



# Denton Independent School District

## Residential Growth Report 1st Quarter 2009

June 23, 2009



Paloma Creek South

Paloma Creek North



Cross Oak Ranch  
Elementary



Preserve @ Pecan Creek



Cross Oak Ranch





# Current DFW Market Conditions

- 4Qtr 2008 saw an accumulation of unsold housing inventory
  - Consumer confidence rocked by melt down of credit and equities markets, official proclamation of a severe recession
  - Cancellations on sales from Summer, 2008 were especially pronounced in November & December
  - Builders entered 2009 with little momentum or backlog
- Progressively better traffic and sales during Spring; buyer behavior closely tracks performance of stock market in March
- Last 5-6 weeks have been solid, new home starts should be higher in April
- Starts were off in 1Qtr 2009 as builders focused on selling finished inventory for much of the quarter
- Closings outpacing starts by 5,500+ units per year
- Housing inventory greatly reduced
- *Market Drivers*
  - \$8,000 tax credit and historically low interest rates getting many new buyers off sidelines
  - Primary drag to demand is spiking layoffs. Federal Reserve projecting 2009 job loss likely will exceed that of 2001 in DFW







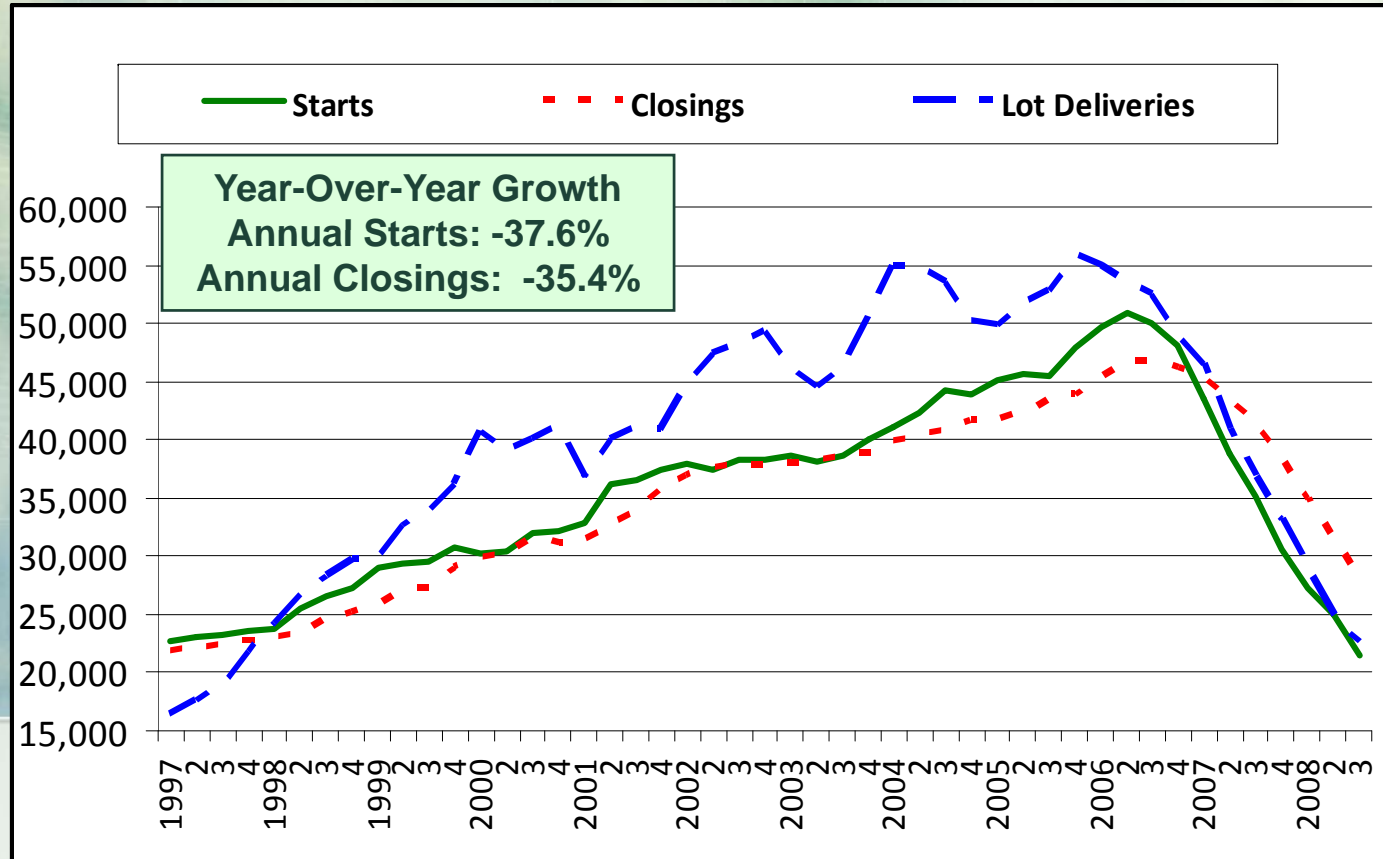
## DFW Housing Vital Signs 1<sup>st</sup> Qtr 2009

