Midlothian ISD

District Demographics Update

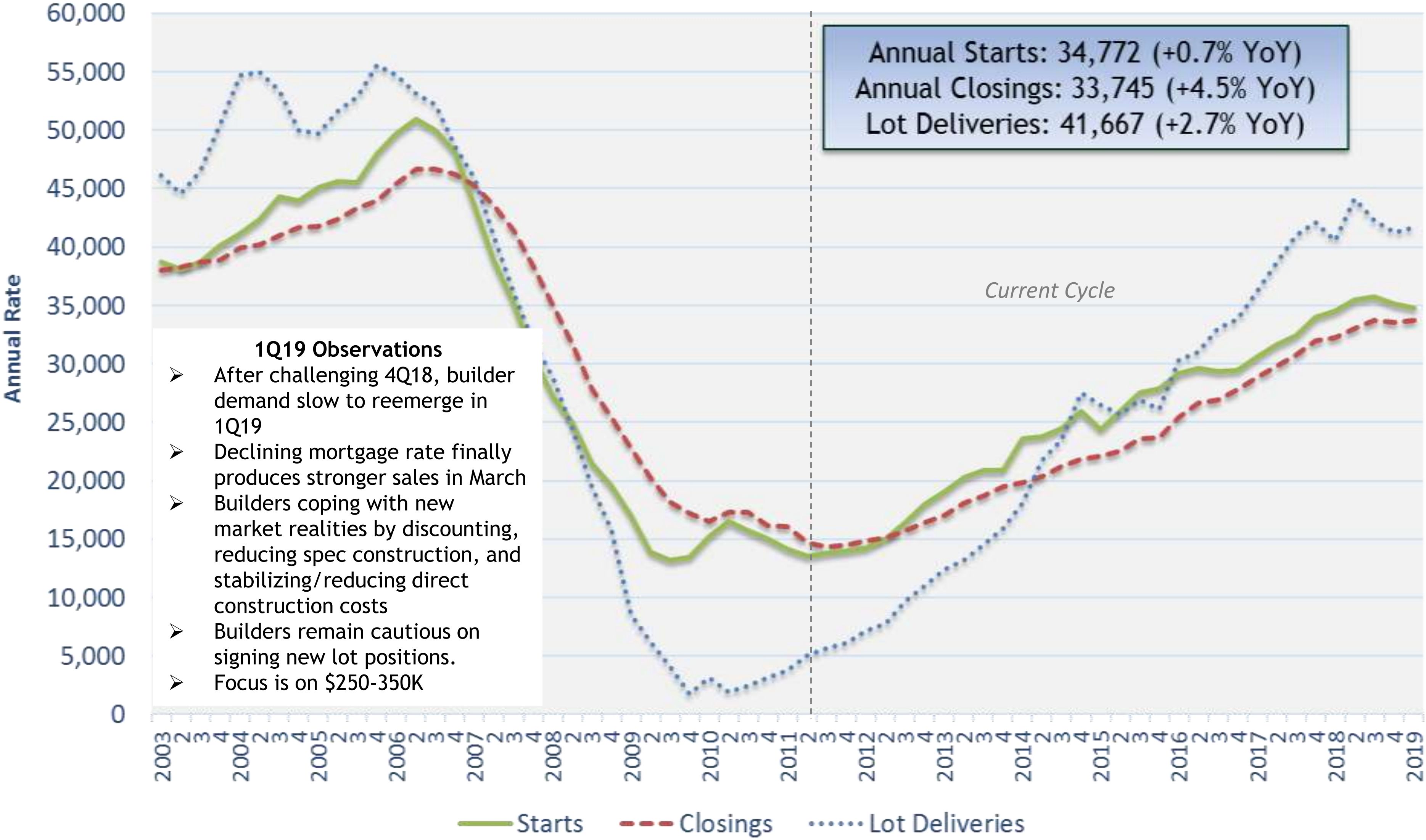
1Q 2019

SDS

School District Strategies

Solutions Through Demographics

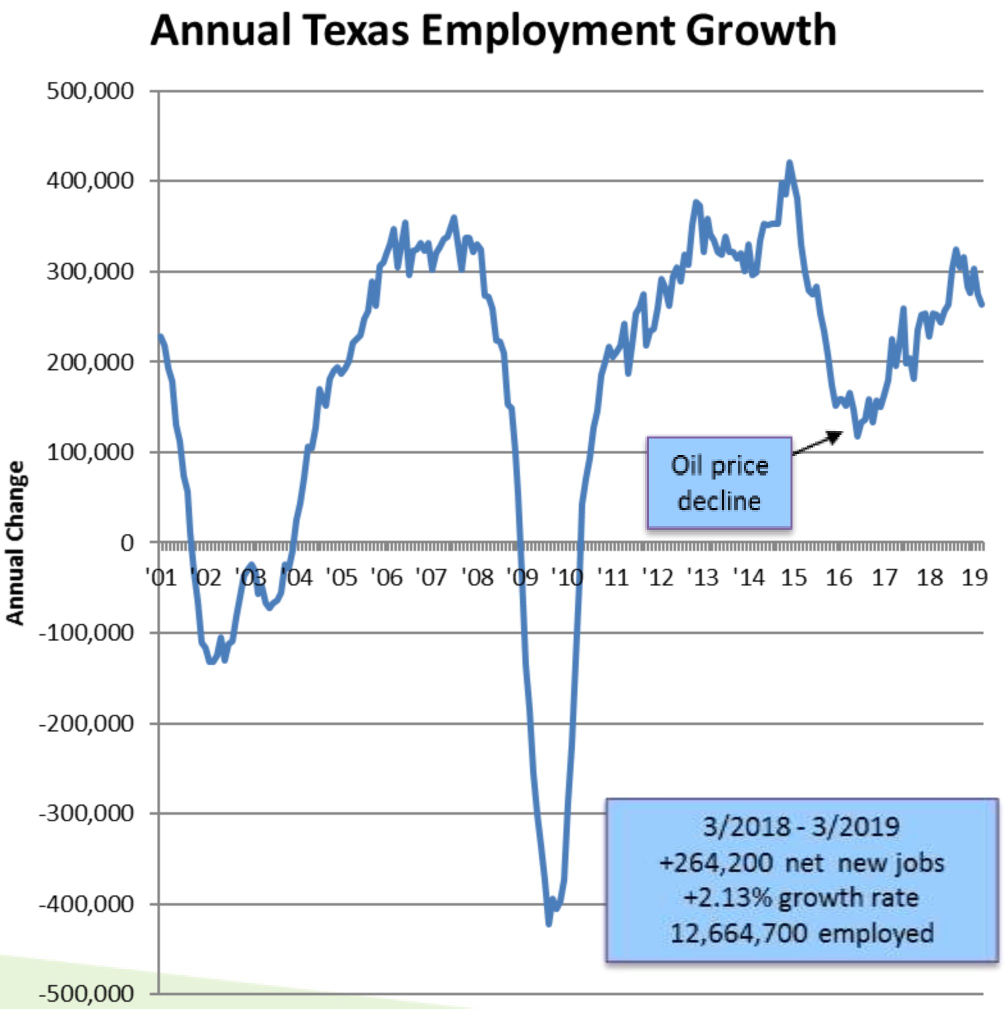
GROWTH DRIVERS: DFW NEW HOME ACTIVITY



1Q19 Observations

- After challenging 4Q18, builder demand slow to reemerge in 1Q19
- Declining mortgage rate finally produces stronger sales in March
- Builders coping with new market realities by discounting, reducing spec construction, and stabilizing/reducing direct construction costs
- Builders remain cautious on signing new lot positions.
- Focus is on $250-350K

GROWTH DRIVERS: TEXAS ECONOMY



Employment Growth

Mar. 2018 – Mar. 2019

United States

- +2.499 million +1.70%

Texas

- +264,200 +2.13%

Annual Job Growth in Major Texas Markets (March 2019)

- **DFW** **+110,700**
- Houston +67,800
- Austin +22,700
- San Antonio +22,100

# of Jobs Created in Past 9 Years

- **DFW** **860,400**
- Houston 588,000
- Austin 302,800
- San Antonio 220,400

Source: TWC – CES (Not Seasonally Adjusted)

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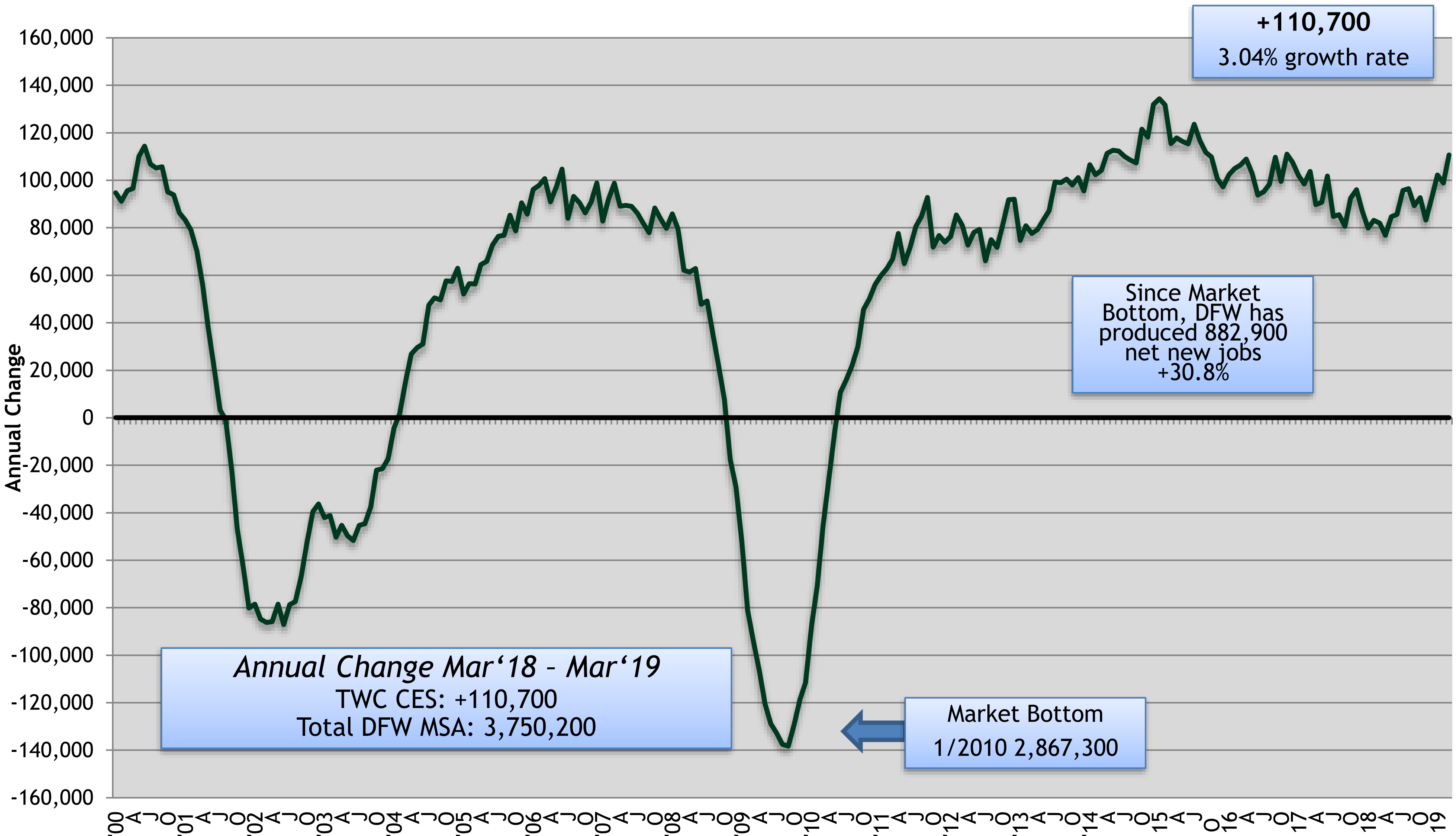
GROWTH DRIVERS: DFW ANNUAL EMPLOYMENT GROWTH



