Midlothian ISD

District Demographics Update

1Q 2023

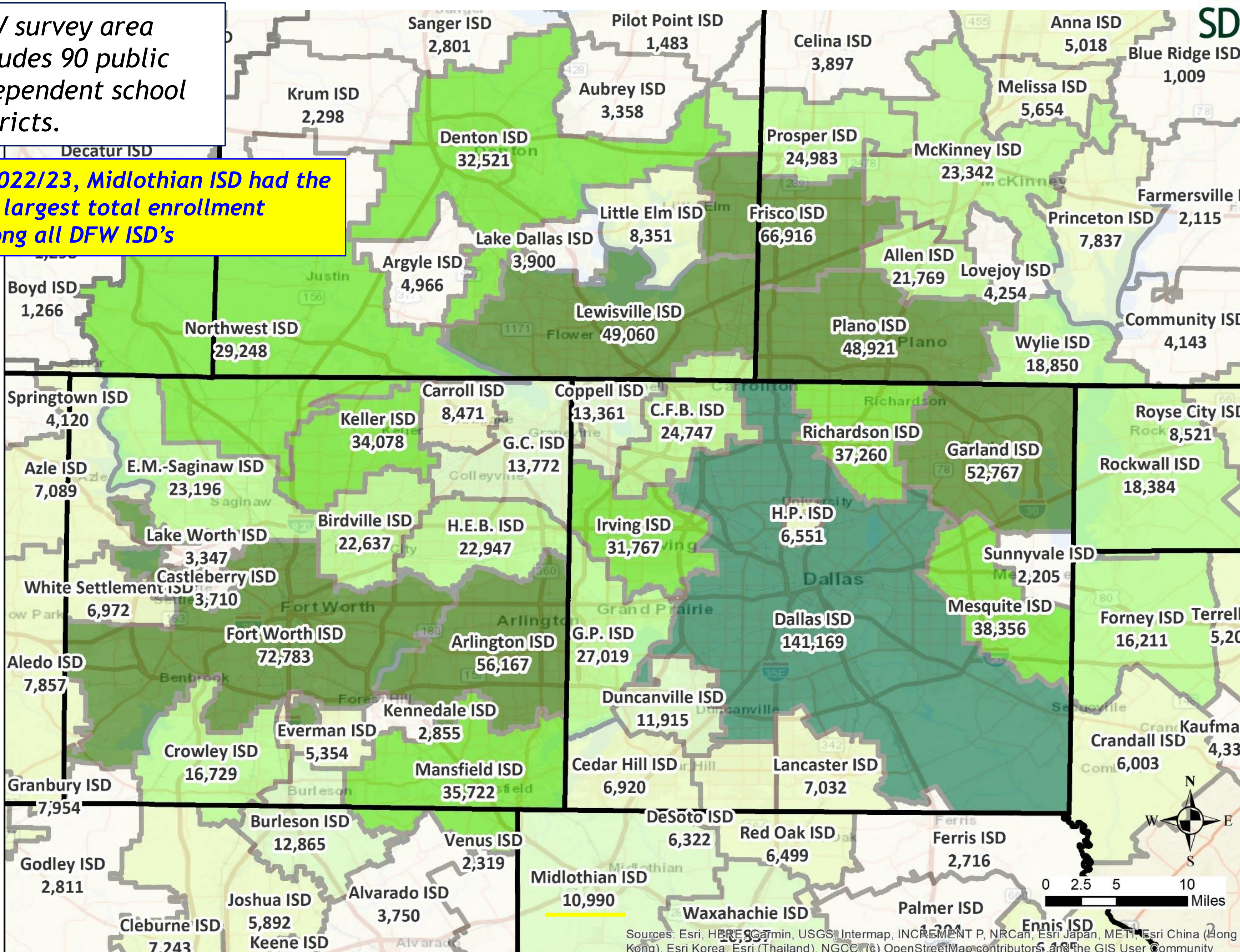
School District Strategies

Solutions Through Demographics

DFW PUBLIC SCHOOL DISTRICTS: 2022/23 TOTAL ENROLLMENT

DFW survey area includes 90 public independent school districts.

In 2022/23, Midlothian ISD had the 31st largest total enrollment among all DFW ISD's



DFW PUBLIC SCHOOL DISTRICTS: 5-YEAR ENROLLMENT PERCENTAGE CHANGE 2017/18 – 2022/23

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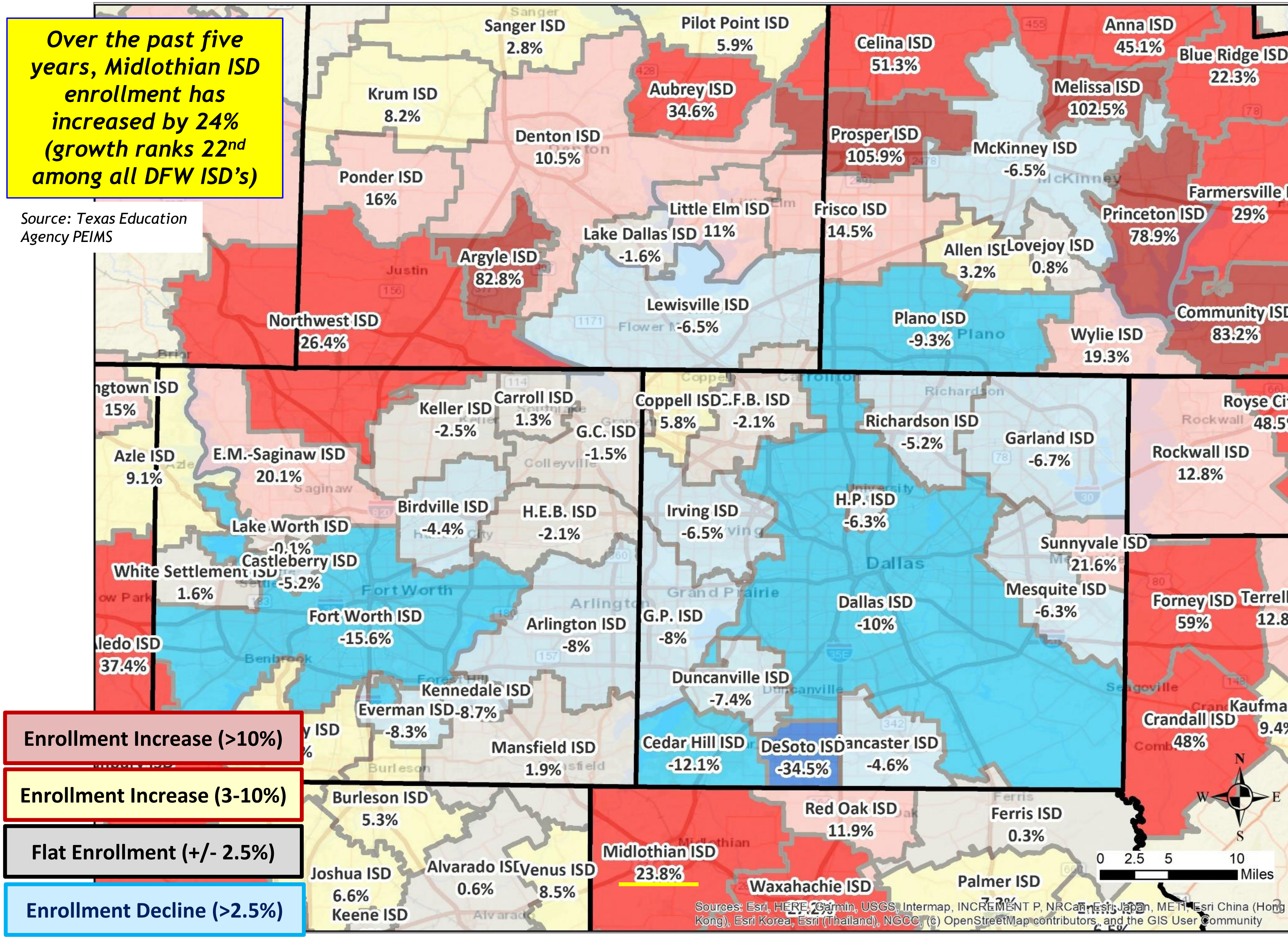
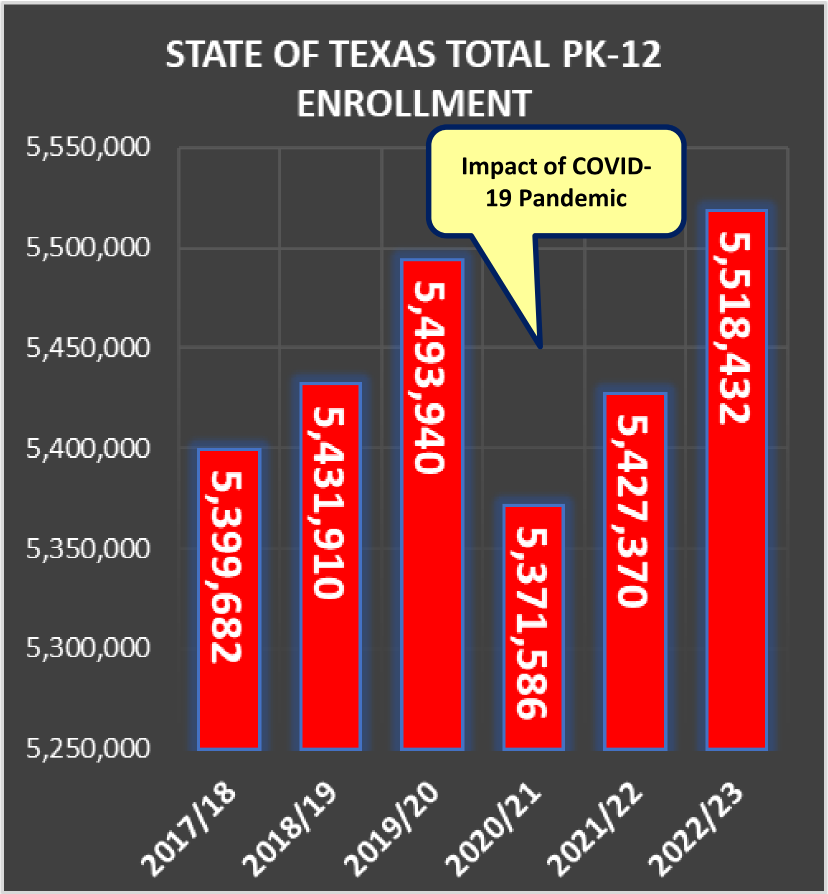
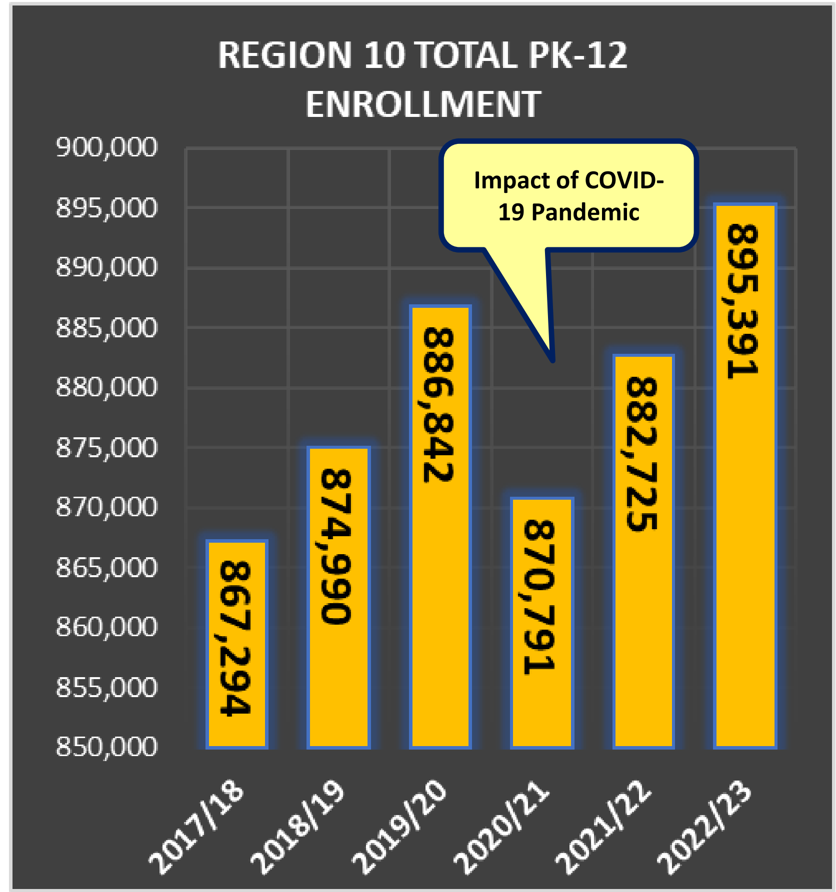
Over the past five years, Midlothian ISD enrollment has increased by 24% (growth ranks 22nd among all DFW ISD's)

