



# Denton Independent School District

Planning Department

## 4th Quarter Growth Report

March 13, 2007

Prepared for the

**Denton ISD Board of Trustees**

Today's Vision .....

Tomorrow's Reality.....

Planning for.....

Our Future Growth.....

Savannah Elementary



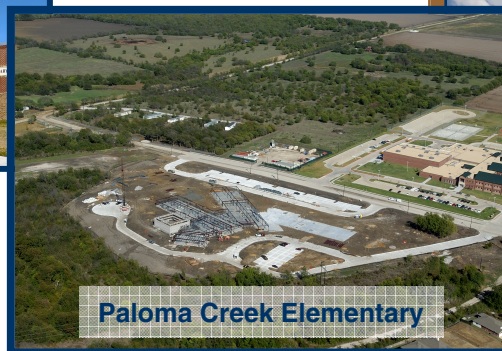
Navo Middle School



L.A. Nelson Elementary



Paloma Creek Elementary





# Current DFW Market Conditions

- Big builders change approach to DFW
  - New construction must generate returns on par w/ rest of nation
  - No more starting units for units' sake
  - Layoffs prevalent throughout market
  - Project renegotiations widespread
- Starts continue to fall – 48,070 annual units
  - Annual starts off 1,970 units (-3.9%) vs. 3Q06
  - Down 2,839 units from peak of 50,909 units in 2Q06 (-5.6%)
  - Still, 2006 calendar year slightly eclipses 2005
- Closings plateau at 46,058
  - How much of this is real demand?
  - How much investors?
  - How much aggressive lending?
- 4Q06 sees anemic traffic and sales
  - Early Spring results promising
- Despite builder reductions, FV housing continues to swell
  - Spec inventory initiated in Spring '06 hits market in 2<sup>nd</sup> half
  - Cancellations problematic
  - 11,777 units, 3.1 month supply, record level 2,200 units imbalance represents 5% of total inventory
- Market Drivers
  - Appear healthy
  - First housing downturn not precipitated by higher rates, economy downturn or job loss
  - On the coasts, affordability is the issue
  - In DFW, it is excess capacity
  - Job growth still strong
  - Mortgage rate continues to decline



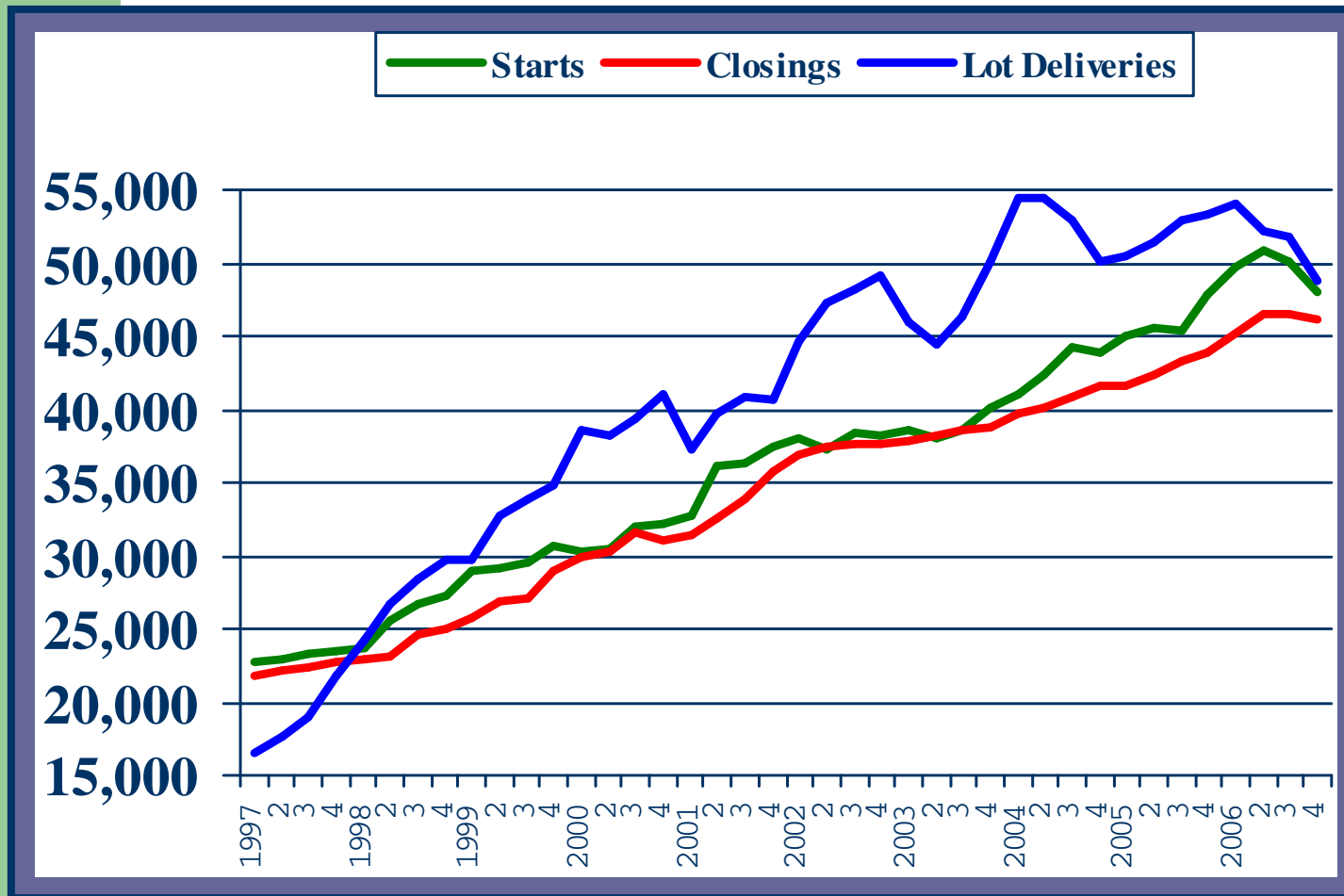
## DFW Housing Vital Signs (1Q06 – 4Q06)