Sources: TWC – CES, Dallas Federal Reserve (Not Seasonally Adjusted)

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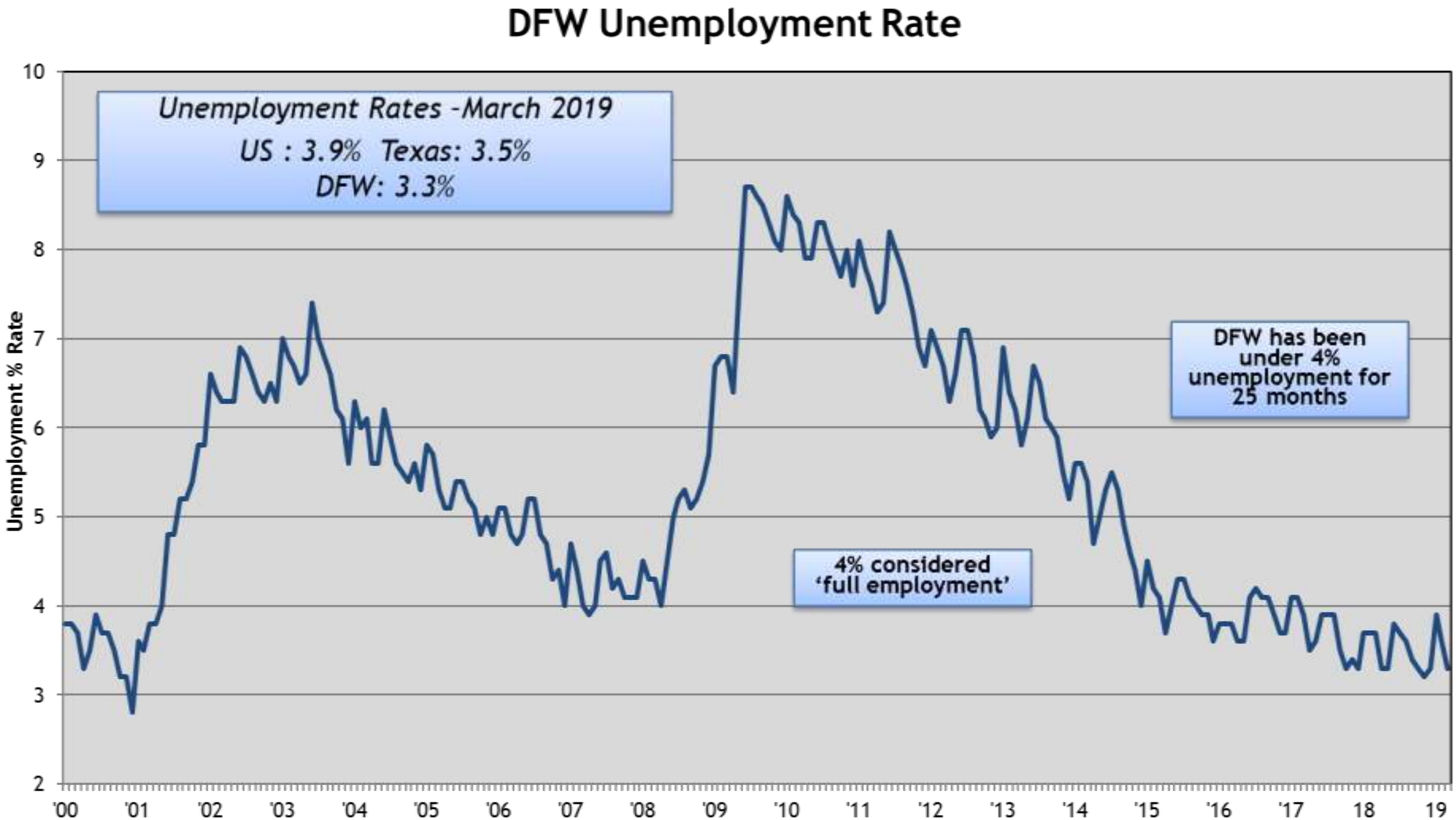
GROWTH DRIVERS: DFW UNEMPLOYMENT TREND



Not Seasonally Adjusted Source: TWC - LAUS

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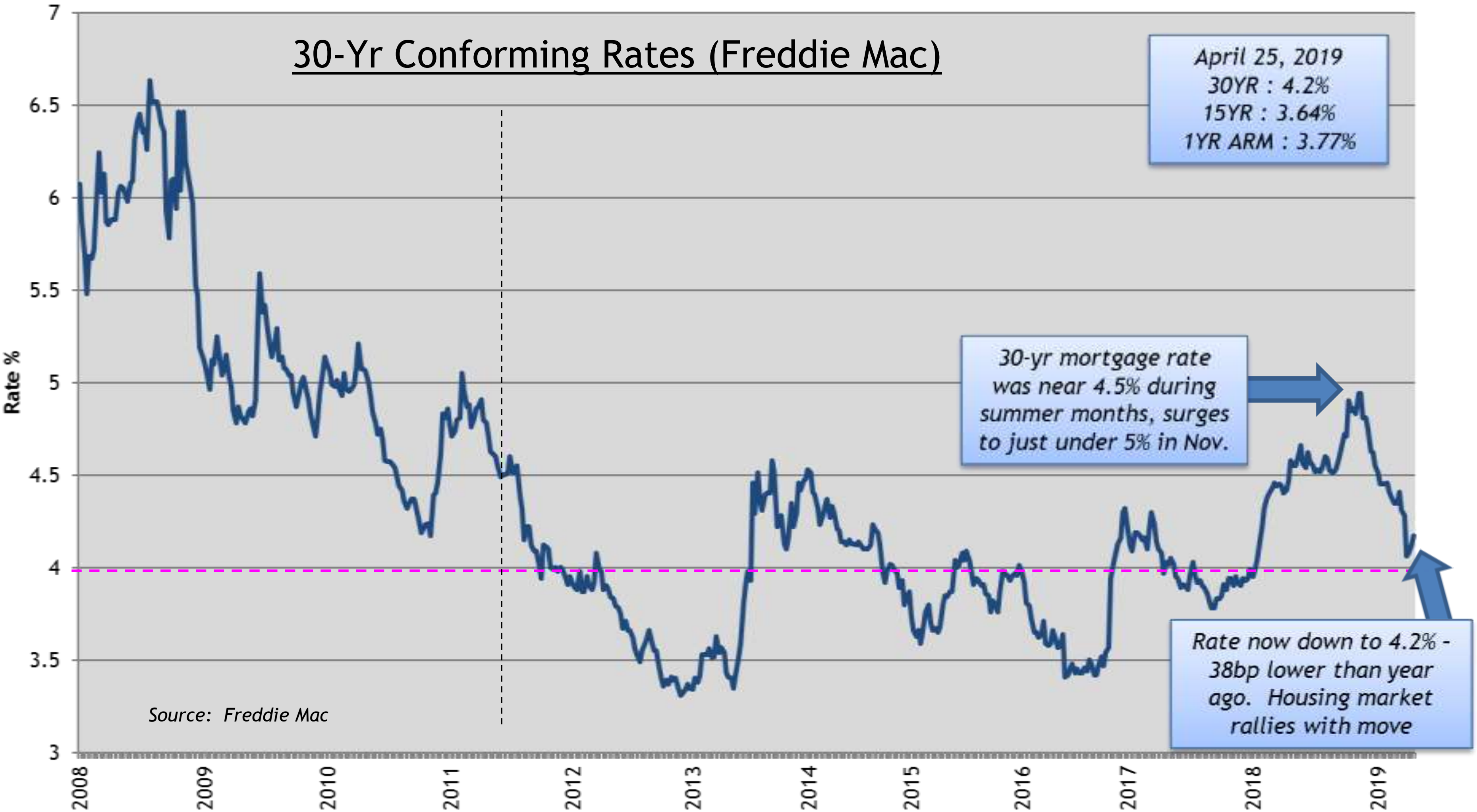
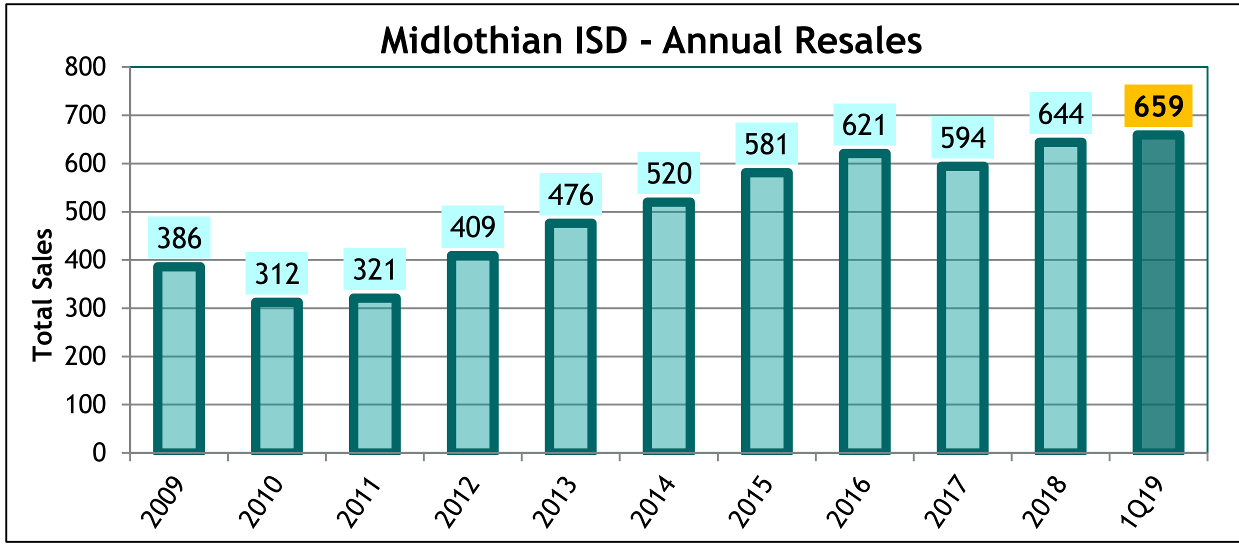
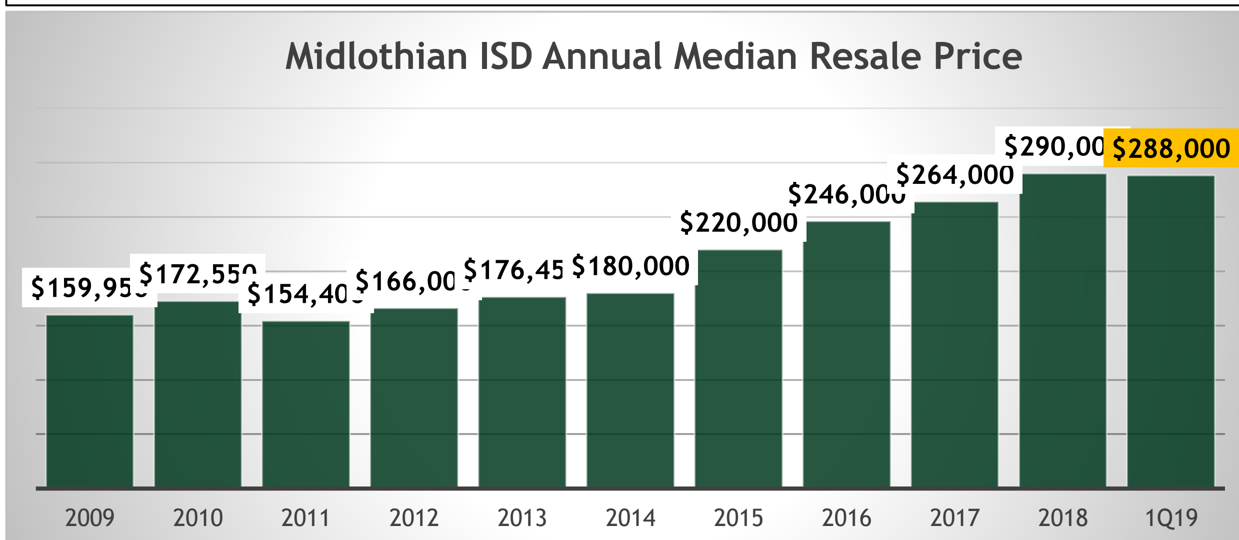
GROWTH DRIVERS: LOW MORTGAGE RATES



