



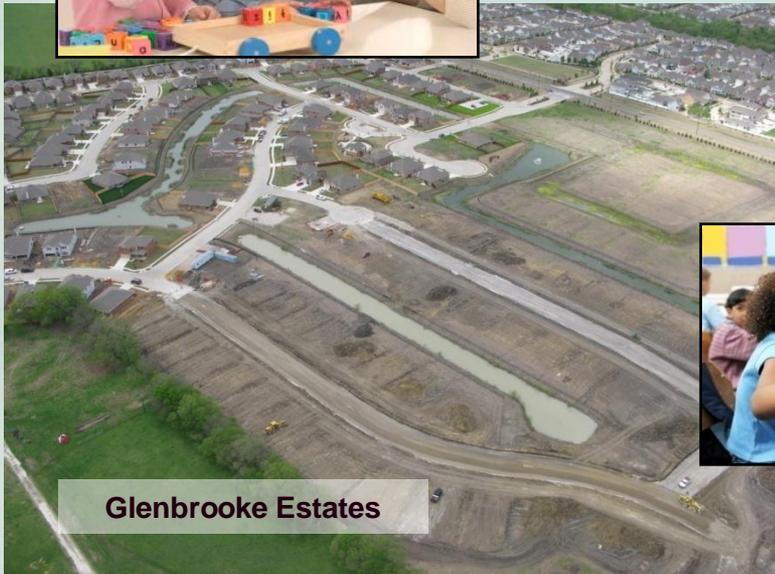
Denton Independent School District

Residential Growth Report 1st Quarter 2010

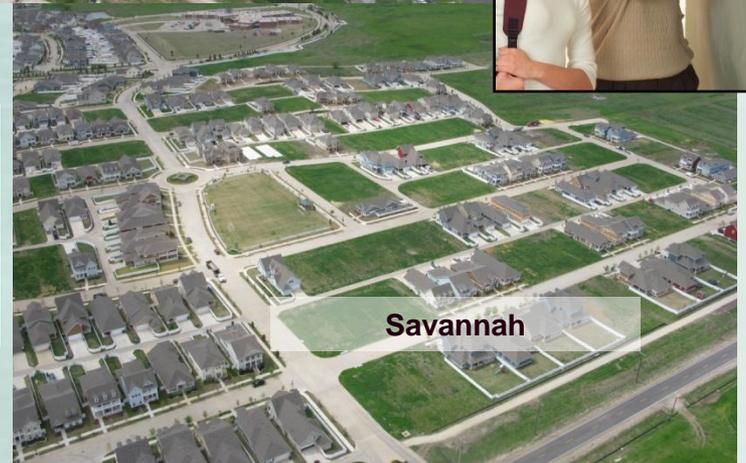
May 25, 2010



Villages of Carmel



Glenbrooke Estates



Savannah

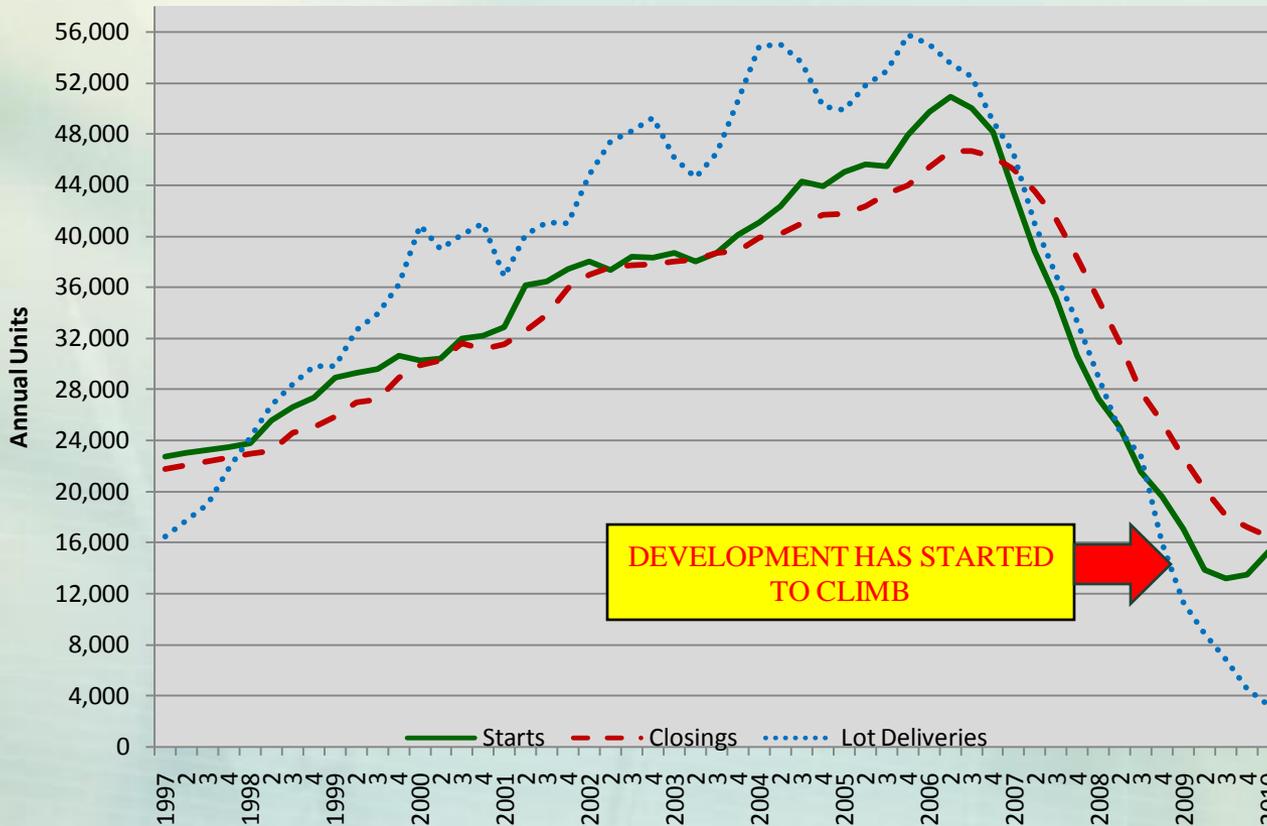


Dallas-Ft. Worth Housing Vital Signs (2Q09 – 1Q10)

	Dallas	Ft. Worth	DFW
\$ Volume Starts (in billions)	\$2.60	\$1.25	\$3.83
Median New Home Price	\$214,583	\$179,659	\$198,714
Annual Starts	9,810	5,444	15,254
Annual Closings	10,626	5,887	16,513
Finished Vacant Homes	2,809	1,563	4,372
Month Supply	3.2	3.2	3.2
Homes Under Construction	3,223	1,616	4,839
Month Supply	3.6	3.3	3.5
Vacant Developed Lots	52,603	28,250	80,853
Month Supply	64.3	62.3	63.6
Lots Under Development*	2,516	1,162	3,678