Source: Texas Education Agency PEIMS



STATE AND REGIONAL ENROLLMENT GROWTH





Source: TEA

PERCENTAGE GROWTH	1-YEAR	3-YEAR	5-YEAR
TEXAS	+1.7%	+0.4%	+2.2%
REGION 10	+1.4%	+1.0%	+3.2%

GROWTH DRIVERS: DFW HOUSING MARKET 1Q23 TRAFFIC & SALES

4Q22 Looked Ugly…

- 10-year Treasury over 4%, 30-year mortgage rate over 7%
- Traffic and sales slumped
- With Federal Reserve pushing short-term rates, looked like the 30-year rate would stay over 7% for 2023

What changed?

- Despite continued Fed rate hikes, 10-year Treasury drops under 3.5% creating a highly inverted bond yield curve

2023 Traffic & Sales Take Off

- Builders report January-over-January sales increases of 20-80% (varying by community) as rates fall back to low 6%
- Elevated sales continue through Spring
- Southern submarkets slower to recover

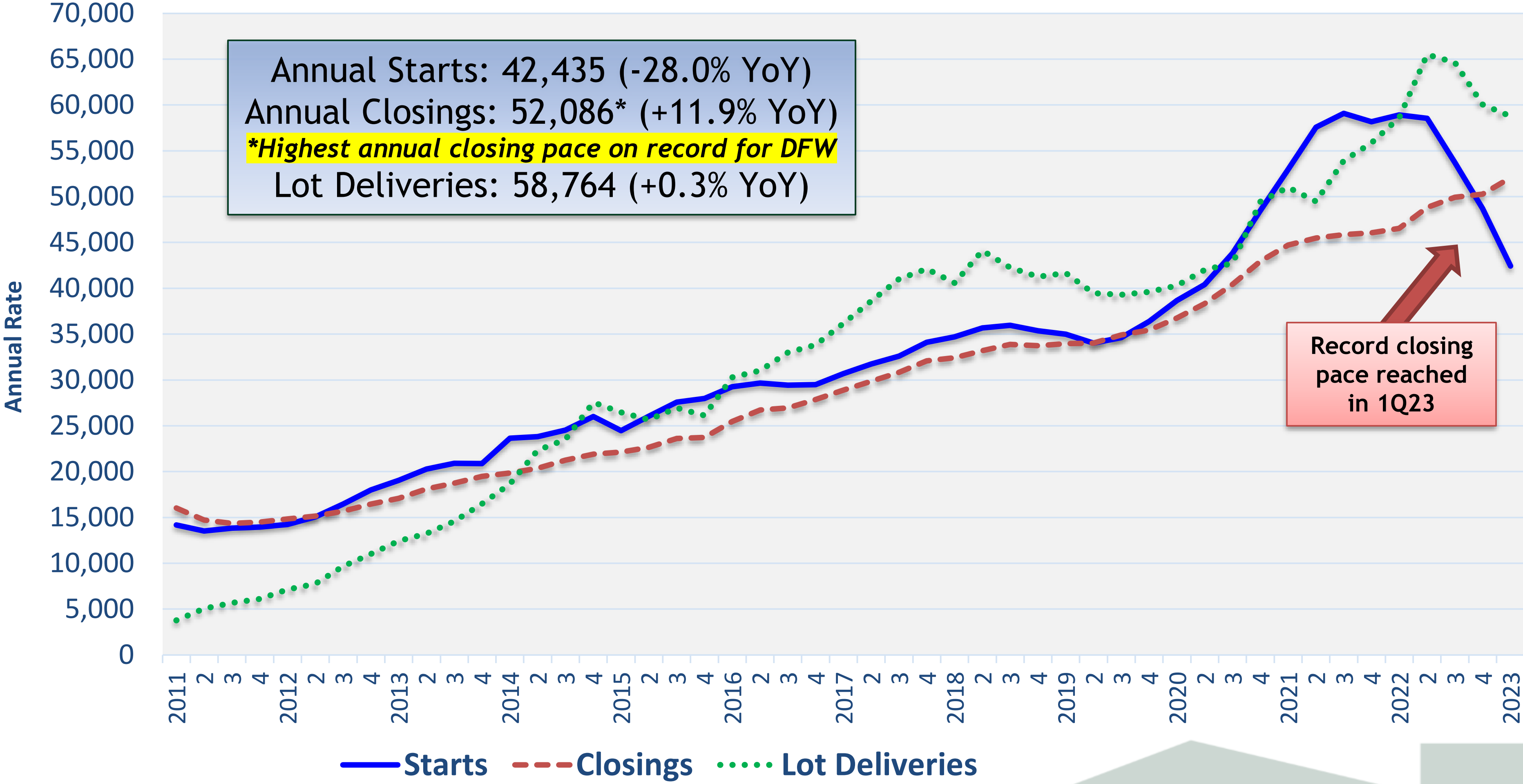
Who is buying?

- Relos that moved to DFW 1-3 years ago and were initially thwarted in their efforts to purchase a home
- Large % of cultural buyers
- Motivated by rate incentives and discounting