	<u>Dallas</u>	<u>Ft. Worth</u>	<u>DFW</u>
\$ Vol. Starts (Billions)	\$6.37	\$2.93	\$9.3
Median Home Price	\$205K	\$172K	\$191K
Annual Starts	31,063	17,007	48,070
Annual Closings	29,624	16,448	46,072
FV Home Inventory	7,129	4,648	11,777
Months Supply <sup>(1)</sup>	2.89	3.39	3.07
Vacant Lots	61,840	34,053	95,893
Months Supply <sup>(2)</sup>	23.9	24.0	23.9
Lots Under Development	21,822	13,212	35,034

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



# DFW Annual Starts, Closings & Lot Deliveries



**Year-Over-Year Growth**  
**Annual Starts +0.4%**  
**Annual Closings +5.0%**  
**Annual Lot Deliveries -8.5%**

**Year-Over-Year Growth**  
**Annual Starts By Price Point**

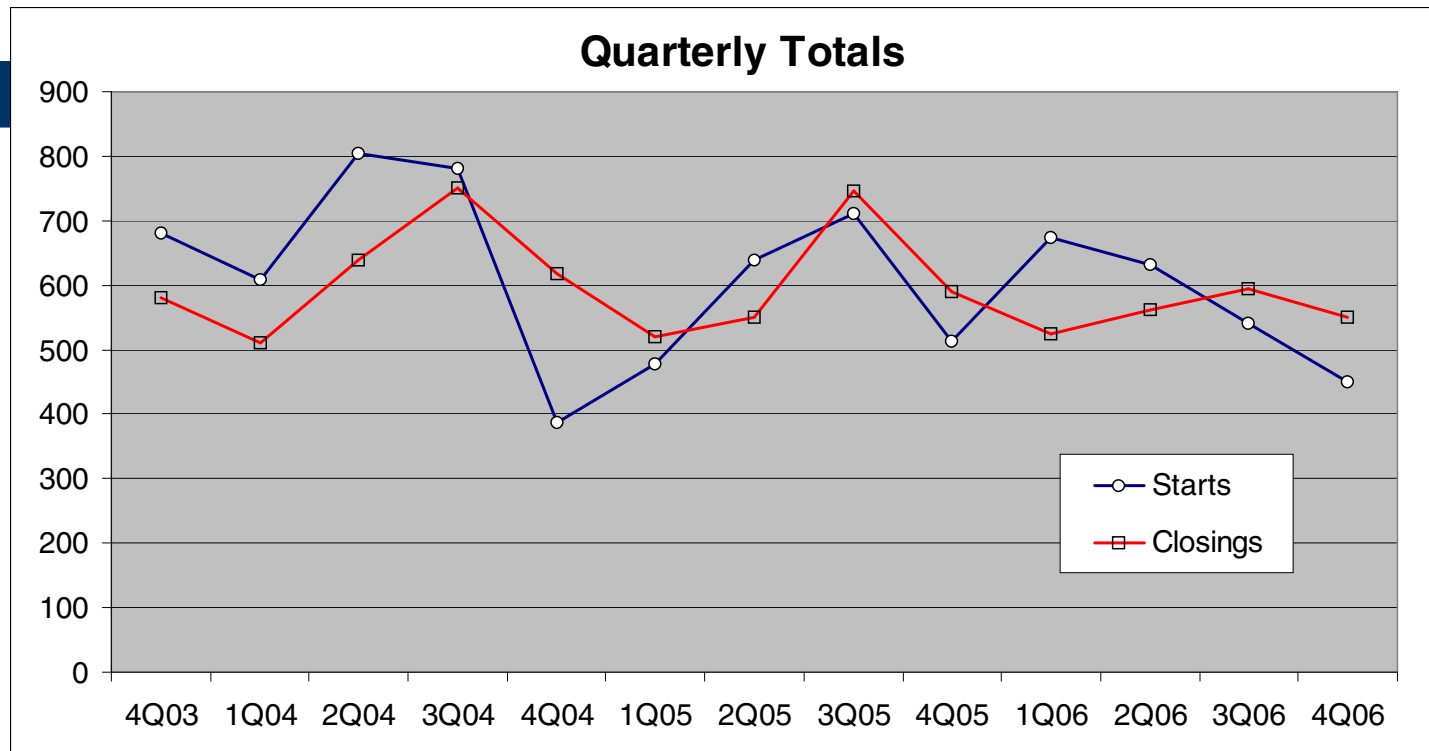
**<\$150K**  
**4Q05 13,613**  
**4Q06 11,226**  
**Change -2,387**  
**% Change -17.5%**