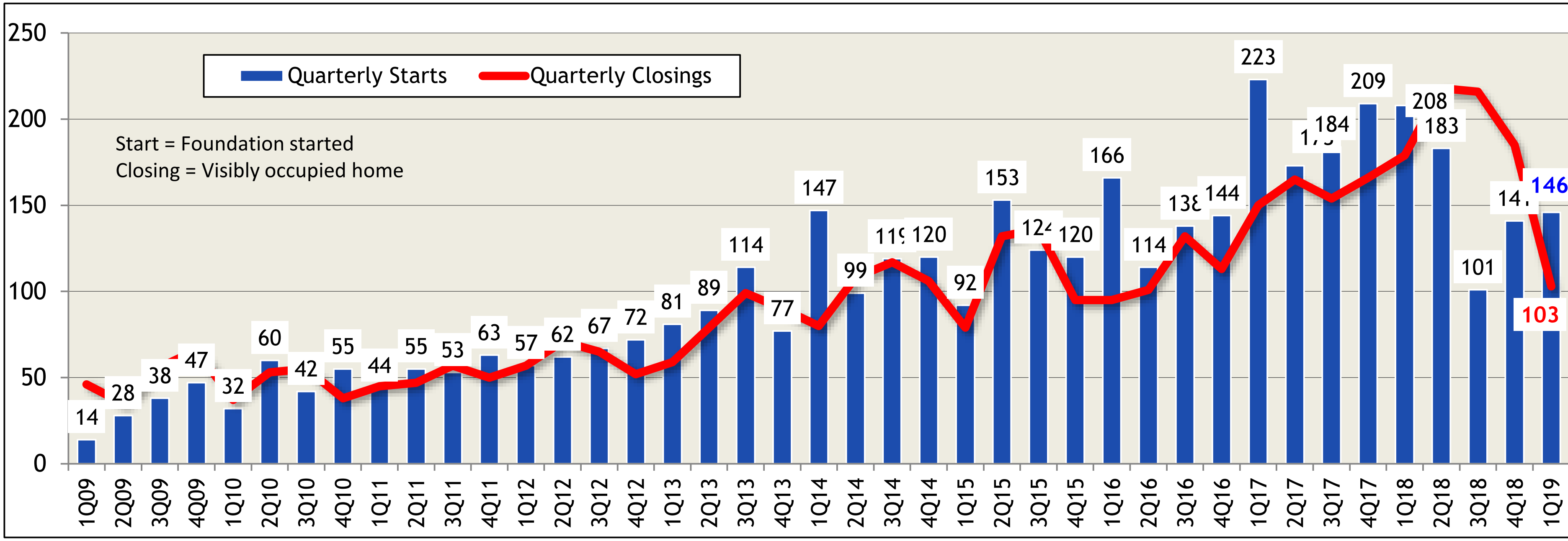
MIDLOTHIAN ISD PRE-OWNED HOME SALES

- 659 total resales in the district 2Q18-1Q19 *(+2.5% YoY)*
- Since 2015, MISD has seen an average of 620 pre-owned home sales per year
- MISD's median resale sold price is currently $<u>288,000</u> *(-0.7% vs. Y/E 2018)*
- DFW's median resale sold price 2Q18-1Q19 is $277K *(+6.6% YoY)*





MIDLOTHIAN ISD QUARTERLY NEW HOME CONSTRUCTION



Starts	2013	2014	2015	2016	2017	2018	2019
1Q	81	147	92	166	223	208	**146**
2Q	89	99	153	114	173	183	
3Q	114	119	124	138	184	101	
4Q	77	120	120	144	209	141	
Total	**361**	**485**	**489**	**562**	**789**	**633**	**146**

Closings	2013	2014	2015	2016	2017	2018	2019
1Q	59	80	79	95	150	179	**103**
2Q	79	108	132	101	165	218	
3Q	99	117	136	132	154	216	
4Q	90	106	95	113	166	185	
Total	**327**	**411**	**442**	**441**	**635**	**798**	**103**

- Builders started 146 and closed 103 new homes in the district during the 1st quarter of 2019
  - Slowest first quarter since 2015/16

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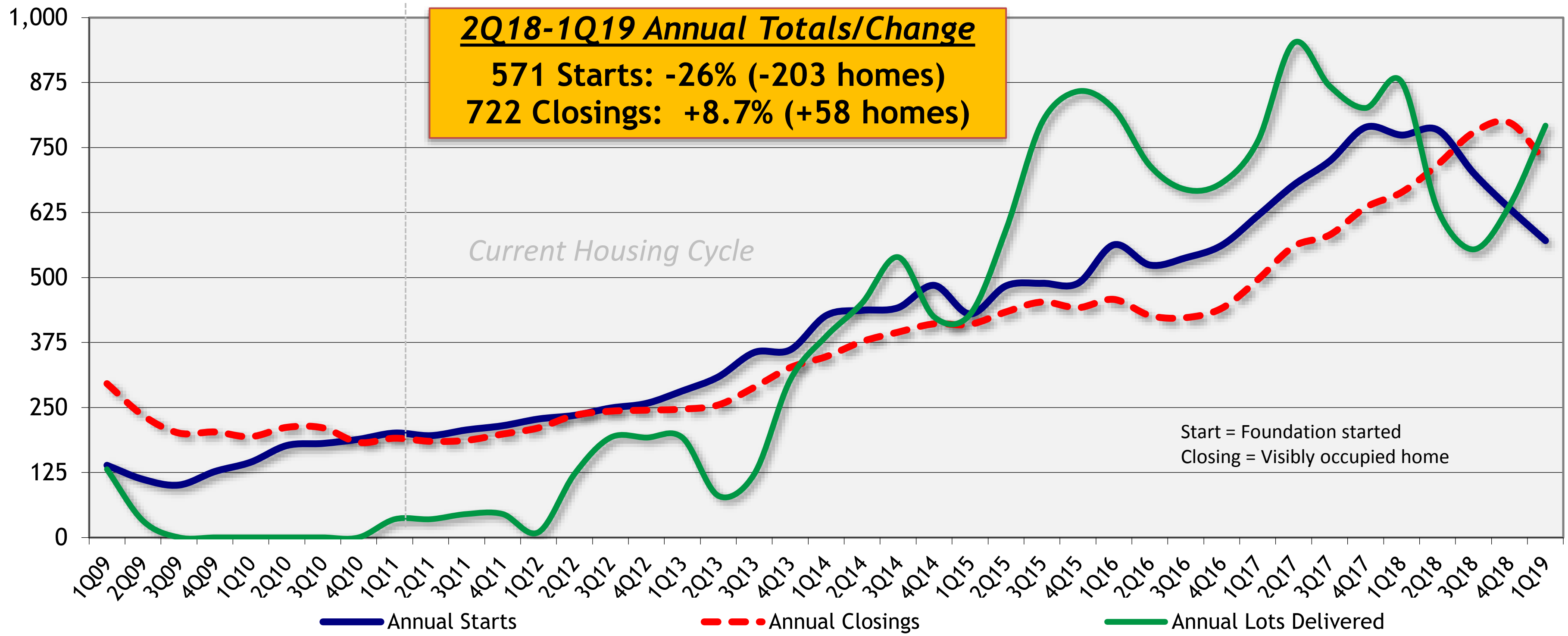
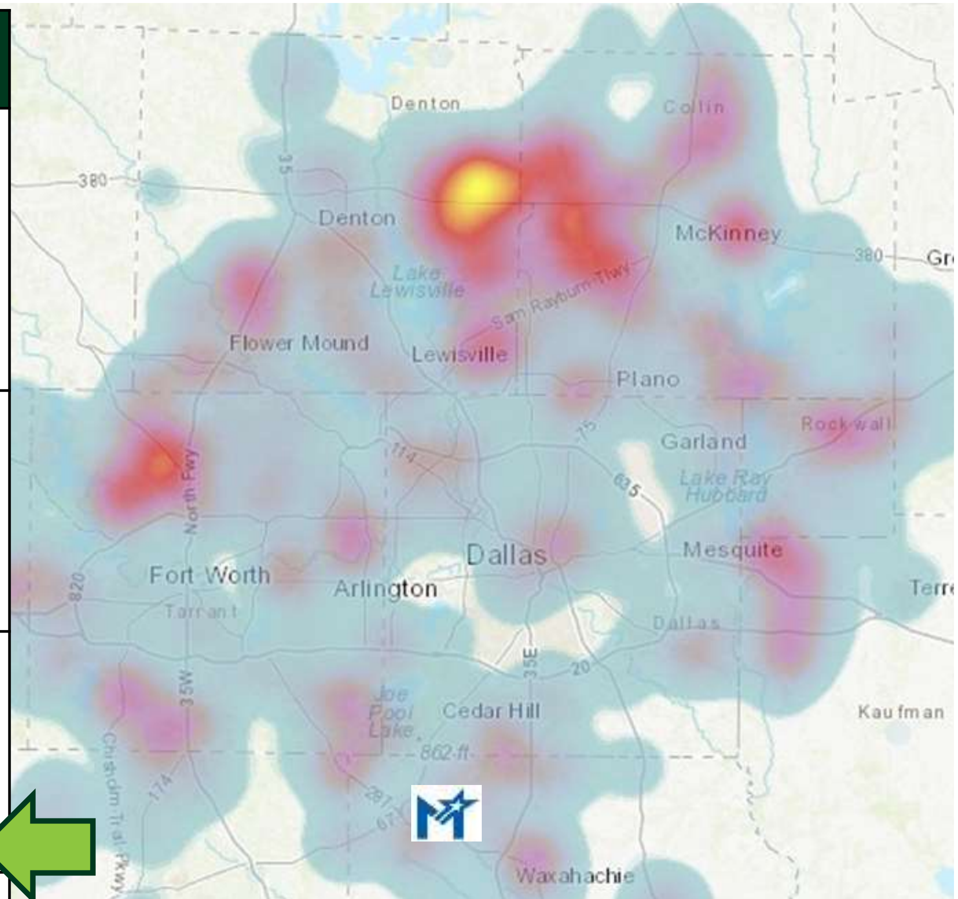
MIDLOTHIAN ISD ANNUAL NEW HOME CONSTRUCTION & NEW LOT DELIVERIES