	<u>Dallas</u>	<u>Ft. Worth</u>	<u>DFW</u>
\$ Vol. Starts (Billions)	\$2.80	\$1.60	\$4.40
Median Home Price	\$225K	\$187K	\$208K
Annual Starts	10,365	6,654	17,019
Annual Closings	14,084	8,524	22,608
U/C Home Inventory	2,427	1,424	3,851
Month Supply	2.07	2.00	2.04
FV Home Inventory	4,259	2,173	6,432
Month Supply <sup>(1)</sup>	3.63	3.06	3.41
Vacant Lots	60,595	33,006	93,601
Month Supply <sup>(2)</sup>	70.2	59.5	66.0
Lots Under Development	5,045	2,846	7,891

(1) 2.5 mos. is considered equilibrium (2) 24 mos. is considered equilibrium



# DFW Activity



## DFW Annual Starts, Closings & Lot Deliveries

Year-Over-Year Change In Annual Starts By Price Point	
<b>&lt;\$150K</b>	
1Q08	5,500
1Q09	3,161
Change	-2,339
% Change	-42.5%
<b>\$151-200K</b>	
1Q08	7,750
1Q09	4,877
Change	-2,873
% Change	-37.1%
<b>\$201-300K</b>	
1Q08	6,955
1Q09	5,123
Change	-1,832
% Change	-26.3%
<b>\$301K+</b>	
1Q08	7,084
1Q09	3,858
Change	-3,226
% Change	-45.5%



DFW Market  
Annual Starts

# Top Area Builder Activity

2<sup>nd</sup> Qtr 06 (Market Peak)