Builders Dodge a Bullet

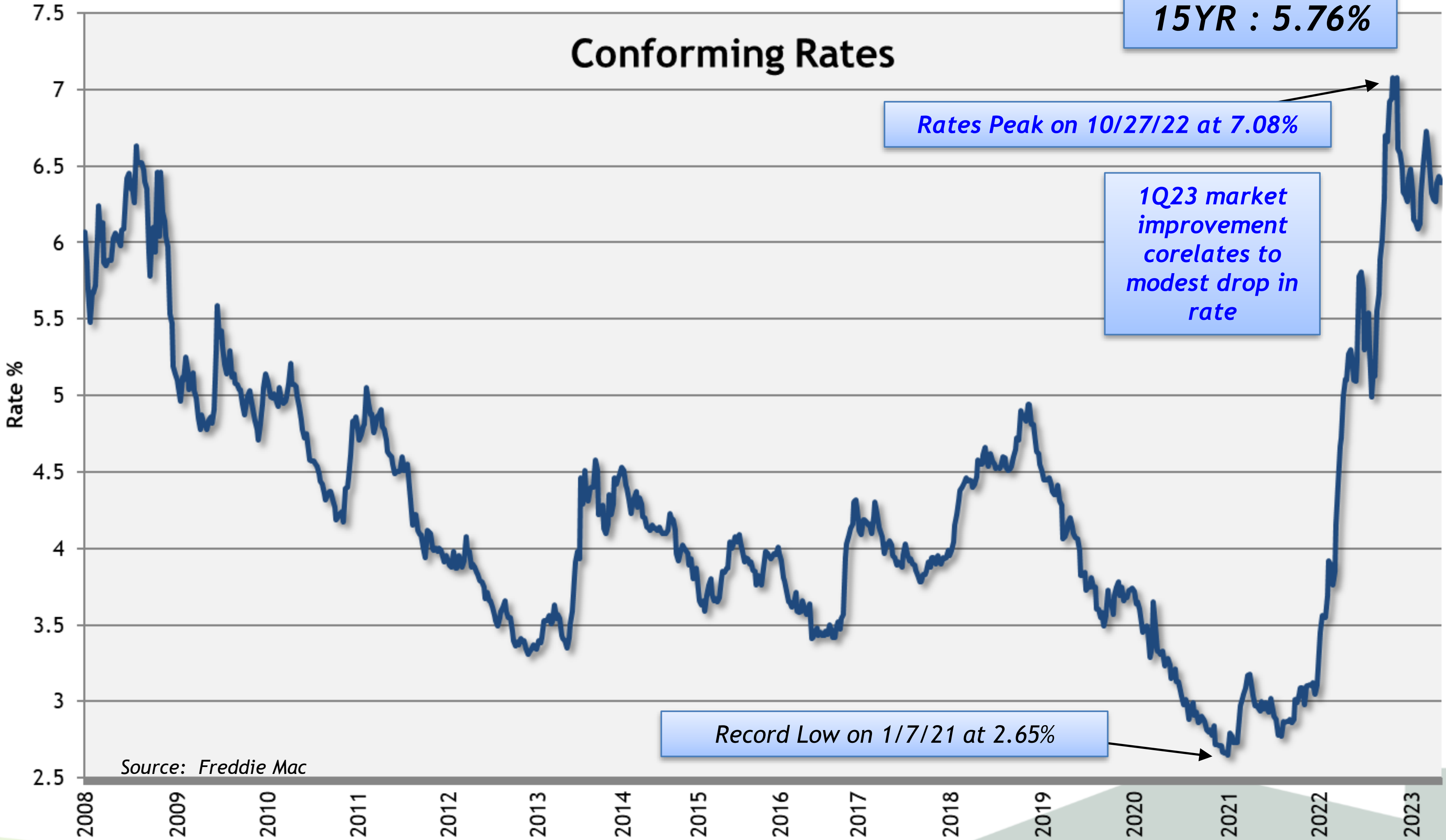
- Mid-summer 2022, about 43K units U/C, a large % initiated as specs—these were completed in 4Q22 and 1Q23
- Strong Spring market allowed builders to flush this inventory
- Builders have also rebuilt backlogs with to-be-built contracts

GROWTH DRIVERS: DFW NEW HOME STARTS, CLOSINGS & LOT DELIVERIES



30-YEAR MORTGAGE RATE

May 4, 2023
30YR : 6.39%
15YR : 5.76%



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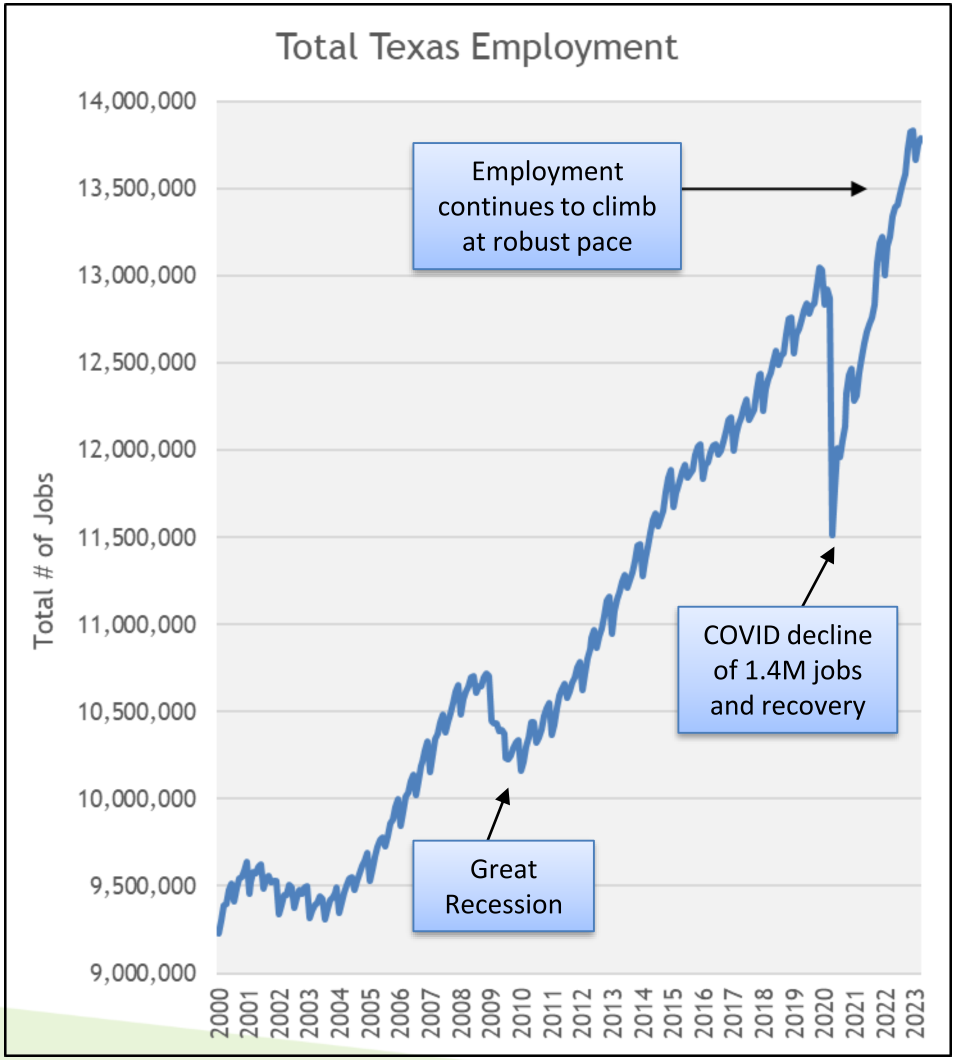
GROWTH DRIVERS: TEXAS ECONOMY



Employment Growth Remains Very Positive

Year-over-Year Growth Rate March 2023

United States

–	+4,106,000	+2.73%

Texas

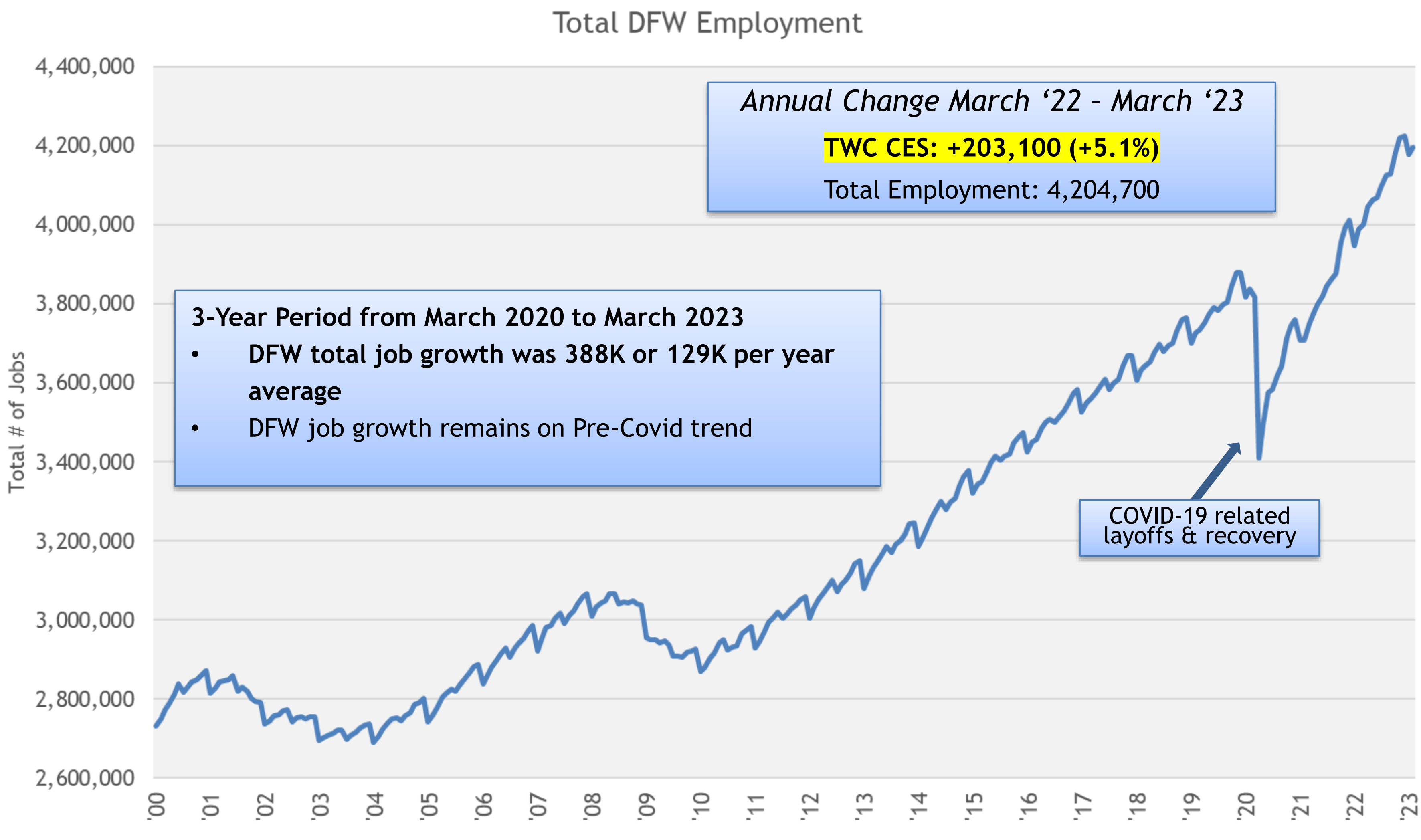
–	+569,700	+4.31%

Major Texas Markets YoY Growth

–	DFW	+203,100	+5.1%
–	Houston	+142,000	+4.5%
–	Austin	+64,300	+5.2%
–	San Antonio	+44,900	+4.1%