* Includes lots with suspended development

Starts, Closings & Lot Deliveries



Year-over-year Change

Annual Starts: -10.6%, Annual Closings: -27.3%, Lot Deliveries: -71.1%

Year-over-year growth
Annual Starts by Price Point

<\$150K

1Q09: 3,181

1Q10: 3,471

Change +290

% Change +9.1%

\$151-200K

1Q09: 4,944

1Q10: 4,268

Change -676

% Change -13.7%

\$201-300K

1Q09: 5,089

1Q10: 4,698

Change -391

% Change -7.7%

\$301K+

1Q09: 3,836

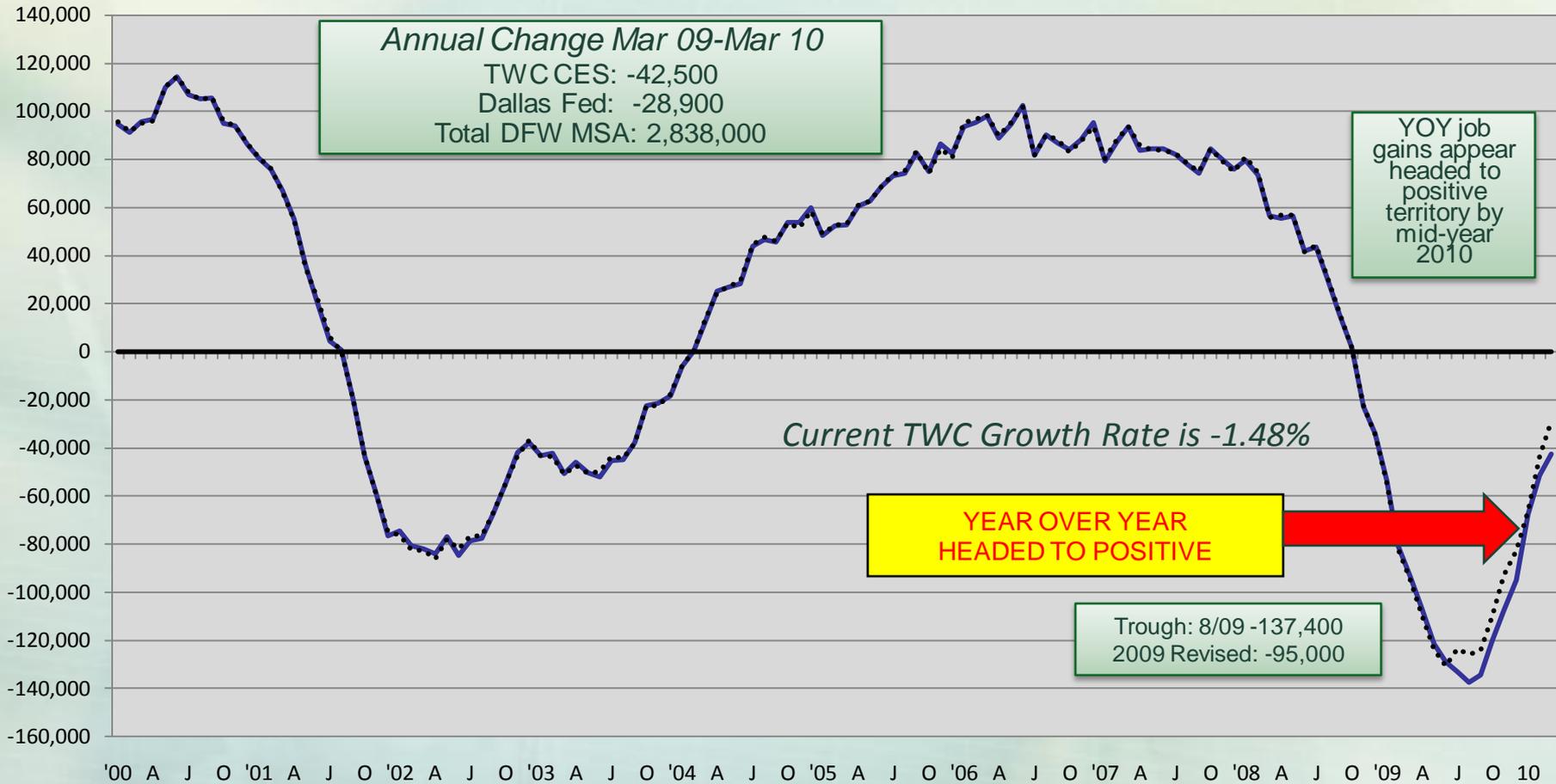
1Q10: 2,817

Change -1,019

% Change -26.6%

DFW Employment Survey

Benchmarked TWC Revisions Show Weaker 2009



Looking Ahead

The Worst Is Behind Us

- ✓ Credit markets stabilized
- Economy growing again, equities recover
- Overhang of unsold housing inventory being worked down
- Housing prices firming in most markets
- ✓ DFW housing starts have bottomed, recovery has begun

But Not Out of the Woods Yet

- ✓ Government housing stimulus coming to an end
- ✓ Foreclosures remain stubbornly high
- Mortgage rates edging higher
- Most banks have very little appetite for new RE loans
- CRE issues
- ✓ Mortgage qualification standards not easing any time soon

Bridging The Time Gap

- When does job growth resume?
- ✓ Dallas Fed projecting 1-2% employment growth in 2010, an improvement, but below historical pace of 2.8%

Sharp Rise in Texas Leading Index Suggests Modest Job Growth Likely in 2010



NOTE: The index is a composite of eight leading indicators that can predict movements in the state economy.

SOURCE: Federal Reserve Bank of Dallas

Source: Dallas Federal Reserve

Denton ISD New Housing Activity

3-Yr History: Quarterly Totals



Starts	2003	2004	2005	2006	2007	2008	2009	2010
1Q	404	609	479	674	447	350	171	251
2Q	648	805	639	644	468	441	189	
3Q	572	782	712	542	486	311	314	
4Q	680	387	512	451	301	205	22	
Total	2,304	2,583	2,342	2,311	1,702	1,307	856	251

Closings	2003	2004	2005	2006	2007	2008	2009	2010
1Q	356	510	520	523	459	374	247	234
2Q	497	639	551	565	537	391	267	
3Q	589	751	746	606	510	397	235	
4Q	580	616	589	552	476	301	271	
Total	2,022	2,516	2,406	2,246	1,982	1,463	1,024	234