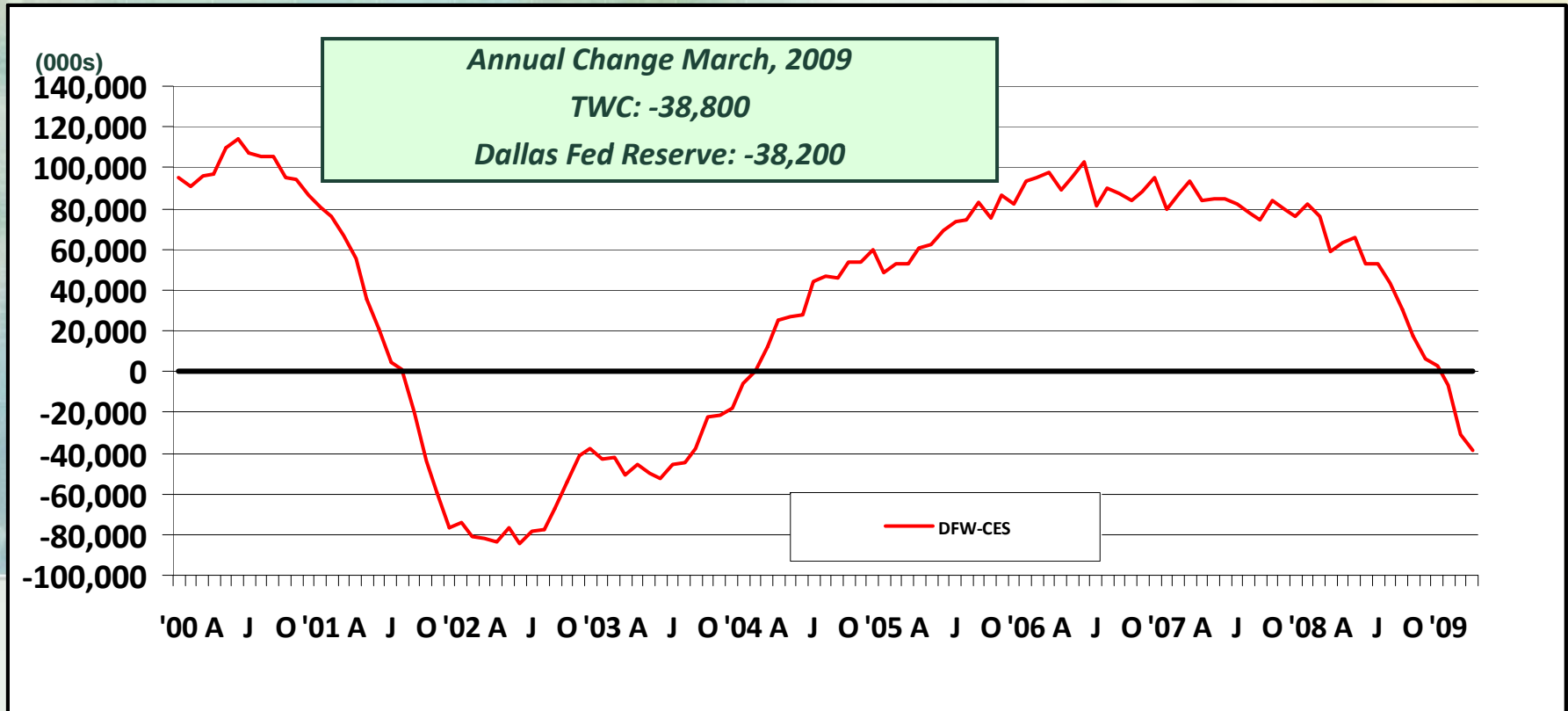
1<sup>st</sup> Qtr 2009

1. DR Horton	5,772
2. Centex	2,960
3. Lennar	2,874
4. Highland	2,464
5. Choice	1,757
6. Pulte	1,591
7. Meritage	1,581
8. David Weekley	1,497
9. First Texas	1,453
10. K. Hovnanian	1,359

1. DR Horton	1,796
2. Meritage	1,061
3. Centex	725
4. Highland	663
5. K. Hovnanian	530
6. David Weekley	511
7. History Maker	509
8. First Texas	503
9. Choice	492
10. Lennar	457