- As expected, the rate of annual new home starts in MISD has declined due to the build-out of several top producing subdivisions
- 571 annual starts over the past 12 months represents a 26% decline YoY
- Closings have started to level off; however, 722 new homes occupied in the district over the past year is an 8.7% increase YoY
- Developers delivered 792 new single-family residential lots in MISD over the past 12 months

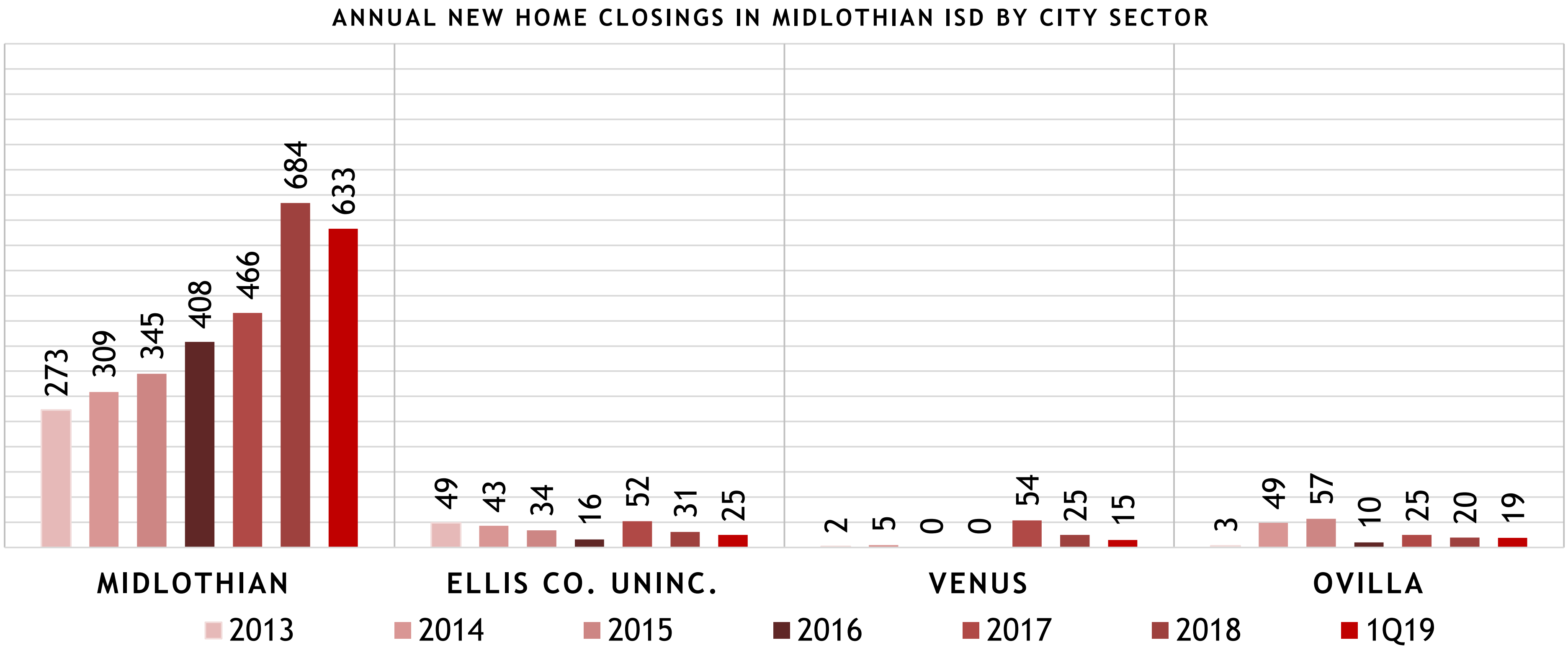
DFW SCHOOL DISTRICT RANKINGS BY NEW HOME CLOSINGS 2Q18-1Q19

Rank	District	Annual Starts	Annual Closings	Median New Home Price
1	Prosper	2,776	2,863	$420,259
2	Denton	2,386	2,250	$330,683
3	Frisco	2,237	2,137	$461,160
4	Northwest	1,808	1,778	$323,214
5	Eagle Mtn.-Saginaw	1,562	1,405	$256,403
6	Little Elm	1,233	1,370	$361,099
7	Forney	1,157	1,334	$260,026
8	Lewisville	1,312	1,216	$438,702
9	Crowley	913	973	$255,183
10	McKinney	744	973	$380,937
11	Dallas	1,006	915	$369,947
12	Rockwall	796	905	$376,040
13	Mansfield	961	869	$394,821
14	Wylie	748	858	$397,885
15	Midlothian	571	722	$384,021
16	Royse City	821	644	$269,375
17	Allen	702	623	$450,891
18	Aledo	535	614	$395,321
19	Plano	504	604	$456,257
20	Waxahachie	587	578	$290,124



- *2Q18-1Q19, Midlothian ISD ranked 15th in total new home closings compared to the other 89 DFW school districts*
- *3rd most active market on the southside of DFW behind Crowley and Mansfield ISD's*

MISD NEW HOME CONSTRUCTION BY CITY SECTOR



- *88% of district closings over the past year occurred in City of Midlothian*

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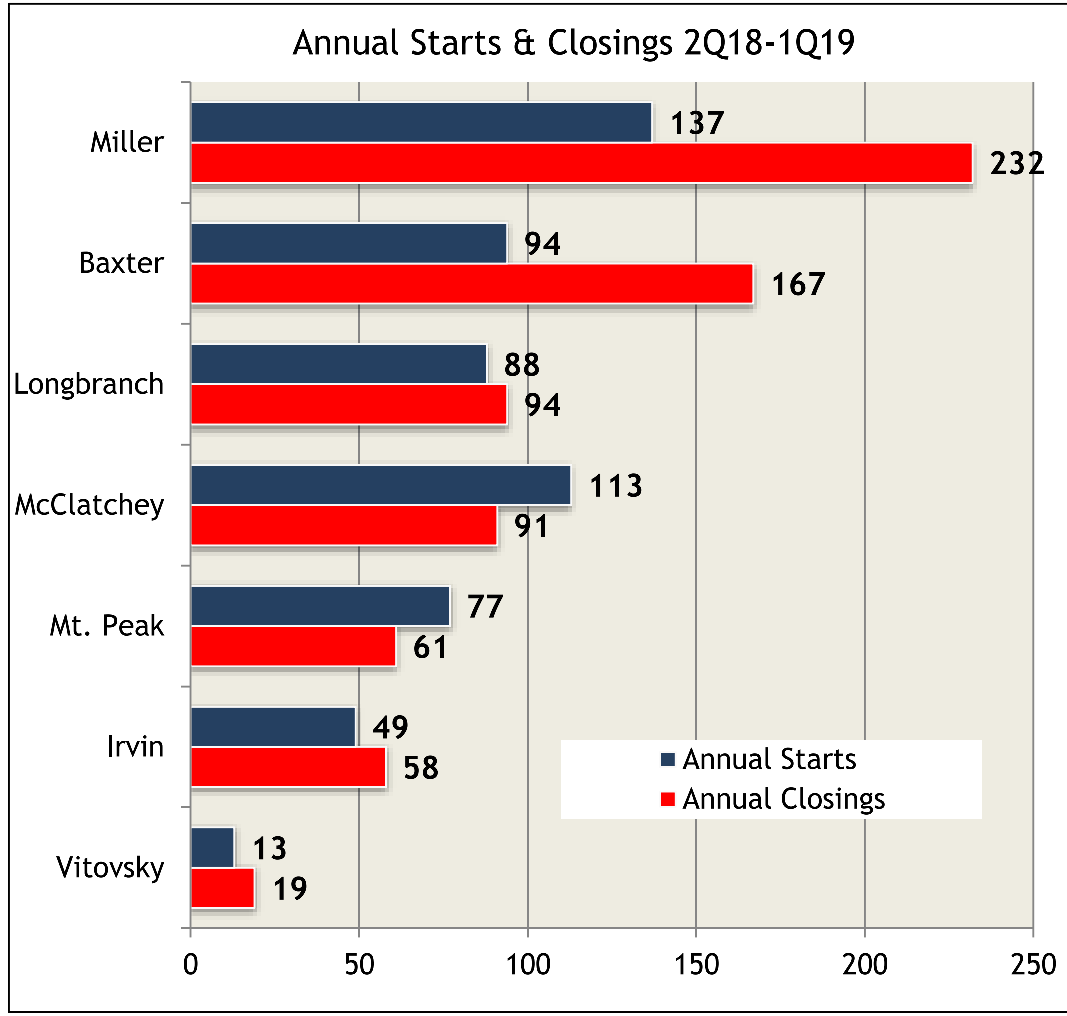
MIDLOTHIAN ISD TOP PRODUCING NEW HOME SUBDIVISIONS 2Q18-1Q19 *(Ranked by Annual Closings)*