Price Range Analysis



- Annual Average Start Price \$199,777
- Annual Median Start Price \$176,350
- 1Q10 Average Start Price \$191,416

DFW School Districts by New Home Activity

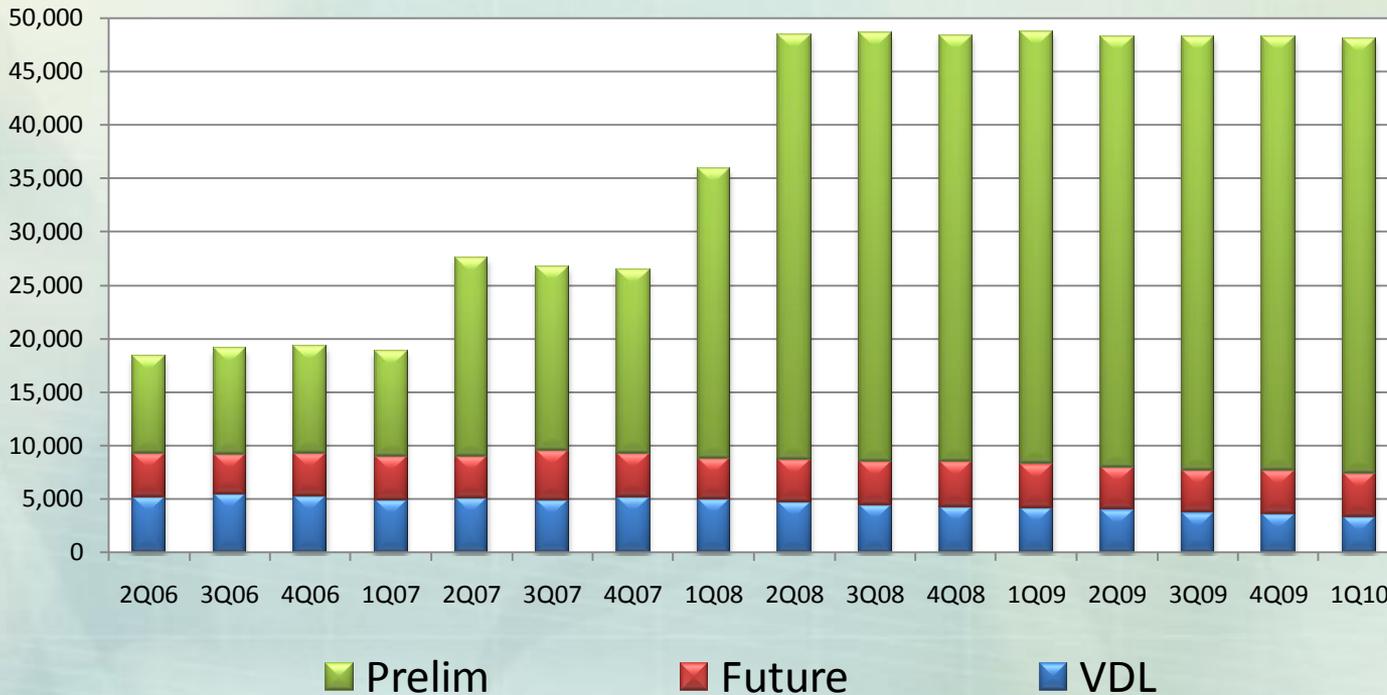
School District Name	Annual Closings (2Q09-1Q10)
Frisco	1653
Northwest	1320
Denton	1011
Keller	876
Lewisville	773
Mansfield	739
Eagle Mountain-Saginaw	716
Dallas	639
Allen	601
Wylie	436
Crowley	376
McKinney	361
Prosper	346
Ft. Worth	318
Burleson	317
Rockwall	299
Little Elm	278
Garland	275
Royse City	269
Plano	260

Denton ISD's new home market produced 3rd most annual closings among Dallas-Ft. Worth school districts from 2Q09-1Q10



Lot Supply

Denton ISD - Historical Lot Inventory



- Vacant Developed Lots 3,367 lots (41.8 months)
- Approved Future Lots 4,039 lots (50.1 months)
- Prelim. Planned Lots 40,652