# DFW Total Employment (TWC) = 2,937,100 (-1.30% Annual Growth Rate)



Source: TWC

## DFW Non-Agriculture Annual Net Employment Growth

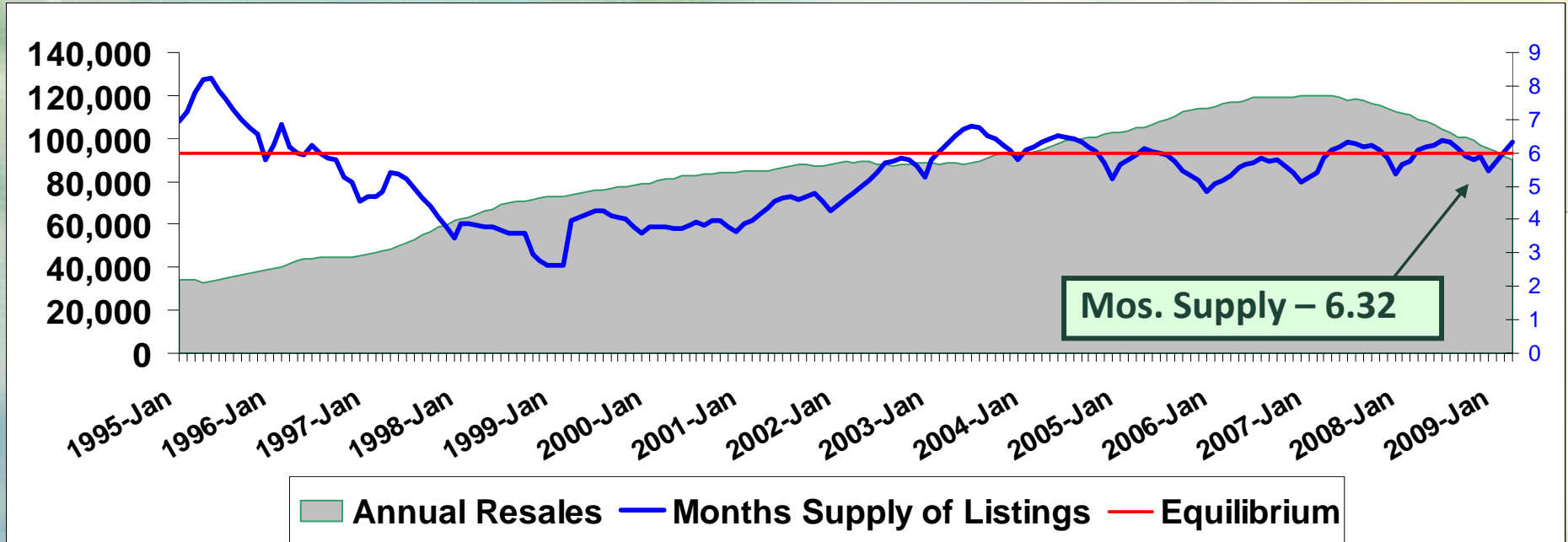


# Annual Resale Rate

(3/09) 90,000 Down 17.2% vs. 1 Year Ago

Mos Supply Listings

Annual Re-sales



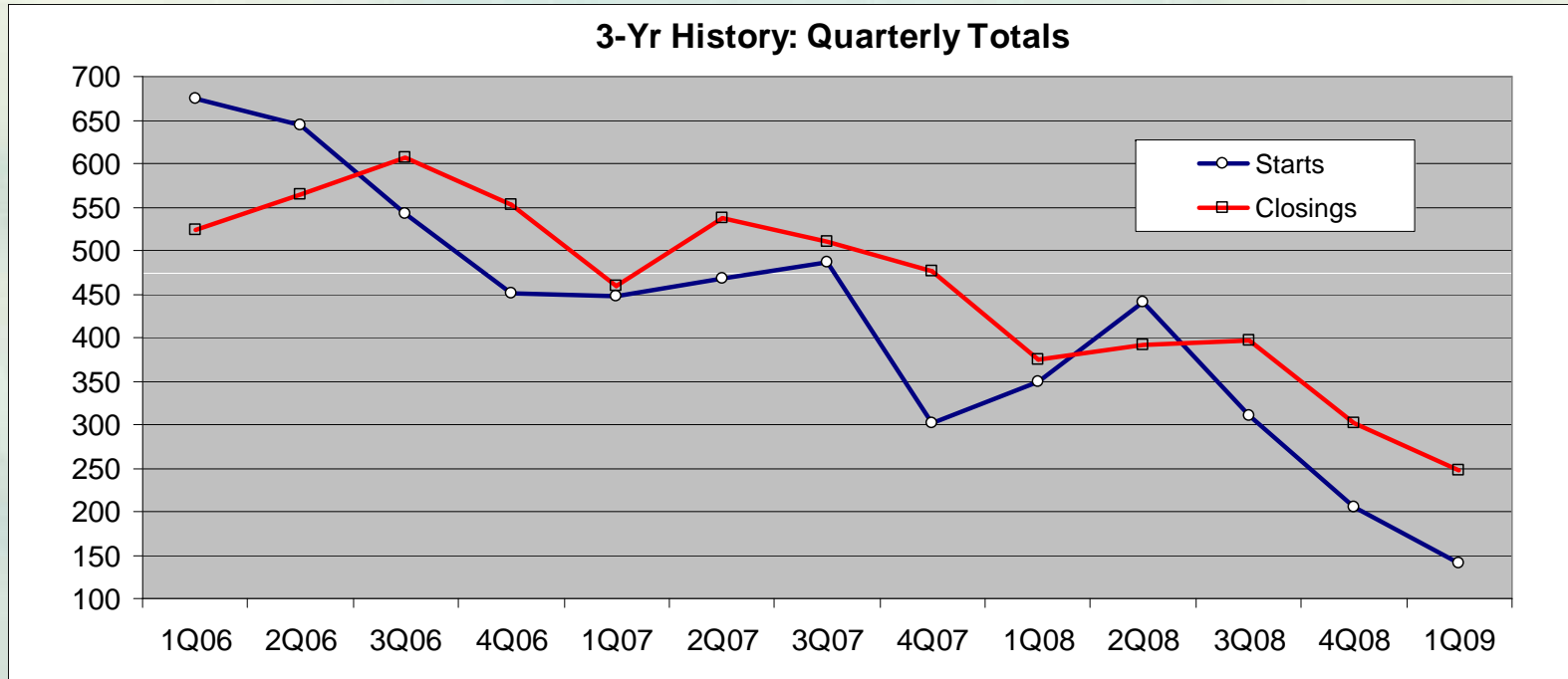
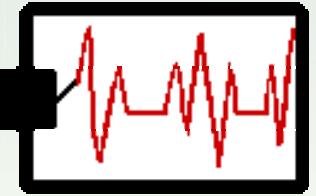
Source: Texas A&M Real Estate Center