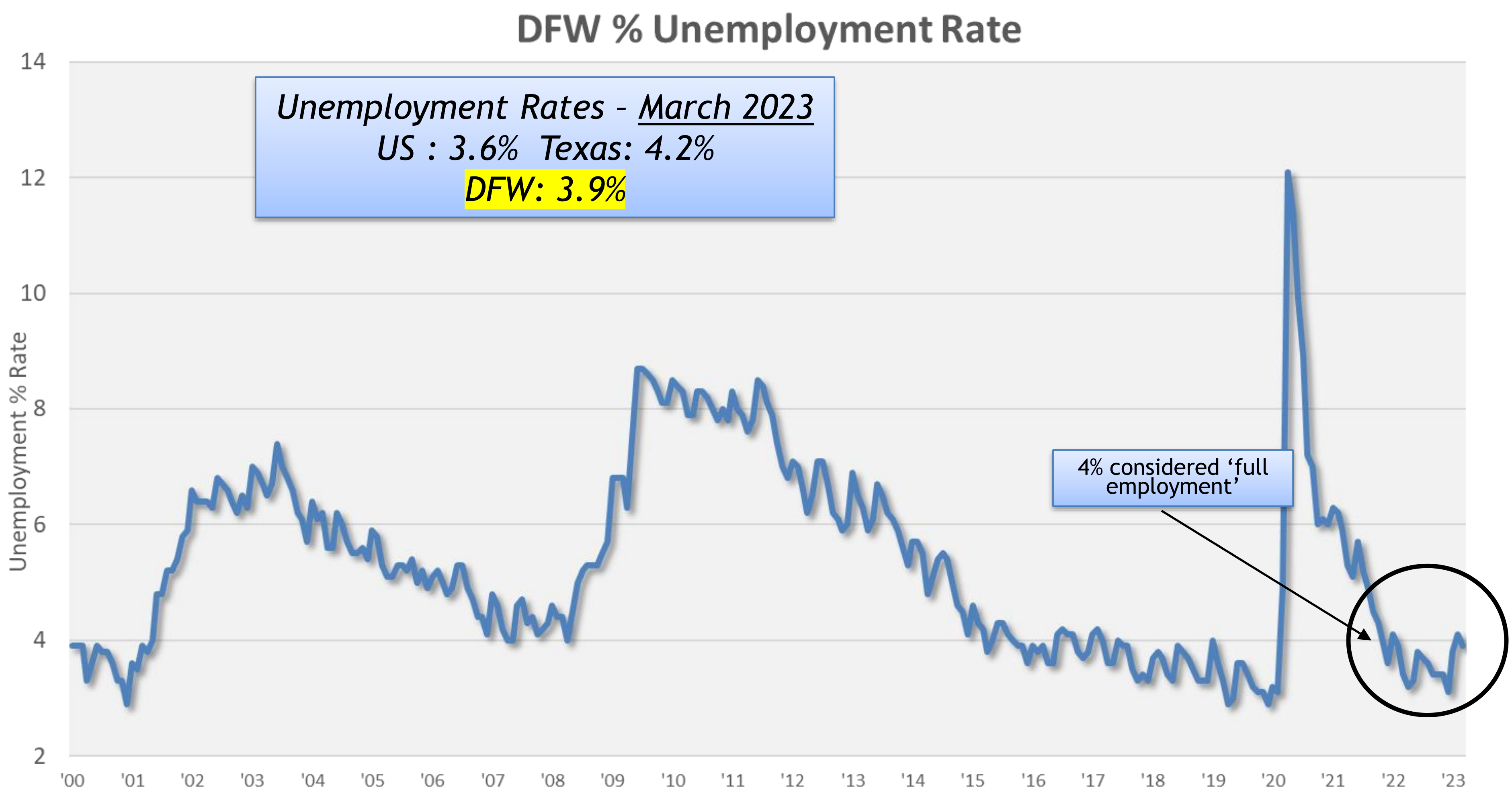
Source: TWC – CES (Not Seasonally Adjusted)

GROWTH DRIVERS: DFW EMPLOYMENT GROWTH



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

GROWTH DRIVERS: DFW UNEMPLOYMENT RATE



Not Seasonally Adjusted *Source: TWC - LAUS*

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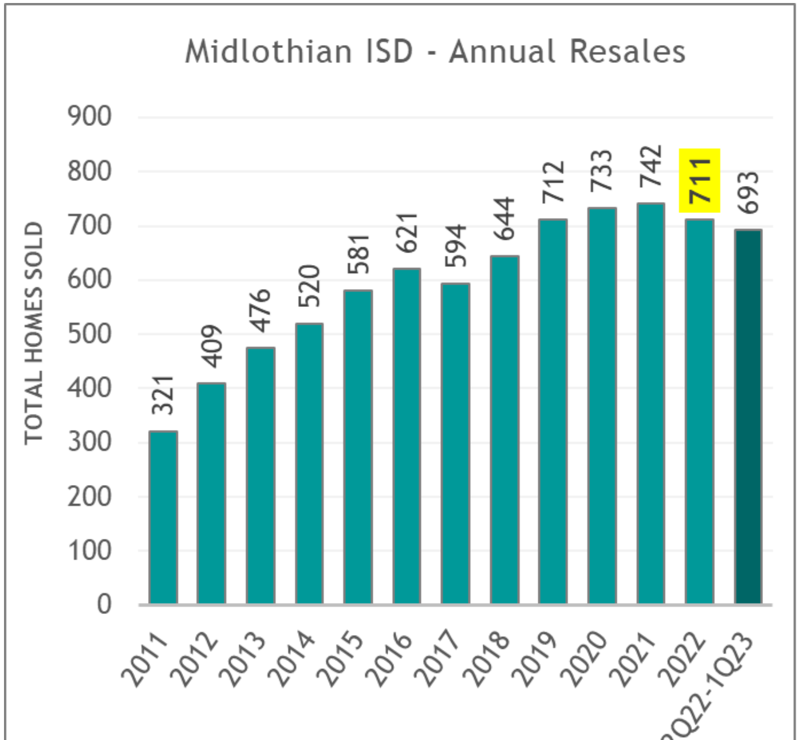
MIDLOTHIAN PREOWNED HOME SALES



Source: NTREIS – SF detached, non-builder sales only

- 693 pre-owned homes sold in the district from 2Q22-1Q23 (-4.2% YoY)
- MISD's median resale sold price over the past 12 months was $460,000 *(+31.4% vs. YoY)*
- DFW's annual median resale price at the end of 1Q23 was $381,000 *(-0.8% YoY)*

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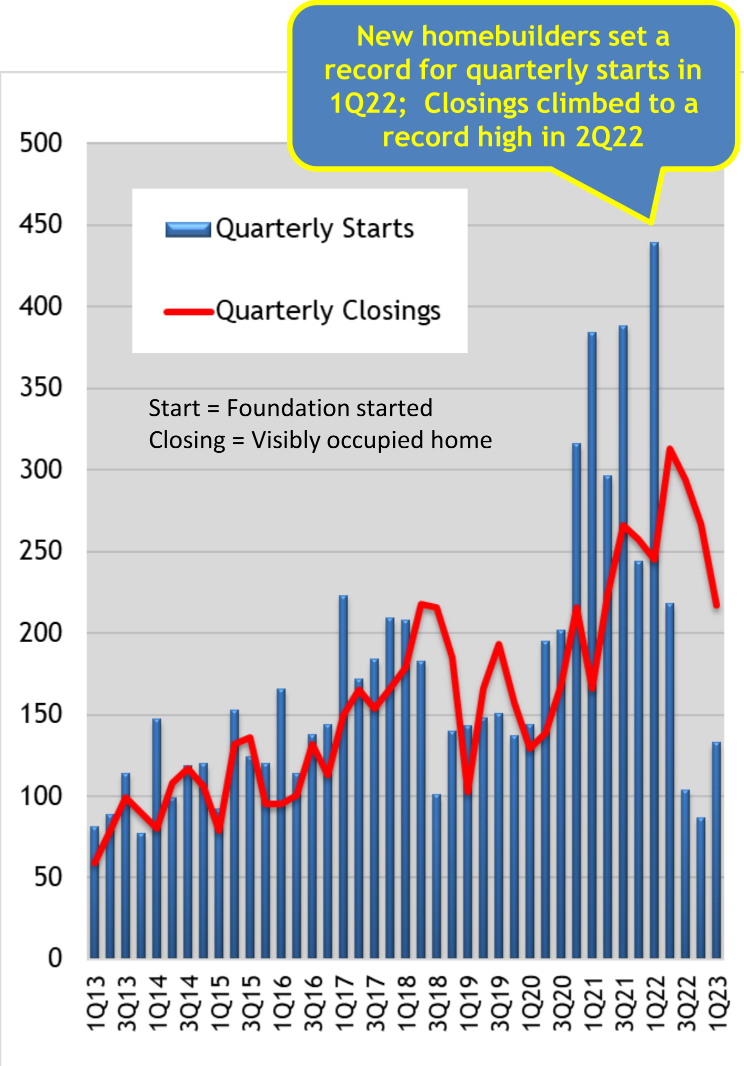
MIDLOTHIAN ISD
QUARTERLY NEW HOME CONSTRUCTION



Starts	2015	2016	2017	2018	2019	2020	2021	2022	2023
1Q	92	166	223	208	143	144	384	439	133
2Q	153	114	172	183	148	195	296	218	
3Q	124	138	184	101	151	202	388	104	
4Q	120	144	209	140	137	316	244	87	
Total	489	562	788	632	579	857	1,312	848	*133*

Closings	2015	2016	2017	2018	2019	2020	2021	2022	2023
1Q	79	95	150	179	103	129	166	245	217
2Q	132	101	165	218	166	139	224	313	
3Q	136	132	154	216	193	168	266	294	
4Q	95	113	166	185	157	216	257	267	
Total	442	441	635	798	619	652	913	1,119	*217*

- After record activity in early 2022, the housing market slowdown impacts MISD new home starts during the 2nd half of the year; starts increase during 1Q23 to 133 units