Top Performing Subdivisions



	Annual Closings	1-year Forecast	<u>Starts</u> 2-year Forecast
1. Paloma Creek (All Sections) US-380	272	251	251
2. Lantana (All Sections) Bartonville/Argyle	146	88	78
3. Savannah (All Sections) US-380	86	43	43
4. Glenbrooke Est. (All Sections) US-380	86	84	28
5. Robson Ranch (I 35 W)	50	34	34
6. Villages of Carmel (Shady Shores)	48	40	40
7. Preserve at Pecan Creek (Shady Shores)	46	45	45
8. Forest Meadow (Teasley Lane / 2181)	44	28	28

Activity by City Sector

	<u>Annual</u>	<u>Annual</u>
	<u>Starts</u>	<u>Closings</u>
1. Denton Co. East	377	376
2. Denton South	204	258
3. Denton North	153	108
4. Lantana	109	148
5. Prosper	106	86
6. Corinth	10	13
7. Shady Shores	7	9
8. Cross Roads	0	8

Denton ISD Resale Market

(Single-Family Residential Only)

Denton ISD Resale Data

SF Residential	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10
Total Sales	414	580	573	346	357	507	529	482	321
Average Sales Price	\$182,976	\$183,354	\$179,381	\$175,630	\$172,226	\$176,161	\$186,968	\$185,373	\$184,303
Days-on-market	91	75	78	80	90	84	90	75	80
Foreclosure Forced Sales	64	93	69	81	90	77	52	80	70
Pending Sales	29	29	31	33	41	206	203	178	356
Active Listings	119	139	202	281	318	727	984	885	989
Months Inventory				1.8	2.1	4.9	6.7	5.5	6.3
Annual Total Sales				1,913	1,856	1,783	1,766	1,924	1,894
% Change from previous qtr.				n/a	-3.0%	-3.9%	-1.0%	+9%	-1.5%
Annual Foreclosure Forced Sales				307	333	317	292	299	281
% Change from previous qtr.				n/a	8.5%	-4.8%	-7.9%		
Active Listings				281	318	727	984	885	989
% Change from previous qtr.				n/a	13.2%	128.6%	35.4%	-10%	+11.8%

Active Listings are up

Glenbrooke Estates

US-380 Corridor

- 399 total lots
- 128 occupied homes
- 30 vacant lots
- 190 future lots planned
- 84 starts projected for next 12 months



Servicing Campuses

- Savannah Elementary
- Navo Middle School
- Denton High School

Savannah

US-380 Corridor

- 1,183 occupied homes
- 184 vacant lots
- 901 prelim lots planned
- 43 starts projected for next 12 months



Servicing Campuses

- Savannah Elementary
- Navo Middle School
- Denton High School



Villages of Carmel

Shady Shores

- 639 total lots
- 122 vacant lots
- 246 future lots
- 48 annual closings
- 40 starts projected for next 12 months



Servicing Campuses

- Pecan Creek Elementary
- Crownover Middle School
- Ryan High School



Forest Hills

US-380 Corridor



- 77 total lots
- 10 occupied homes
- 61 vacant lots



• Servicing Campuses
• Providence Elementary
• Navo Middle School
• Denton High School



Oaks of Corinth

Shady Shores

- 33 homes occupied
- 8 annual closings
- 24 vacant lots
- 5 starts projected in next 12 months



Servicing Campuses

- Stephens Elementary
- Crownover Middle School
- Ryan High School

Audra Heights

US-380 & Loop 288

- 72 vacant lots
- 9 starts projected for the next 12 months



• Servicing Campuses
• Lee Elementary
• Strickland Middle School
• Ryan High School



Denton ISD – 1Q10 Summary

- ✓ Starts down 12% vs. 1Q09 with 967 annual units (vs. 1,098)
- ✓ Annual closings declined 24% to 1,011 units (vs. 1,336 in 1Q09)
- ✓ DISD continues to rank 3rd in annual new home closings among DFW school districts [Frisco (1st), Northwest (2nd)]
- Homes under construction up 7.4% from 4Q09 (275 units currently u/c)
- 162 finished vacant units available
 - Paloma Creek South (16), Continental Congress Vill. at Savannah (14), Glenbrooke Estates (12), Preserve at Pecan Creek (12)
- No new lots delivered this quarter
- 48,058 total potential lots remaining in the district
 - 3,367 vacant developed lots (-7.0%)
 - 4,039 future lots (no change)
 - 40,652 preliminary lots planned (no change)
- New home forecast for 2Q10-1Q11 = 880 starts
- ✓ Resale inventory up 12% in 1Q10 (989 vs. 885)
- 1Q10 foreclosures drop 16% vs. 1Q09 (333 vs. 281)



Questions