Compilation of MLS: Dallas, Ft. Worth, Irving, NE Tarrant, Collin Co., Denton Co., Arlington, Garland

## DFW Resales & Listings



# Denton ISD New Housing Activity



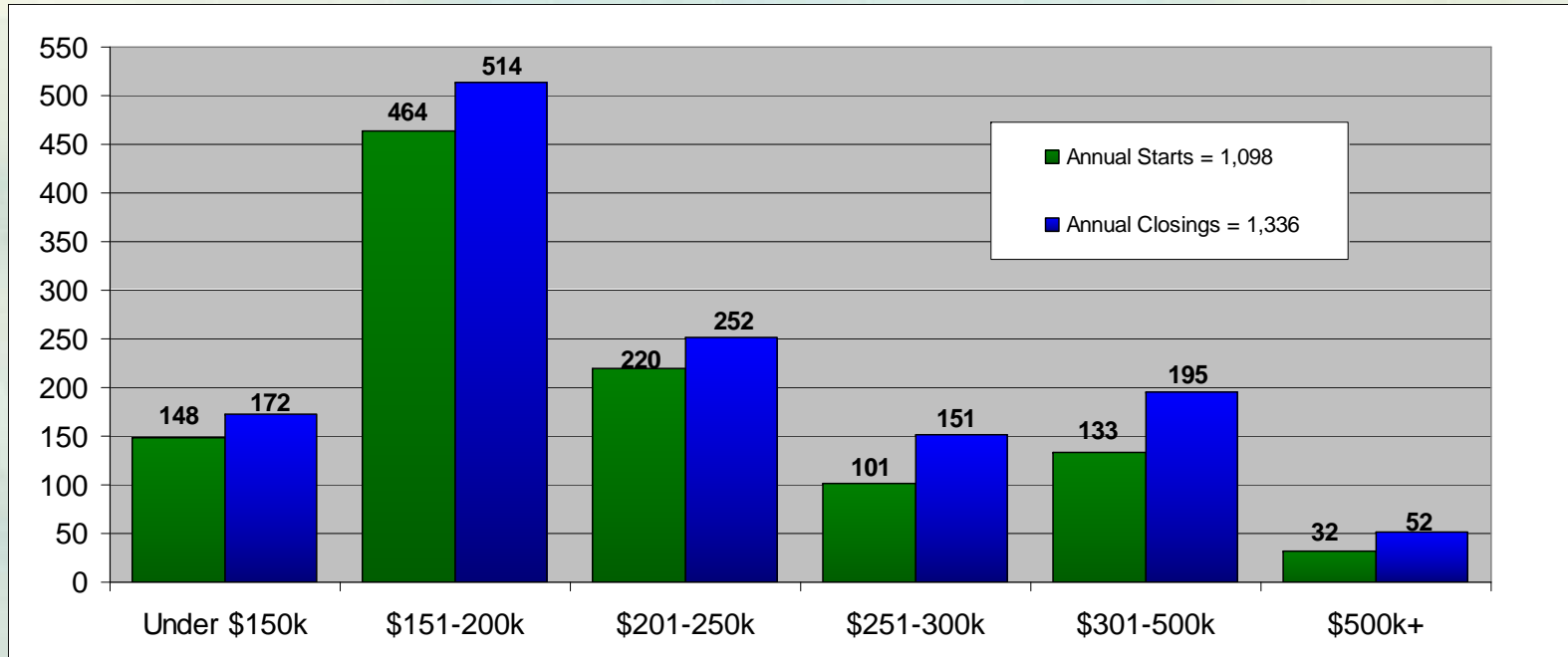
Starts	2003	2004	2005	2006	2007	2008	2009
1Q	404	609	479	674	447	350	141
2Q	648	805	639	644	468	441	
3Q	572	782	712	542	486	311	
4Q	680	387	512	451	301	205	
<b>Total</b>	<b>2,304</b>	<b>2,583</b>	<b>2,342</b>	<b>2,311</b>	<b>1,702</b>	<b>1,307</b>	<b>141</b>

