit metrics

Obligor linkage	Remote
PL rating limit (number of notches above OC)	4

Data points and ratios may reflect analytical adjustments. EBI--Effective buying income. MSA--Metropolitan statistical area. MADS-Maximum annual debt service. 2-year CAGR--2 periods of compound annual growth rate change over 3 years. ABT--Additional bonds test. DSRF--Debt service reserve fund. PL--Priority lien. OC--Obligor creditworthiness.

Ratings List		
New Issue Ratings		
US$778.0 mil real estate transfer tax revenue bonds (MTA Bridges And Tunnels) series 2026A due 12/01/2059		
Upgraded		
	To	**From**
Local Government		
Triborough Bridge & Tunnel Authority, NY Real Estate Transfer Tax	AA-/Stable	A+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.