- 1Q23 produces another strong quarter of closings with 217 new homes occupied

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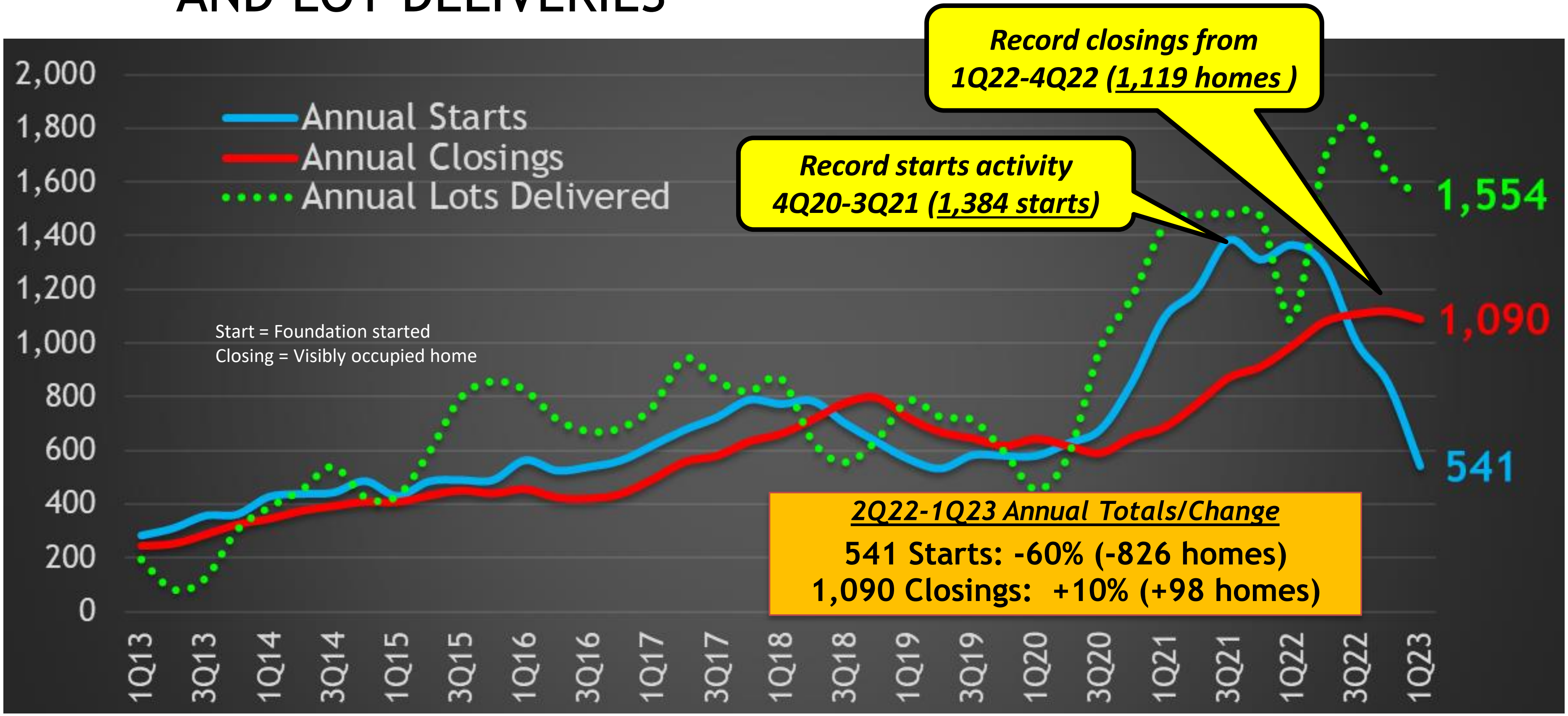
MIDLOTHIAN ISD ANNUAL NEW HOME CONSTRUCTION AND LOT DELIVERIES



- The pace of new home starts in MISD slows over the past three quarters, ending the first quarter of 2023 at 541 homes *(-60% YoY)*
- <u>From 2Q22-1Q23, nearly 1,100 new homes were occupied, keeping the annual closings pace near the record high set at YE 2022 *(Record = 1,119 closings)*</u>
- Developers delivered another 1,554 new single-family (SF) residential lots in MISD over the past year

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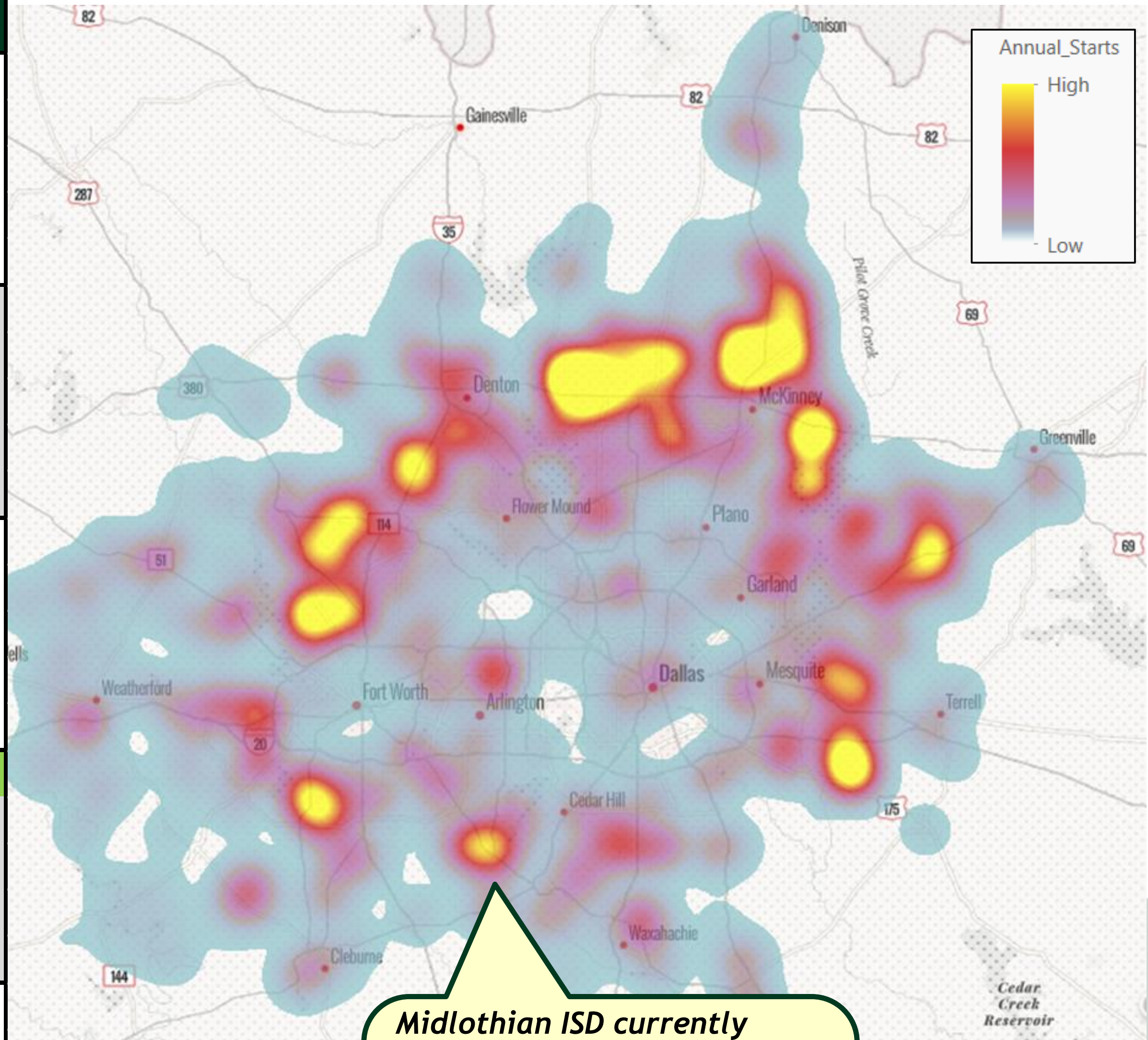
NEW HOME CONSTRUCTION BY DFW SCHOOL DISTRICT

Rank	District	Annual Starts	Annual Closings
1	Northwest	3,119	3,811
2	Denton	2,516	3,341
3	Prosper	2,491	3,202
4	Forney	1,332	2,252
5	Princeton	1,677	2,110
6	McKinney	2,374	1,831
7	Royse City	1,174	1,628
8	Aubrey	1,043	1,440
9	Crowley	1,460	1,432
10	Frisco	861	1,376
11	Mansfield	835	1,337
12	Eagle Mtn.-Saginaw	1,546	1,324
13	Rockwall	840	1,319
14	Lewisville	779	1,166
15	Crandall	844	1,118
16	**Midlothian**	**541**	**1,090**
17	Community	604	1,081
18	Celina	655	1,056
19	Anna	747	1,040
20	Melissa	1,562	1,026
21	Dallas	843	961
22	Ft. Worth	793	910
23	Argyle	735	875
24	Wylie	418	795
25	Waxahachie	470	783