Rank	Subdivision	Annual Starts	Annual Closings	Projected Build-Out	Elementary	Middle	High
1	Lawson Farms (All)	86	161	2019	Miller	Frank Seale	Midlothian
2	Windermere Estates	30	83	2019	Baxter	Walnut Grove	Midlothian
3	Kensington Park North	25	50	2019	Baxter	Walnut Grove	Heritage
4	Dove Creek	50	35	2026	Mt. Peak	Frank Seale	Midlothian
5	The Grove	39	32	2026	Baxter	Walnut Grove	Heritage
6	McAlpin Manor	6	32	2020	Miller	Frank Seale	Midlothian
7	Bob White Estates	5	27	2019	Longbranch	Walnut Grove	Heritage
8	Skyview	1	27	2019	Irvin	Frank Seale	Midlothian
9	Four Trees	49	26	2022	McClatchey	Walnut Grove	Heritage
10	Legacy Estates	33	26	2022	Longbranch	Walnut Grove	Heritage
11	Autumn Run	17	21	2023	Irvin	Frank Seale	Midlothian
12	Coventry Crossing	1	20	2023	Mt. Peak	Frank Seale	Midlothian
13	Hillstone Estates	23	20	2020	Miller	Frank Seale	Midlothian
14	Bryson Springs	34	19	2023	McClatchey	Walnut Grove	Heritage
15	Billingsley Farms	1	18	2022	McClatchey	Walnut Grove	Heritage

- 5 of the top 6 producers are in the Baxter and Miller attendance zones
- 6 of the top 8 subdivisions are expected to be built out in 2019/20; activity will be shifting to several new locations over the next two years

MIDLOTHIAN ISD NEW HOME CONSTRUCTION ACTIVITY BY ELEMENTARY ATTENDANCE ZONE

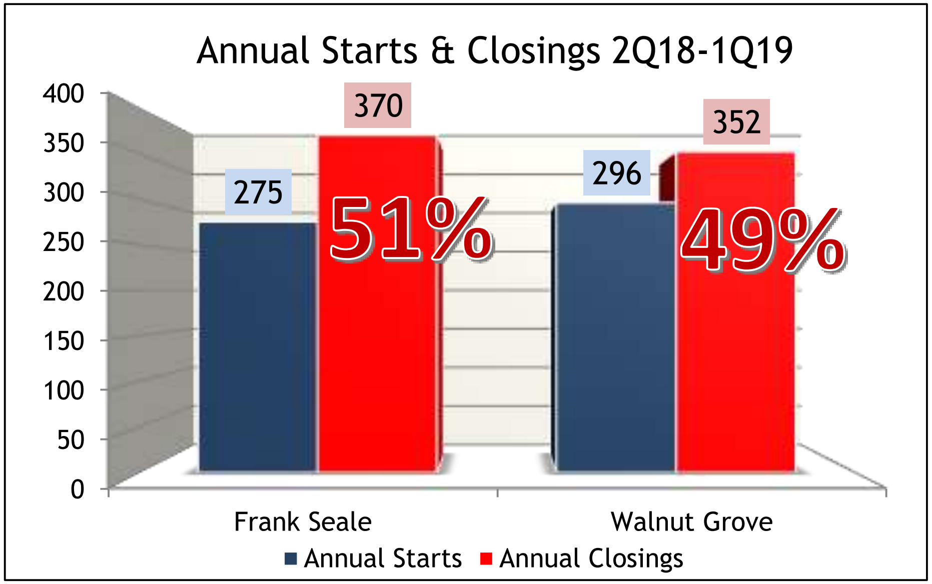
- The Miller ES zone continues to see the most new home activity with 232 closings over the past year
- Baxter ES zone remains the 2nd most active with 167 closings 2Q18-1Q19
- The Longbranch ES zone remains 3rd most active with 94 closings



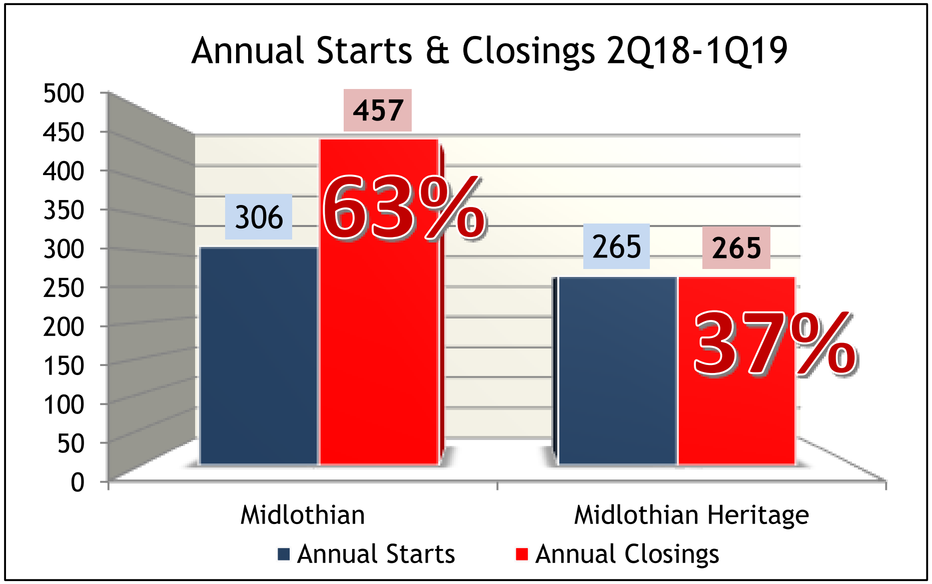
Totals based on recently approved Fall 2019 attendance zones

MIDLOTHIAN ISD NEW HOME CONSTRUCTION ACTIVITY BY MIDDLE AND HIGH SCHOOL ATTENDANCE ZONES

Middle



High



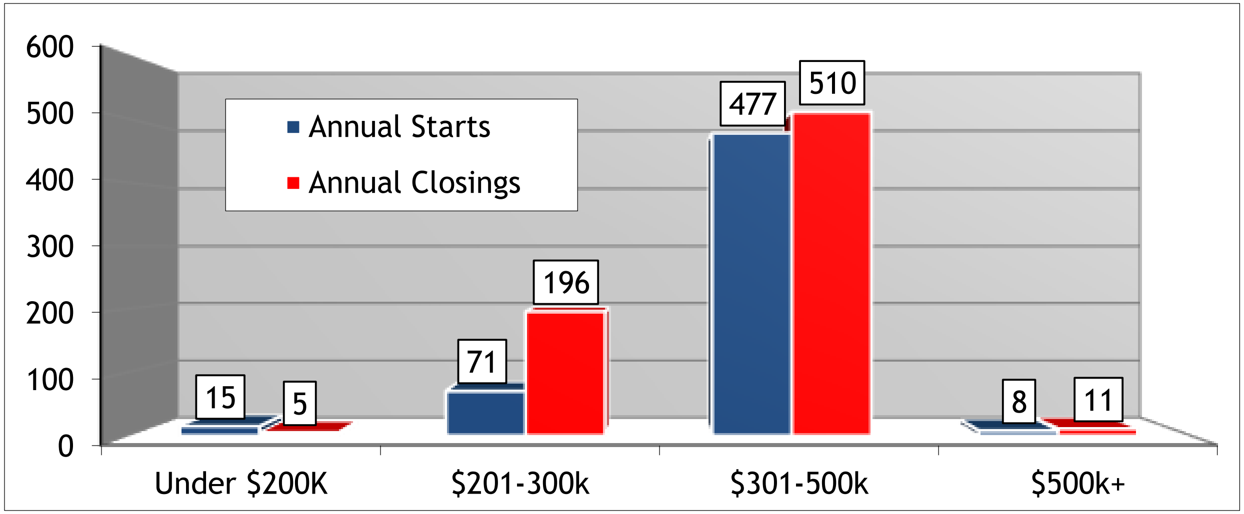
School District Strategies

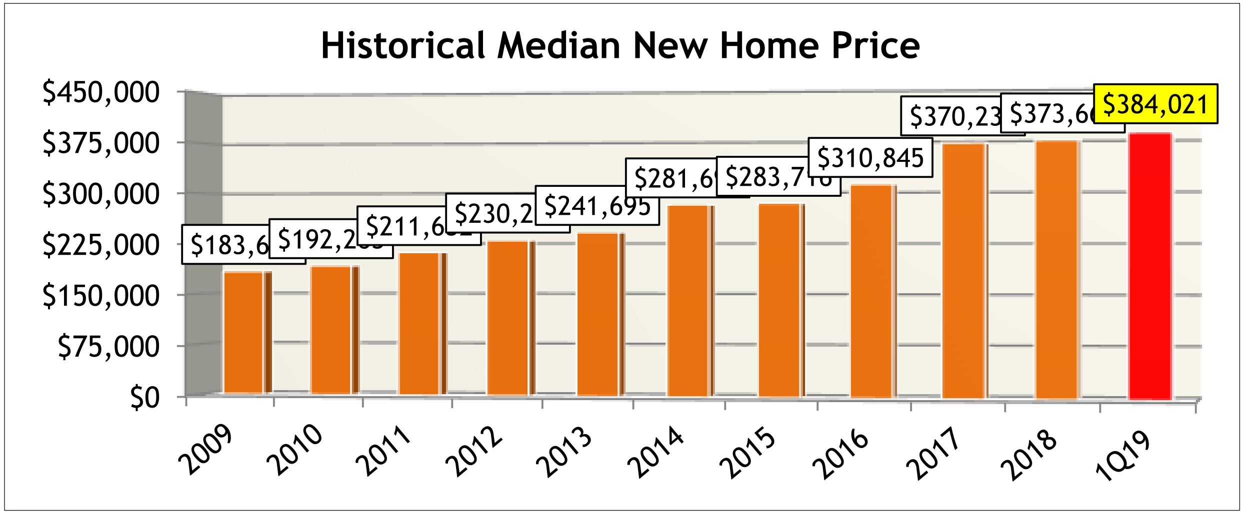
DISTRICT MEDIAN NEW HOME PRICE HISTORY

- 85% of the district's new home starts are located in subdivisions with average base pricing over $300K