Closings	2003	2004	2005	2006	2007	2008	2009
1Q	356	510	520	523	459	374	247
2Q	497	639	551	565	537	391	
3Q	589	751	746	606	510	397	
4Q	580	616	589	552	476	301	
<b>Total</b>	<b>2,022</b>	<b>2,516</b>	<b>2,406</b>	<b>2,246</b>	<b>1,982</b>	<b>1,463</b>	<b>247</b>





# Price Range Analysis & Lot Supply



- Annual Average Start Price \$229,590
- Annual Median Start Price \$193,347
- 1Q09 Average Start Price \$240,539
- Vacant Lot Supply 4,204 lots (45.9 months)
- Future Lot Supply 4,080 lots (44.6 months)



# Top Performing Subdivisions



	Annual Closings	1-year Forecast	<u>Starts</u> 2-year Forecast
1. Paloma Creek (All sections)	246	175	175
2. Lantana (All sections)	242	128	86
3. Savannah (All sections)	130	107	107
4. Robson Ranch	120	85	85
5. Villages of Carmel	91	72	64
6. Preserve at Pecan Creek	77	47	47
7. Cross Oak Ranch	48	28	28





# Activity by City Sector

	<u>Annual</u>	<u>Annual</u>
	<u>Starts</u>	<u>Closings</u>
1. Denton Co. East	396	436
2. Denton South	386	473
3. Lantana	172	242
4. Denton North	58	96
5. Corinth	12	21
6. Shady Shores	9	18
7. Cross Roads	6	7
8. Double Oak	2	5
9. Denton Co. West	1	1





# Preserve at Pecan Creek

City of Denton  
Shady Shores

- 517 occupied homes
- 183 vacant lots
- 131 future lots planned
- 77 closings from 2<sup>nd</sup> Qtr 2008 - 1<sup>st</sup> Qtr 2009
- 47 starts projected for 2<sup>nd</sup> Qtr 2009 – 1<sup>st</sup> Qtr 2010



Servicing Campuses  
• Pecan Creek Elementary  
• Crownover Middle School  
• Ryan & Guyer High School







# Madison Addition at Lantana

Bartonville - Argyle

- 45 vacant lots
- First 4 homes under construction
- 15 starts projected for next 12 months



Servicing Campuses

- Blanton Elementary
- Harpool Middle School
- Guyer High School





# Paloma Creek North & South

US-380 Corridor

- 1,636 occupied homes
- 901 vacant lots
- 768 future lots planned
- 246 closings from 2<sup>nd</sup> Qtr 2008 – 1<sup>st</sup> Qtr 2009
- 175 starts projected for 2<sup>nd</sup> Qtr 2009 – 1<sup>st</sup> Qtr 2010



- Servicing Campuses
- Paloma Creek Elementary
  - Navo Middle School
  - Ryan & Denton High School







# Villages of Carmel

City of Denton  
Shady Shores

- 221 occupied homes
- 149 vacant lots
- 246 future lots planned
- 91 closings from 2<sup>nd</sup> Qtr 2008 – 1<sup>st</sup> Qtr 2009
- 72 starts projected for 2<sup>nd</sup> Qtr 2009 – 1<sup>st</sup> Qtr 2010



Servicing Campuses  
• Pecan Creek Elementary  
• Crownover Middle School  
• Ryan & Guyer High School





# Denton Independent School District

## 1st Qtr 2009 Summary

- Starts continue to decline; down 32% since 1<sup>st</sup> Qtr 2008 to an annual total of 1,098 units (vs. 1,605)
- Annual closings fall 30% to 1,336 units (vs. 1,897 in 1<sup>st</sup> Qtr 2008)
- 175 homes under construction (252 in 4<sup>th</sup> Qtr 2008)
- 288 finished vacant units available (319 in 4<sup>th</sup> Qtr 2008)
  - Glenbrook Est. (19), Preserve at Pecan Creek (18), Continental Congress Village (17)
- 33 new lots delivered this quarter in Longhorn Cove (60x100)
- 48,752 total potential lots remaining in the district
  - 4,204 vacant developed lots (-2.4%)
  - 4,080 future lots (-3.5%)
  - 40,468 preliminary lots planned (+1.5%)
- New home forecast 2<sup>nd</sup> Qtr 2009 – 1<sup>st</sup> Qtr 2010 = 1,018 starts