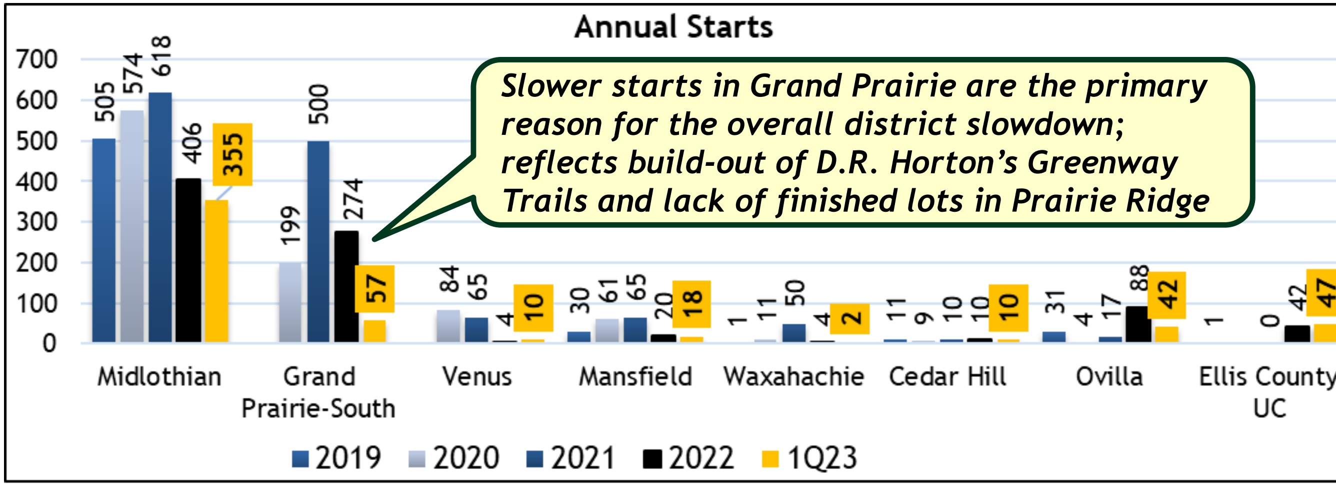


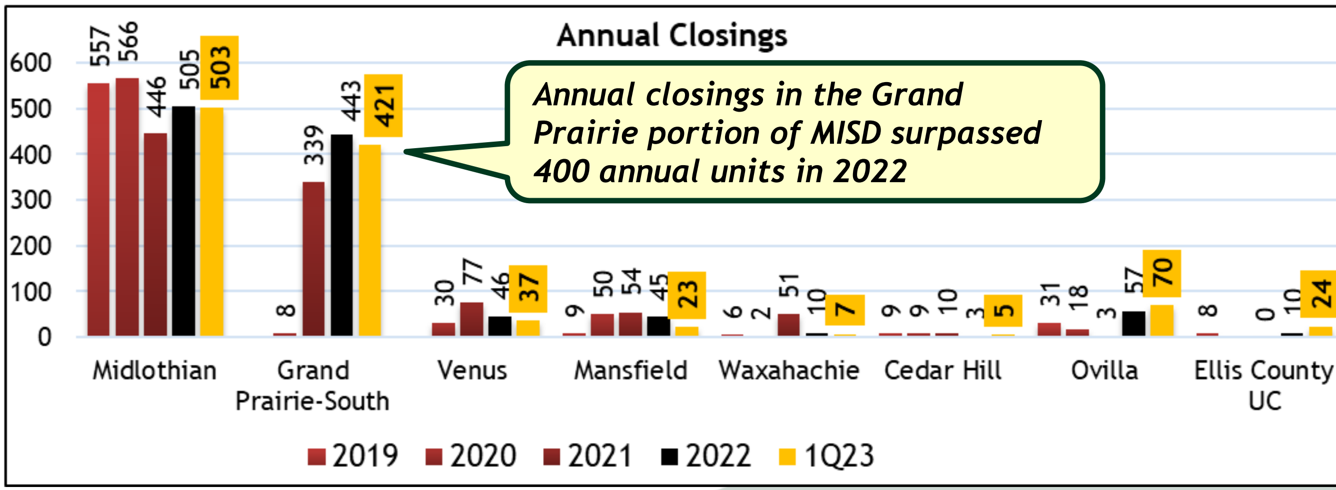
Midlothian ISD currently ranks 16th in total annual new home closings compared to the other 90 DFW school districts; 3rd most active on southside of DFW

MISD NEW HOME ACTIVITY BY CITY SECTOR: 2Q22-1Q23

- City of Midlothian continues to see the most new home activity within the district

- Starts slow in the emerging Grand Prairie area over the past 9 months as new spec construction slows and builders wait for new lots to be developed



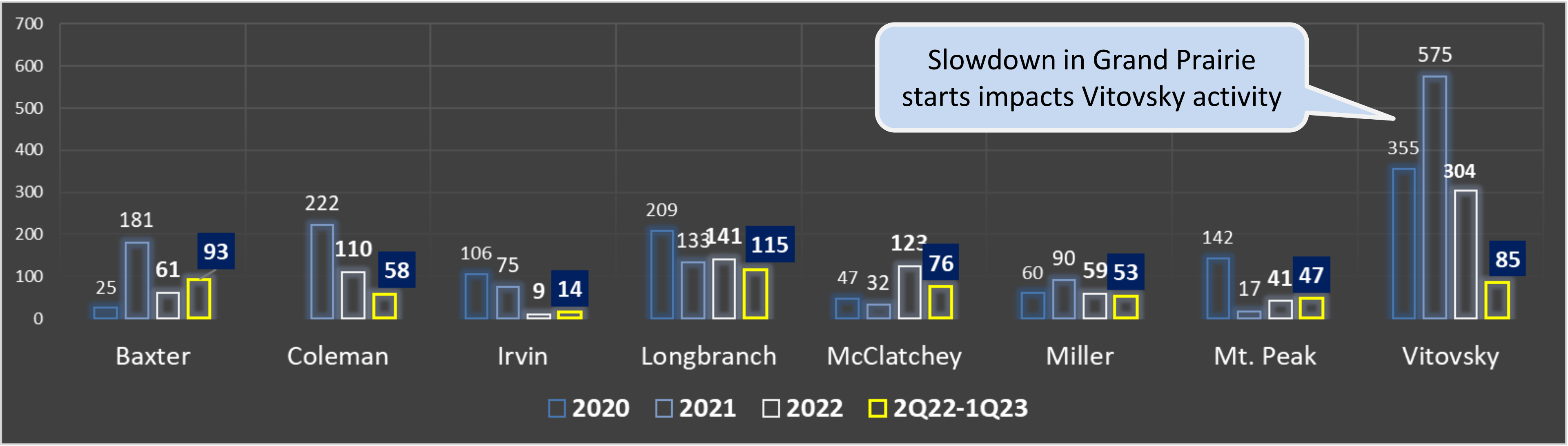


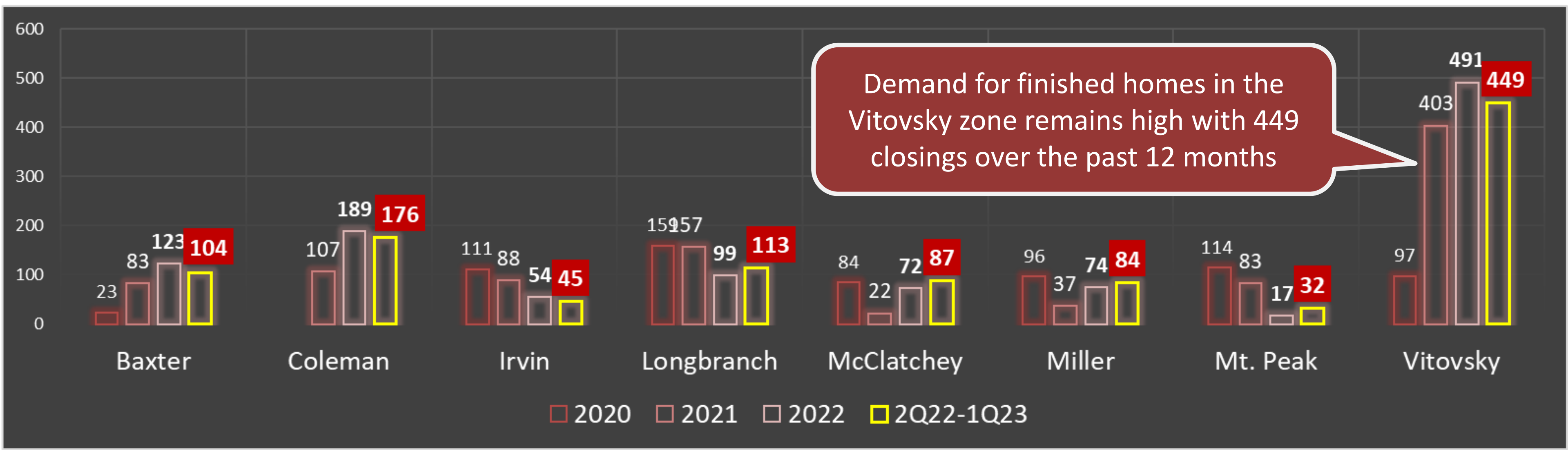
School District Strategies

MIDLOTHIAN ISD TOP PRODUCING NEW HOME SUBDIVISIONS 2Q22-1Q23 *(ranked by annual closings)*