- District's median new home price increases to a record <u>$384,021</u> during 2Q18-1Q19 *(+8.3% Y-o-Y)*

- DFW's Median New Home Price now $350,946 *(+1.2% Y-o-Y)*





MIDLOTHIAN ISD
NEW RESIDENTIAL LOTS DELIVERIES & VDL INVENTORY

➢ **339 new lots delivered in 1Q 2019**

Subdivision	Section	Lot Deliveries	Lot Width	Attendance Zones	City
Autumn Run	cp	91	70', 125'	Irvin/Frank Seale/Midlothian	Midlothian
Massey Meadows	1	191	62', 70'	Longbranch/Walnut Grove/Heritage	Midlothian
La Paz Ranch	1	39	150'	Miller/Frank Seale/Midlothian	Midlothian
Dustin Manor (aka Clifton Place)	1	18	70'	Longbranch/Walnut Grove/Heritage	Midlothian

➢ **1,491 vacant developed lots available as of March 31, 2019 (31.3 month supply)**

MIDLOTHIAN ISD
RESIDENTIAL LOTS UNDER DEVELOPMENT

- **496 future lots under development as March 2019**

Subdivision	Section(s)	Lot Width(s)	Lots Under Development	Attendance Zones	City
Summit at Lake Ridge	22-B	130'	33	Vitovsky/Frank Seale/MHS	Cedar Hill
Prairie Ridge	1A, 2B	50', 60'	180	Vitovsky/Frank Seale/MHS	Grand Prairie-South
Britton Riness Addition	1	75'	7	Vitovsky/Frank Seale/MHS	Mansfield
Autumn Run	4	70'	17	Irvin/Frank Seale/MHS	Midlothian
Coventry Crossing	2 & 3	50', 60', 70', 100'	133	Mt. Peak/Frank Seale/MHS	Midlothian
Estates of SomerCrest	cp	100'	29	Miller/Frank Seale/MHS	Midlothian
Patriot Estates	7-MISD	50'	97	Vitovsky/Frank Seale/MHS	Venus

**Blue = New or updated in 1Q19*

MIDLOTHIAN ISD
APARTMENT DEVELOPMENT

➢ <u>613 apartments are under construction in MISD</u>

Name	Total Units	City	Attendance Zones	Status
The Julian at South Pointe	225	Mansfield	Vitovsky/Frank Seale/MHS	Now leasing/Under construction
Mark on Walter Stephenson (Previously “The Mark”)	236	Midlothian	Irvin/Frank Seale/MHS	Under construction
Padera Lakeside Villas	152	Midlothian	Vitovsky/Frank Seale/MHS	Under development

**Blue = New or updated in 1Q19*

Aerial Photos
April 4, 2019

BRYSON MANOR

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BRYSON SPRINGS

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MOCKINGBIRD SPRINGS

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FOUR TREES

MASSEY MEADOWS

Potential Builders:
Antares
J. Houston
Bloomfield

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THE GROVE

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ESTATES/VILLAS OF SOMERCREST & MISD MIDDLE SCHOOL #3 SITE

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MIDTOWNE

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MARK APARTMENTS/SKYVIEW DUPLEXES

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HAWKINS MEADOW

Builders:
Gehan
First Texas

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AUTUMN RUN

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LAWSON FARMS (South Side)

School District Strategies

HILLSTONE ESTATES

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THOMAS TRAIL ESTATES

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COVENTRY CROSSING / DOVE CREEK

LA PAZ RANCH

LA PAZ RANCH

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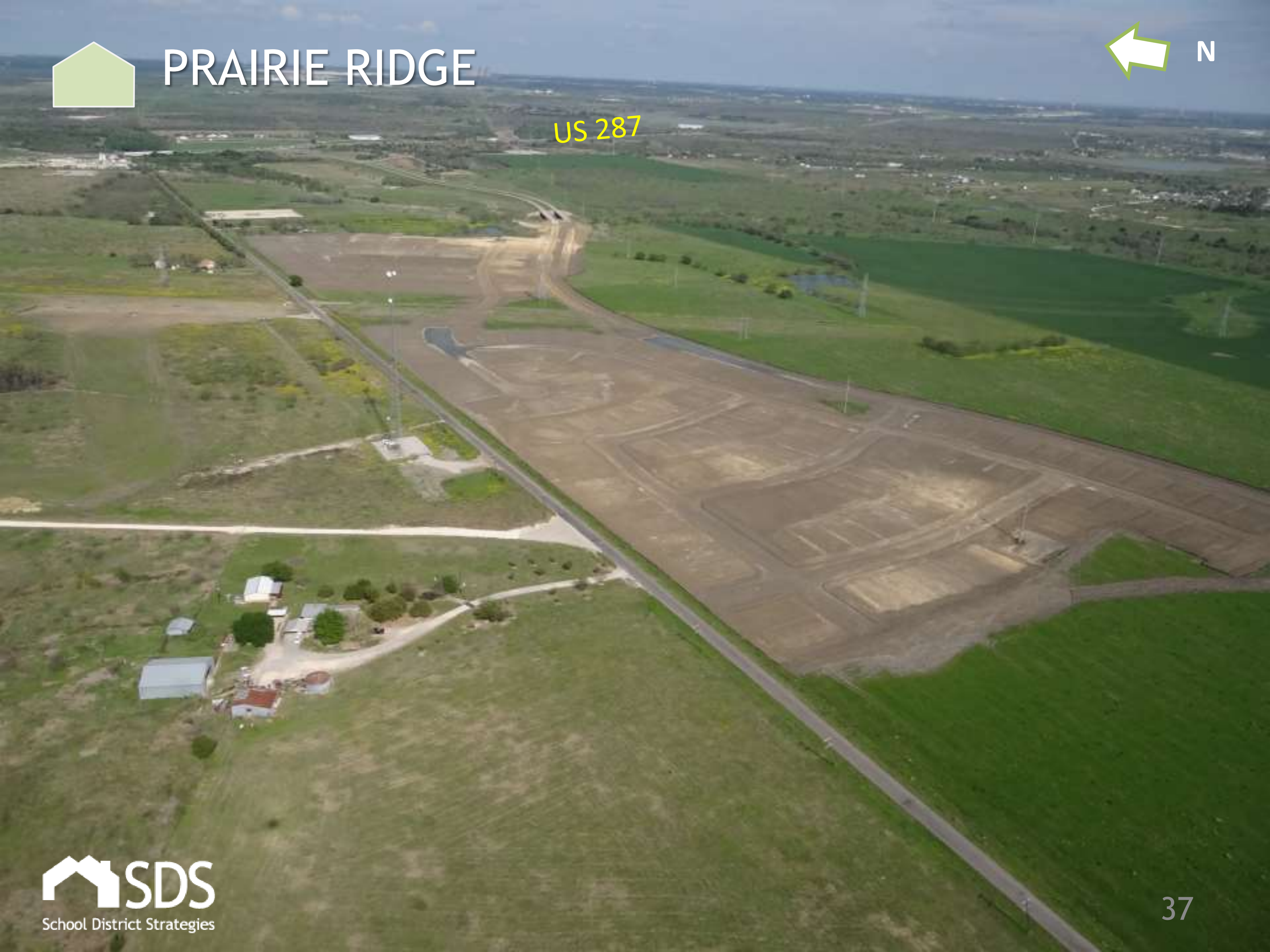
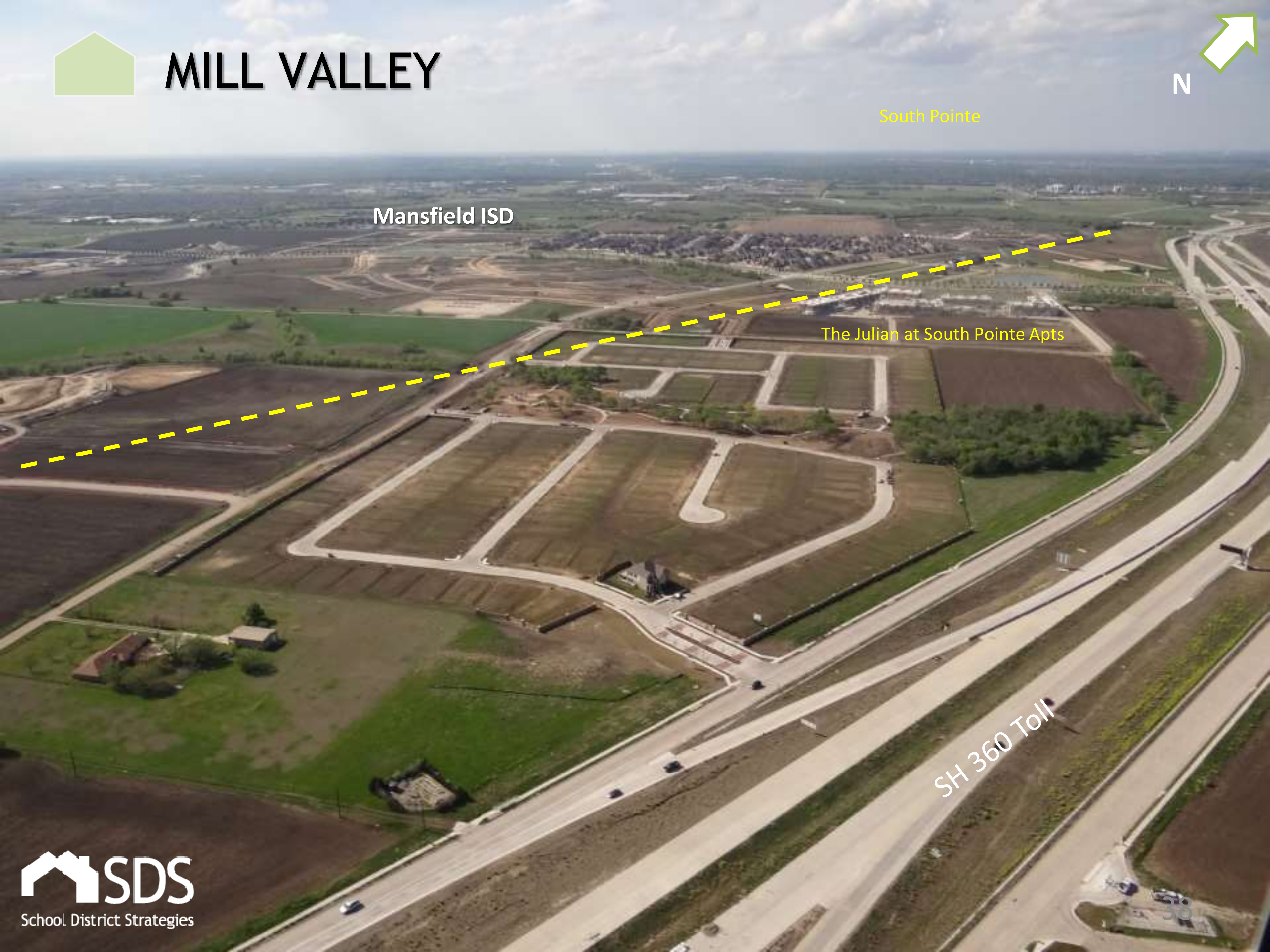
PRAIRIE RIDGE