**\$151-200K**  
**4Q05 16,613**  
**4Q06 15,791**  
**Change -822**  
**% Change -4.9%**

**\$201K+**  
**4Q05 17,669**  
**4Q06 21,053**  
**Change +3,384**  
**% Change +19.2%**



# Denton ISD New Housing Activity

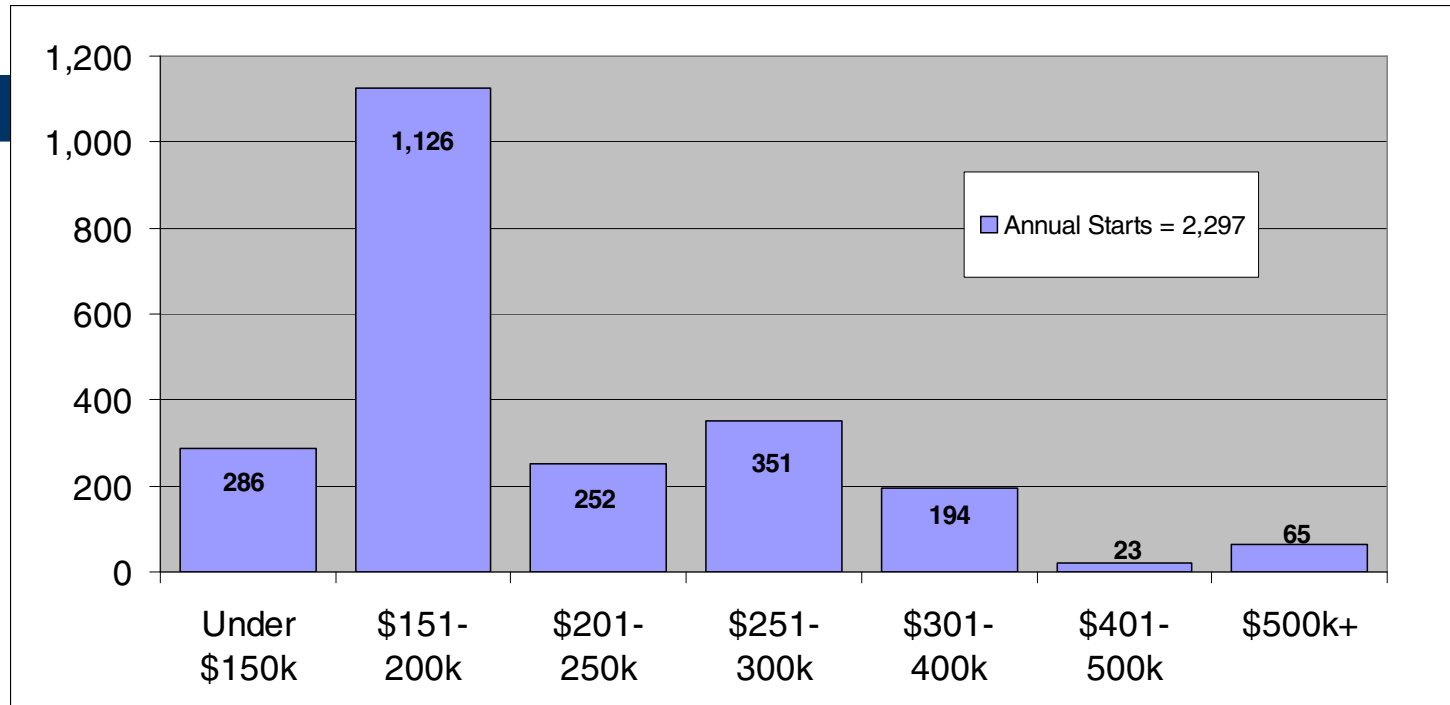


Starts	2002	2003	2004	2005	2006
1Q	334	404	609	479	673
2Q	524	648	805	639	633
3Q	460	572	782	712	541
4Q	396	680	387	512	450
<b>Total</b>	<b>1,714</b>	<b>2,304</b>	<b>2,583</b>	<b>2,342</b>	<b>2,297</b>

Closings	2002	2003	2004	2005	2006
1Q	374	356	510	520	524
2Q	441	497	639	550	562
3Q	400	589	751	746	595
4Q	525	580	616	589	551
<b>Total</b>	<b>1,740</b>	<b>2,022</b>	<b>2,516</b>	<b>2,405</b>	<b>2,232</b>



# Price Range Analysis



Annual Average Start Price	\$219,737
Annual Median Start Price	\$188,533
4Q06 Average Start Price	\$217,544
Vacant Lot Supply	5,264 (27.5 months)
Future Lot Supply	4,060 (21.2 months)



# Denton ISD

## Top Subdivisions

	Annual Closings	Starts	
		1-year Forecast	2-year Forecast
Paloma Creek	346	379	447
Savannah	278	284	202
Robson Ranch	233	174	225
Cross Oak Ranch	189	150	184
Wheeler Ridge	155	52	15
<b>Total</b>	<b>1,201</b>	<b>1,039</b>	<b>1,073</b>

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## The Preserve at Pecan Creek

- 111 New lots delivered
- 10 Starts projected for 2007





## Greens of Oakmont

- 50 Lots remaining
- 26 Starts expected in 2007



## Maple Leaf

- Upcoming subdivision
- 95 Total lots delivered in 4Q06



Loop 288

US-380

N

## Prominence Square

- 188 Total lots
- 12 Starts expected in 2007



# Denton ISD 4Q06 Summary

- Annual starts decline 2% to 2,297 units (vs. 2,342 in 2006)
- Closings are down 7% to an annual total of 2,232 (vs. 2,405 in 2006)
- Finished vacant inventory increases from 2.4 to 2.8 months
  - 512 total finished vacant units
  - Savannah (150), Paloma Creek (52), Robson Ranch (45), Cross Oak Ranch (28)
- 272 new lots delivered
  - The Preserve (111), Maple Leaf (95), Robson Ranch (43), Terra Di Lago (23)
- 5,264 vacant developed lots on the ground
- 4,060 future lots being developed
- 10,000 preliminary lots planned
- Forecast for 2007 - **\*2,209 Starts**

\* Includes Robson Ranch Residential Activity