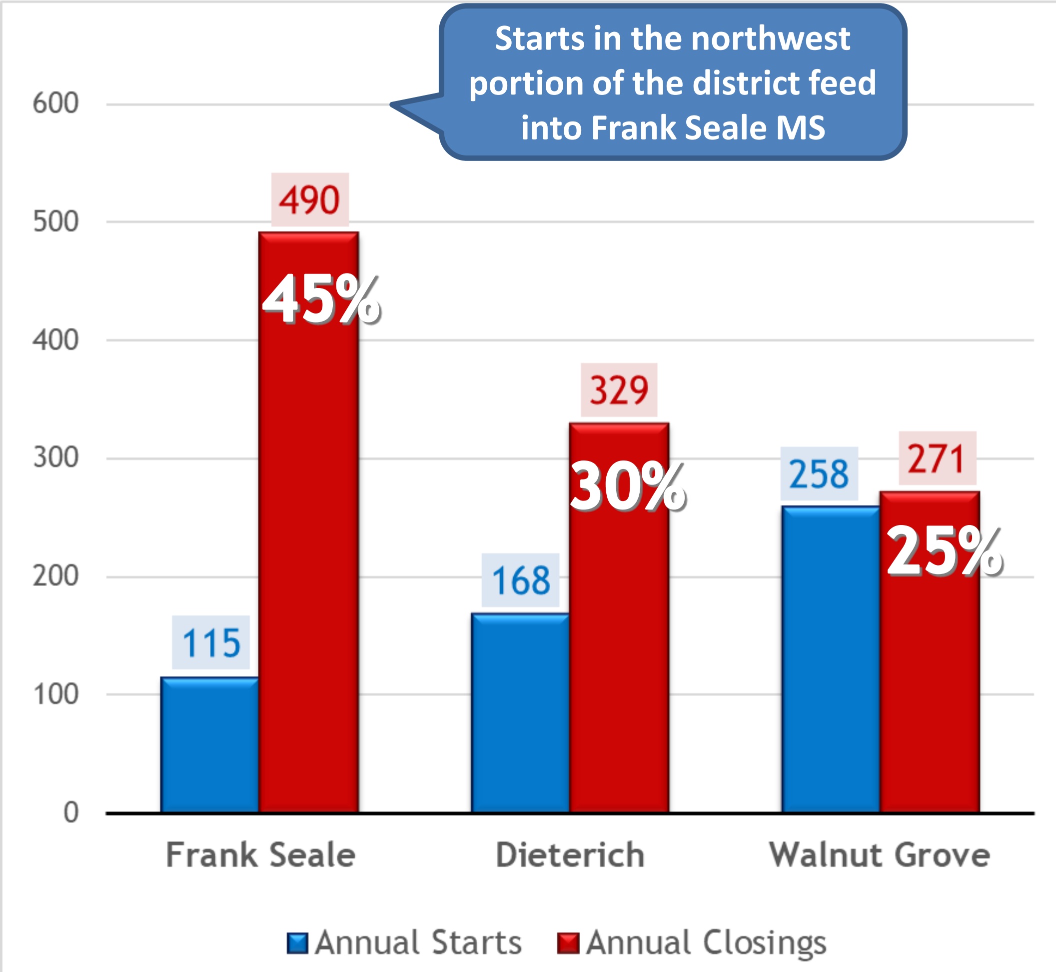
Rank	Subdivision	Annual Starts	Annual Closings	Elementary Zone	Middle School Zone	High School Zone
1	Greenway Trails	5	300	Vitovsky	Frank Seale	Midlothian
2	Prairie Ridge	26	107	Vitovsky	Frank Seale	Midlothian
3	The Grove	60	71	Baxter	Walnut Grove	Heritage
4	Brandi Ridge	16	71	Coleman	Dieterich	Midlothian
5	Bryson Manor	29	60	McClatchey	Walnut Grove	Heritage
6	Hawkins Meadows	7	48	Coleman	Dieterich	Midlothian
7	Dove Creek	8	41	Coleman	Dieterich	Midlothian
8	Heritage Hills Estates	10	37	Irvin	Dieterich	Midlothian
9	Massey Meadows	4	35	Longbranch	Walnut Grove	Heritage
10	Parkside North	25	33	Baxter	Frank Seale	Heritage
11	Villas of Somercrest	3	32	Miller	Dieterich	Midlothian
12	Hayes Crossing	28	25	Longbranch	Walnut Grove	Heritage
13	Jordan Run Estates	46	24	Mt. Peak	Dieterich	Midlothian
14	Stone Hollow Estates	8	20	Miller	Dieterich	Midlothian
15	Horizon Estates	10	17	Longbranch	Walnut Grove	Heritage
	Up and Coming					
	Wind Ridge	40	8	Longbranch	Walnut Grove	Heritage
	Lakes of Somercrest	31	10	Miller	Dieterich	Midlothian
	Ridgepoint	23	0	Coleman	Dieterich	Midlothian

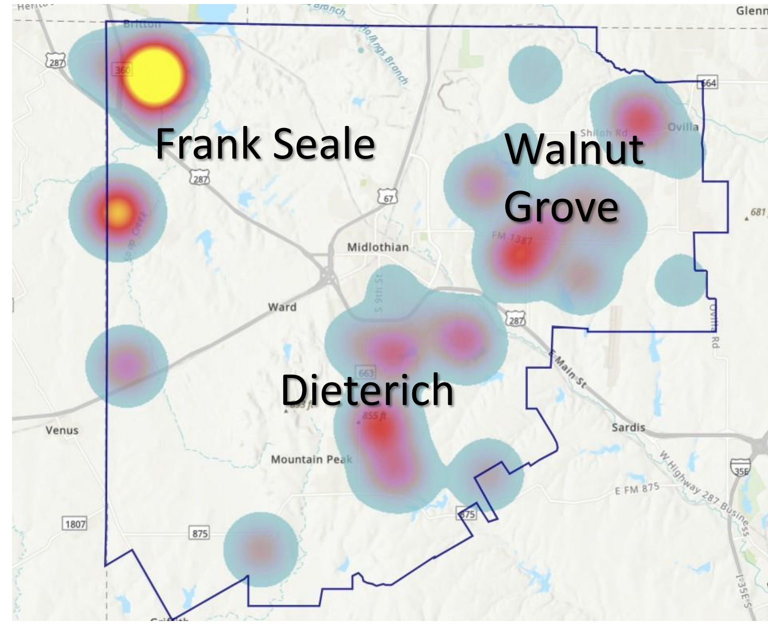
MIDLOTHIAN ISD NEW HOME CONSTRUCTION ACTIVITY BY ELEMENTARY ATTENDANCE ZONE





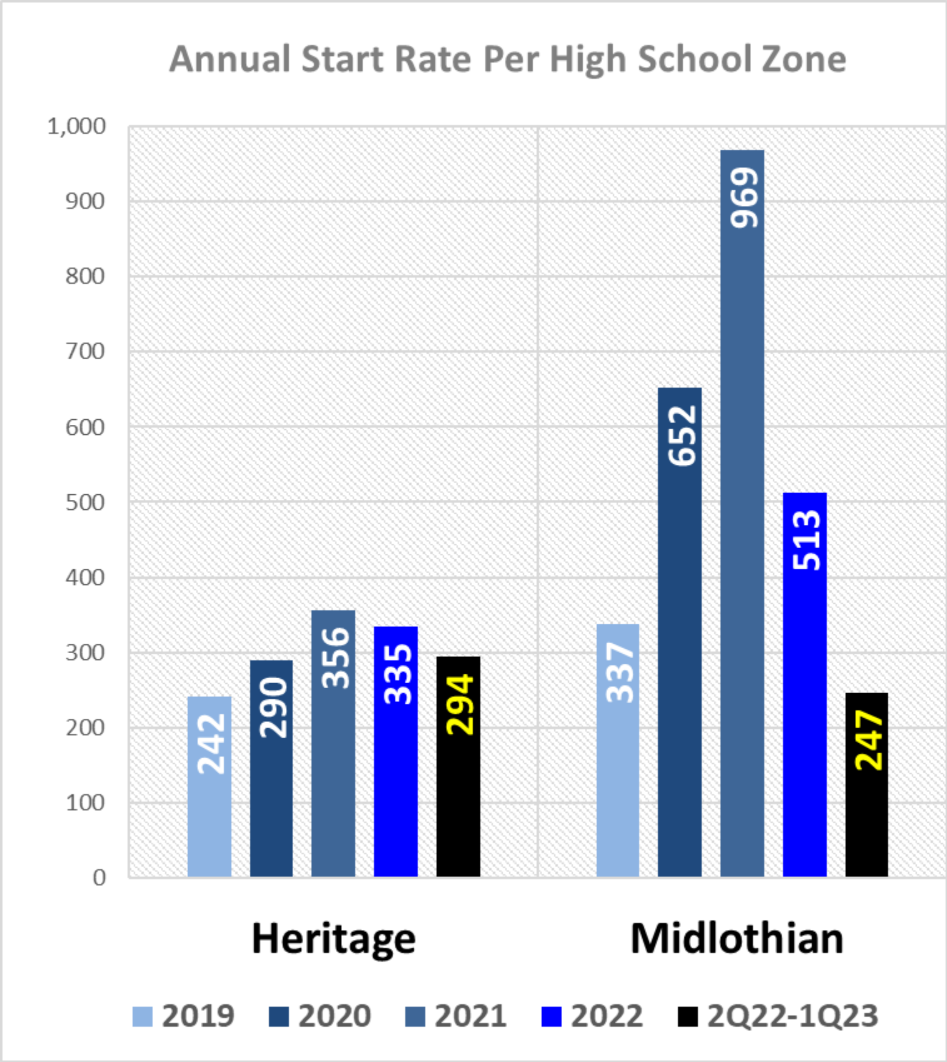
MIDLOTHIAN ISD NEW HOME CONSTRUCTION ACTIVITY BY MIDDLE SCHOOL ATTENDANCE ZONE: 2Q22-1Q23