MILL VALLEY



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MISD PROPOSED RESIDENTIAL PROJECTS
(not currently active/under development)

Baxter ES Zone:
- Redden Farms (793 lots)

Longbranch ES Zone:
- Diamond J Ranch (+/- 2,700 lots)
- Hayes Crossing (330 lots)
- Mockingbird Farms (4 lots)
- Shady Valley Estates (115 lots)
- Wind Ridge (182 lots)
- Sagebrush (68 lots)

Mt. Peak ES Zone:
- Brandi Ridge (105 lots)
- Southpointe (aka Z28-2018-142): 72 lots
- Jordan Run Ph. 4 (75 lots)

Irvin ES Zone:
- Z11-2015-48 (67 lots)

McClatchey ES Zone:
- Stonewood Lake Estates (143 lots)
- Azalea Hollow (formerly Wilson Crossing): 111 lots

Vitovsky ES Zone:
- Windsor Hills (Ellis Co. FWSD No. 2) – 527 lots
- Lakeview Hills (4,077 lots)
- Greenway Trails (D.R. Horton): 611 lots
- Highland Meadows (881 lots)
- Cottonwood Creek (325 lots)
- Padera Residential – 214 50's & 70's
- South Pointe (Ph. 8A) – split with Mansfield ISD

**Blue = New or updated in 1Q19*

MIDLOTHIAN ISD RESIDENTIAL LOT INVENTORY BY ELEM. ZONE

Attendance Zone	Annual Starts	Developed Lots Remaining (VDL)	Future & Prelim Planned Single Family Lots	Planned Future Apartment Units
Baxter	94	49	969	0
Irvin	49	241	615	236
Longbranch	88	311	3,639	0
McClatchey	113	165	340	0
Miller	137	257	36	0
Mt. Peak	77	156	650	0
Vitovsky	13	312	8,165	425
Total	**571**	**1,491**	**14,414**	**661**

VDL = Vacant developed lot (i.e. a fully developed lot w/ a paved street in front of it)

Future = Lots from subdivisions with approved final plats; could be raw land or currently under development

Prelim = Lots from projects currently at the preliminary platting stage or conceptual design stage

SDS School District Strategies

MIDLOTHIAN ISD RESIDENTIAL LOT INVENTORY BY MIDDLE AND HIGH SCHOOL ZONE

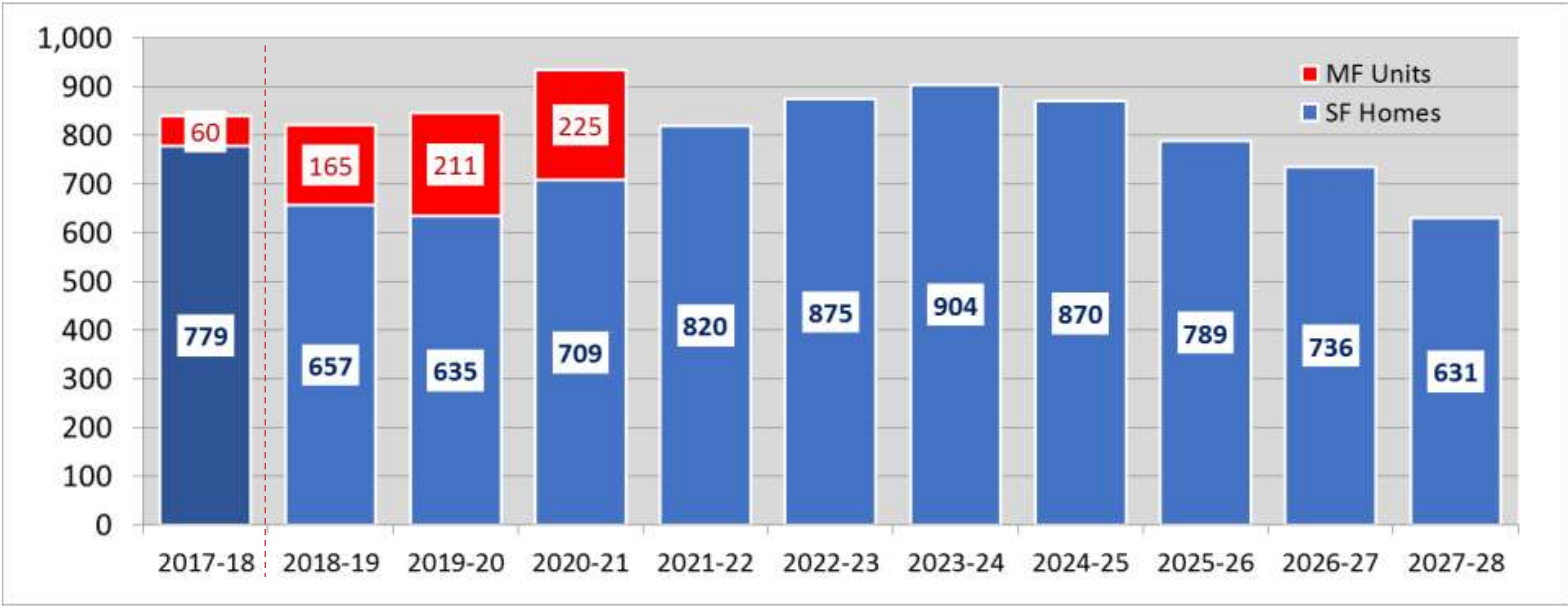
Middle School Attendance Zone

Attendance Zone	Annual Starts	Developed Lots Remaining (VDL)	Future & Prelim Planned Single Family Lots	Planned Future Apartment Units
Frank Seale	275	966	4,688	661
Walnut Grove	296	525	9,726	0
Total	**571**	**1,491**	**14,414**	**661**

High School Attendance Zone

Attendance Zone	Annual Starts	Developed Lots Remaining (VDL)	Future & Prelim Planned Single Family Lots	Planned Future Apartment Units
Midlothian	306	966	10,478	661
Heritage	265	525	3,936	0
Total	**571**	**1,491**	**14,414**	**661**

MIDLOTHIAN ISD NEW HOME CONSTRUCTION CLOSINGS FORECAST FALL 2019-2028 (MODERATE SCENARIO)



Annual periods represent 4Q-3Q

- The pace of annual new home occupancies is projected to slow down over the next two years as popular subdivisions build-out and new lots are delivered
- Under the Moderate Scenario, MISD is projected to average 739 new home closings per year over the next 5 years and could produce approximately 3,700 total new homes by Fall 2023
- Planned apartment developments are expected to be constructed and leased out by 2022

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MISD RESIDENTIAL STUDENT YIELDS

- Single-family (SF) homes in the district typically average of 0.73 students per home (includes built-out subdivisions)

➢ Currently active new home subdivisions are producing an average of 0.75 students per home with a higher yield at the elementary and middle school levels *(0.37 ES, 0.19 MS, 0.19 HS)*

Attendance Level	2015 SF Yield	2016 SF Yield	2017 SF Yield	2018 SF Yield
PK-5th	0.32	0.36	0.36	0.34
6th-8th	0.18	0.18	0.17	0.17
9th-12th	0.23	0.24	0.24	0.22
District	**0.74**	**0.78**	**0.77**	**0.73**

- *In 2018, district apartment units are yielding an average of 0.31 students per unit*
  - ➢ *2017 = 0.34*
  - ➢ *2016 = 0.32*
  - ➢ *2015 = 0.30*

*Results based on Fall 2018 geo-coding and September 30, 2018 occupied homes count

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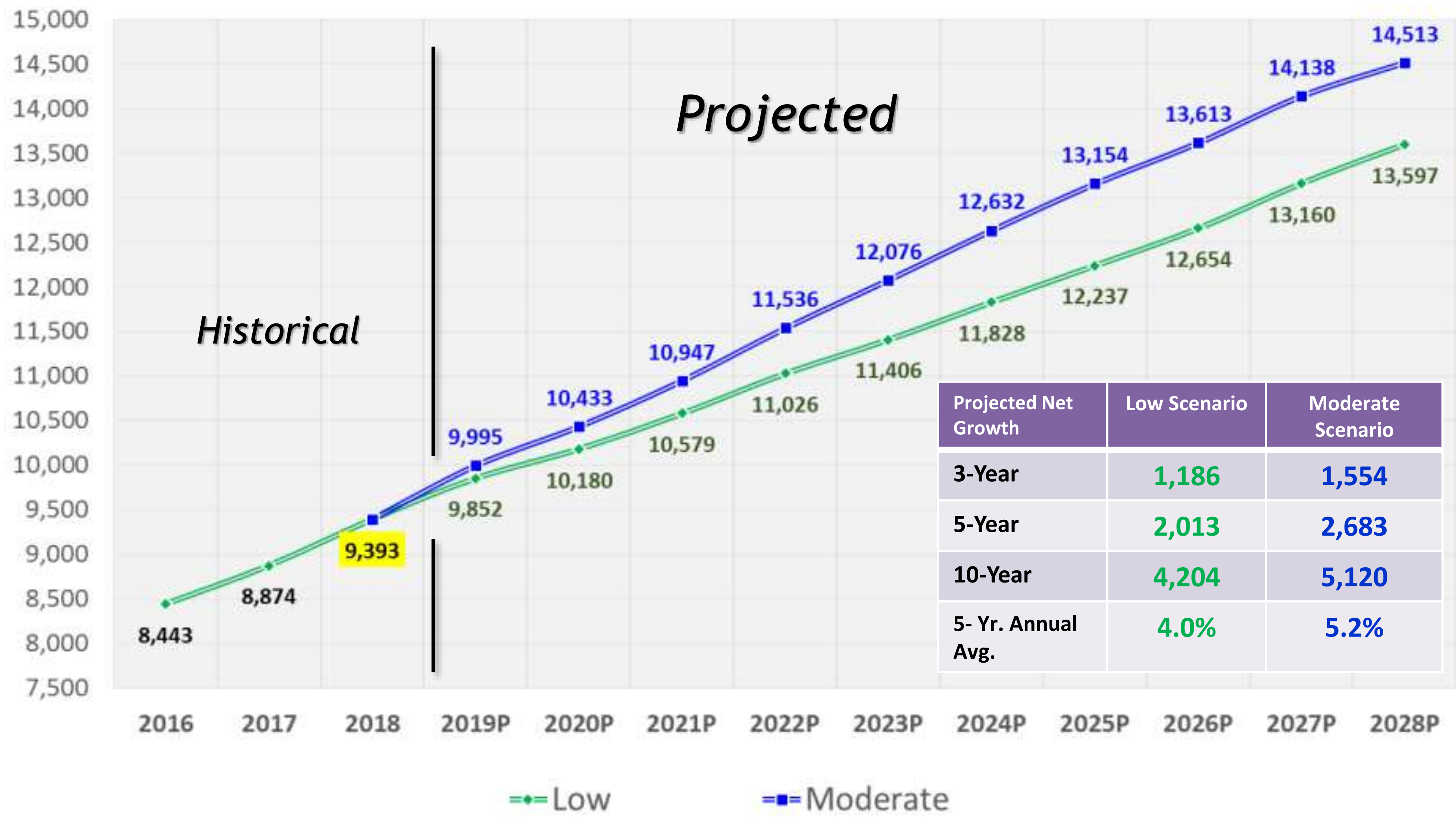
MIDLOTHIAN ISD 10-YEAR ENROLLMENT PROJECTIONS



Projected Net Growth	Low Scenario	Moderate Scenario
3-Year	1,186	1,554
5-Year	2,013	2,683
10-Year	4,204	5,120
5- Yr. Annual Avg.	4.0%	5.2%

ELEMENTARY CAMPUS PROJECTIONS VS. CAPACITY

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Midlothian ISD - Campus Projections (Moderate Scenario)	Historical	Projected Fall Snapshot Enrollment (1Q19) DRAFT									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Baxter Elementary		*Campus Capacity = 750*									
Total Enrollment	631	566	587	591	610	642	678	714	743	787	811
Capacity Utilization	84%	75%	78%	79%	81%	86%	90%	95%	99%	105%	108%
Space Remaining	119	184	163	159	140	108	72	36	7	-37	-61
Irvin Elementary		*Campus Capacity = 750*									
Total Enrollment	338	640	669	715	742	752	780	795	791	789	790
Capacity Utilization	45%	85%	89%	95%	99%	100%	104%	106%	105%	105%	105%
Space Remaining	412	110	81	35	8	-2	-30	-45	-41	-39	-40
Longbranch Elementary		*Campus Capacity = 750*									
Total Enrollment	594	636	680	734	827	907	978	1,039	1,106	1,169	1,205
Capacity Utilization	79%	85%	91%	98%	110%	121%	130%	139%	147%	156%	161%
Space Remaining	156	114	70	16	-77	-157	-228	-289	-356	-419	-455
Miller Elementary		*Campus Capacity = 750*									
Total Enrollment	718	683	692	692	697	704	707	712	714	715	714
Capacity Utilization	96%	91%	92%	92%	93%	94%	94%	95%	95%	95%	95%
Space Remaining	32	67	58	58	53	46	43	38	36	35	36
Mt. Peak Elementary		*Campus Capacity = 750*									
Total Enrollment	733	692	740	774	822	861	881	898	911	920	926
Capacity Utilization	98%	92%	99%	103%	110%	115%	117%	120%	121%	123%	123%
Space Remaining	17	58	10	-24	-72	-111	-131	-148	-161	-170	-176
Vitovsky Elementary		*Campus Capacity = 750*									
Total Enrollment	654	662	720	771	843	926	1,034	1,168	1,294	1,428	1,550
Capacity Utilization	87%	88%	96%	103%	112%	123%	138%	156%	173%	190%	207%
Space Remaining	96	88	30	-21	-93	-176	-284	-418	-544	-678	-800
McClatchey Elementary		*Campus Capacity = 750*									
Total Enrollment	635	660	694	715	726	742	751	758	765	773	776
Capacity Utilization	85%	88%	93%	95%	97%	99%	100%	101%	102%	103%	103%
Space Remaining	115	90	56	35	24	8	-1	-8	-15	-23	-26
Elementary Totals		*Total Elementary Capacity = 5,250*									
Total Enrollment	4,303	4,539	4,782	4,992	5,267	5,534	5,809	6,084	6,324	6,581	6,772
Capacity Utilization	82%	86%	91%	95%	100%	105%	111%	116%	120%	125%	129%
Space Remaining	947	711	468	258	-17	-284	-559	-834	-1,074	-1,331	-1,522

Proposed additional capacity

MIDDLE AND HIGH SCHOOL CAMPUS PROJECTIONS VS. CAPACITY

Midlothian ISD - Campus Projections (Moderate Scenario)	Historical 2018/19	Projected Fall Snapshot Enrollment (1Q19) DRAFT 2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Frank Seale Middle		*Campus Capacity = 1,200*									
Total Enrollment	1,168	1,244	1,322	1,367	1,385	1,438	1,470	1,516	1,540	1,568	1,594
Capacity Utilization	97%	104%	110%	114%	115%	120%	123%	126%	128%	131%	133%
Space Remaining	32	-44	-122	-167	-185	-238	-270	-316	-340	-368	-394
Walnut Grove Middle		*Campus Capacity = 1,200*									
Total Enrollment	1,121	1,176	1,186	1,246	1,255	1,324	1,349	1,442	1,536	1,599	1,654
Capacity Utilization	93%	98%	99%	104%	105%	110%	112%	120%	128%	133%	138%
Space Remaining	79	24	14	-46	-55	-124	-149	-242	-336	-399	-454
Middle School Totals		*Total Middle School Capacity = 2,400*									
Total Enrollment	2,289	2,420	2,508	2,613	2,640	2,762	2,819	2,958	3,076	3,167	3,248
Capacity Utilization	95%	101%	105%	109%	110%	115%	117%	123%	128%	132%	135%
Space Remaining	111	-20	-108	-213	-240	-362	-419	-558	-676	-767	-848
Heritage High		*Campus Capacity = 1,100*									
Total Enrollment	970	1,039	1,086	1,137	1,173	1,187	1,224	1,254	1,306	1,381	1,420
Capacity Utilization	88%	94%	99%	103%	107%	108%	111%	114%	119%	126%	129%
Space Remaining	130	61	14	-37	-73	-87	-124	-154	-206	-281	-320
Midlothian High		*Campus Capacity = 2,500*									
Total Enrollment	1,831	1,996	2,057	2,205	2,456	2,593	2,779	2,858	2,907	3,009	3,073
Capacity Utilization	73%	80%	82%	88%	98%	104%	111%	114%	116%	120%	123%
Space Remaining	669	504	443	295	44	-93	-279	-358	-407	-509	-573
High School Totals		*Total High School Capacity = 3,600*									
Total Enrollment	2,801	3,035	3,143	3,342	3,629	3,780	4,003	4,112	4,213	4,390	4,493
Capacity Utilization	78%	84%	87%	93%	101%	105%	111%	114%	117%	122%	125%
Space Remaining	799	565	457	258	-29	-180	-403	-512	-613	-790	-893
District Totals (PK-12)		*Total District Capacity = 11,250*									
Total Enrollment	**9,393**	**9,995**	**10,433**	**10,947**	**11,536**	**12,076**	**12,632**	**13,154**	**13,613**	**14,138**	**14,513**
Capacity Utilization	**83%**	**89%**	**93%**	**97%**	**103%**	**107%**	**112%**	**117%**	**121%**	**126%**	**129%**
Space Remaining	**1,857**	**1,255**	**817**	**303**	**-286**	**-826**	**-1,382**	**-1,904**	**-2,363**	**-2,888**	**-3,263**
OVER 100% OF CAMPUS CAPACITY											
Annual Chg.	*519*	*602*	*438*	*514*	*589*	*540*	*556*	*523*	*458*	*525*	*375*
% Growth	*5.8%*	*6.4%*	*4.4%*	*4.9%*	*5.4%*	*4.7%*	*4.6%*	*4.1%*	*3.5%*	*3.9%*	*2.7%*

Proposed additional capacity

Midlothian ISD

1Q 2019 Demographics Summary

- Enrollment growth continues as demand for new homes in the district remains strong
- 722 new homes occupied over the past 12 months (+8.7% vs. same period last year)
- New home starts in MISD have trended down over the past 9 months as the local market transitions to the next generation of lots in new phases and subdivisions (571 total starts 2Q18-1Q19; -26% YoY)
- 88% of new construction occurred in the City of Midlothian portion of the district over past year
- 5 of the top 6 producing subdivisions are located in the Baxter and Miller ES zones
- 51% of new construction occurred in the Frank Seale MS zone
- 2Q18-1Q19, the Midlothian HS zone produced 63% of the district's new home closings
- District's median new home price climbed to a record $384K (DFW's median new home price = $351K)
- Developers delivered 792 new single-family (SF) lots in MISD 2Q18-1Q19 (including 339 in 1Q19)
- 1,491 vacant SF lots were available at the end of March 2019
- 496 future SF lots are currently under development in the district
- Developers are planning another 13,918 future SF lots plus 613 apartment units
- MISD could see 3,700 new homes occupied over the next 5 years (avg. of 739 closings per year)
- Active subdivisions have been yielding an average of 0.75 students per new home closing
- Residential construction and development projected to drive MISD enrollment growth up by an average of 5.2% annually over the next 5 years
- District enrollment projected to surpass 10,000 students in 2019/20 and continue to expand by almost 2,700 students over the next 5 years and by over 5,100 students over the next 10 years
- Fall 2023 projected enrollment = 12,076
- Fall 2028 projected enrollment = 14,513

School District Strategies

SDS

Solutions Through Demographics

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The following contingencies and limiting conditions are noted as fundamental assumptions that may affect the accuracy or validity of the analysis and conclusions set forth in this report. Specifically, the parties assume: that the Dallas/Fort Worth metropolitan area, the State of Texas, and the nation as a whole will not suffer any major economic shock during the time period of the forecast contained in this report; that general population levels will continue to increase at or above the rate forecast; that the public and third party sources of statistical data and estimates used in this analysis are accurate and complete in all material respects, and that such information is a reasonable resource for project planning purposes; the proposed real estate development projects described herein, when completed, will be designed, promoted, and managed in a manner that will have an impact on the local market that is reasonably consistent with other similar projects in the past; and that the recommendations set forth in this report will be acted upon within a reasonable period of time to preclude major changes in the factual conditions evaluated.