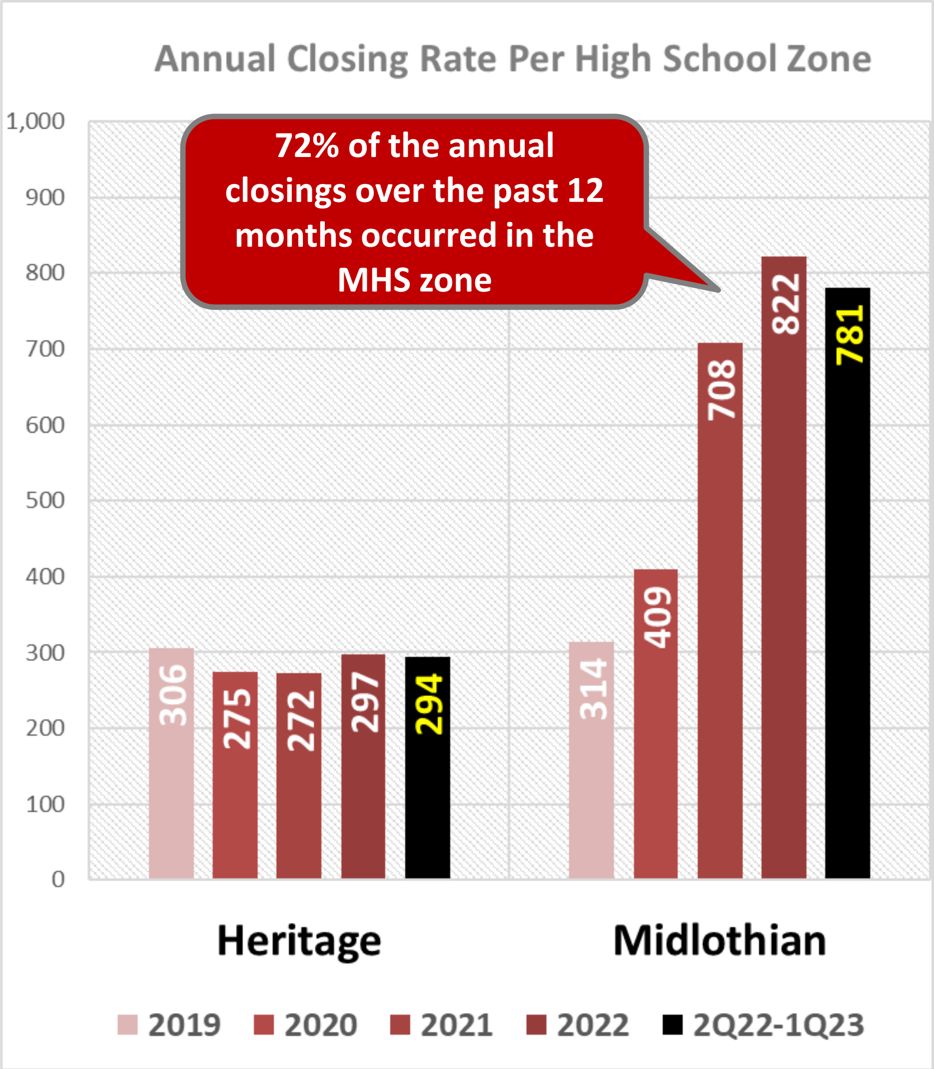




- Frank Seale zone continues to see the majority of the district's new home closings
- Walnut Grove zone now seeing the most new home starts

MIDLOTHIAN ISD NEW HOME CONSTRUCTION ACTIVITY BY HIGH SCHOOL ATTENDANCE ZONE





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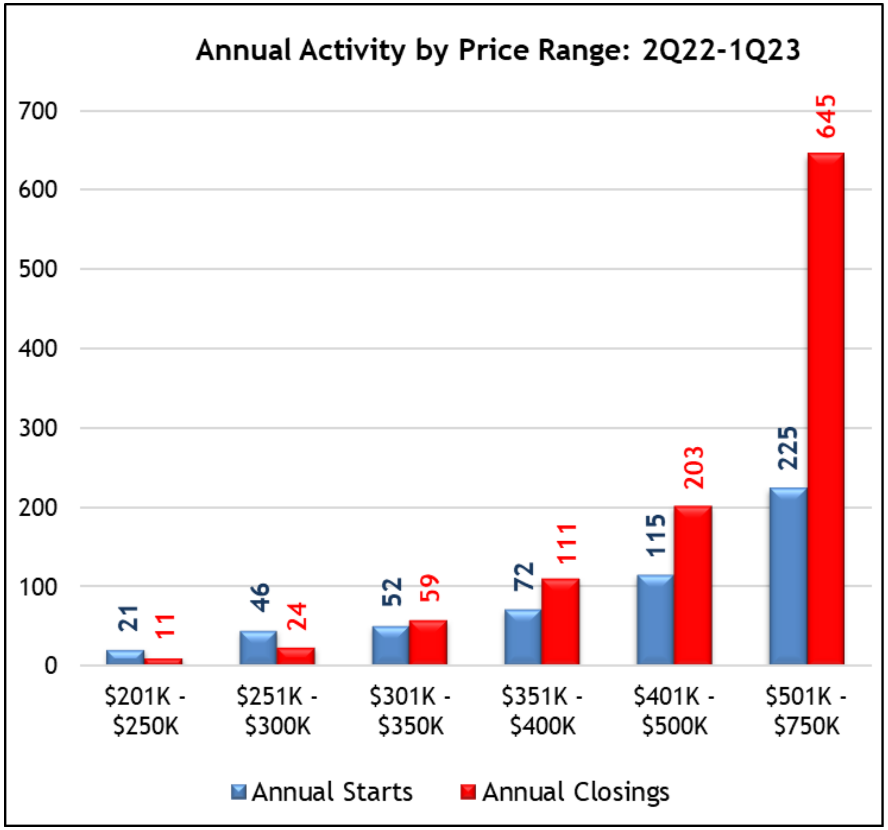
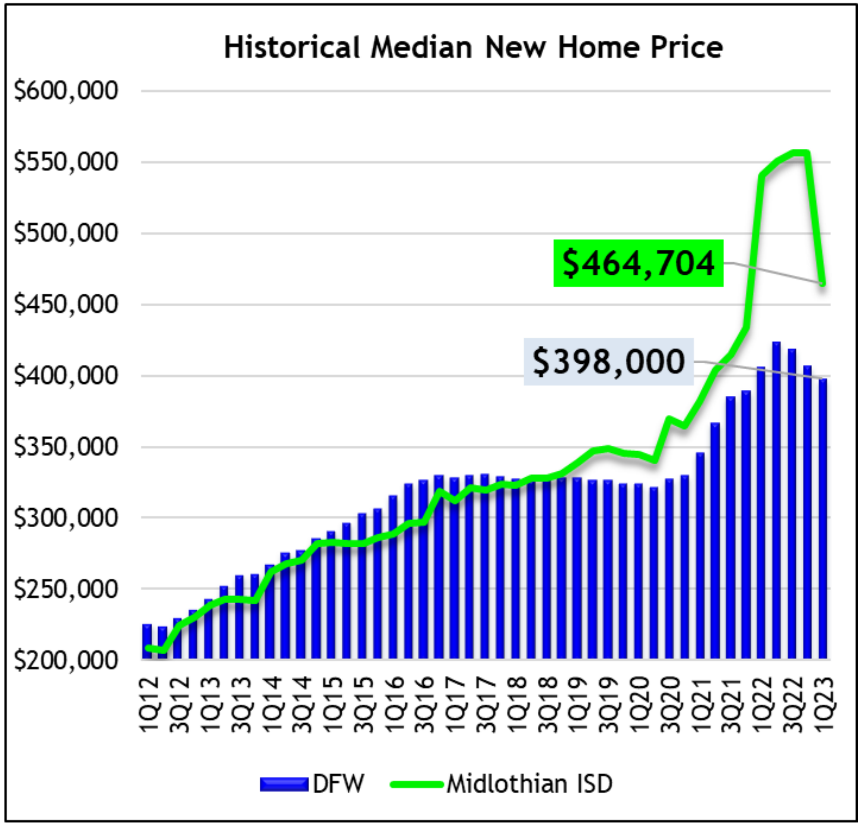
DISTRICT MEDIAN NEW HOME PRICE HISTORY





- Majority of MISD’s new home activity is now above $500K price point
- District’s median new home price falls back to $465K in 1Q23 *(-14% YoY)*
- DFW’s median new home price declines in 1Q23 to $398K *(-2.4% YoY)*

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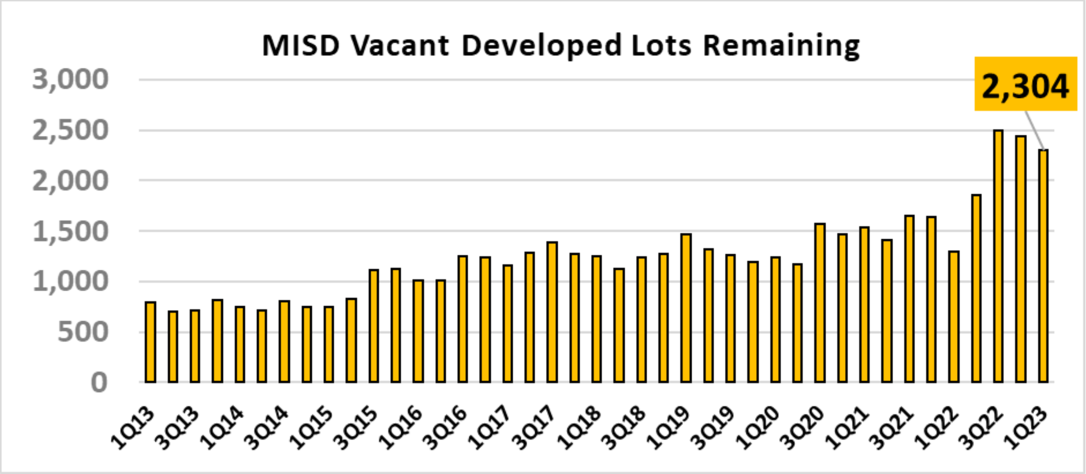
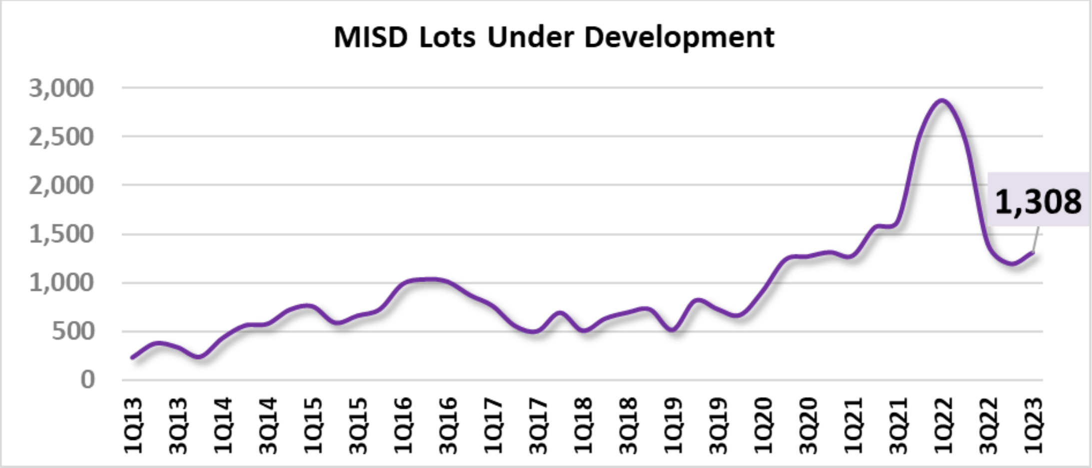
MIDLOTHIAN ISD RESIDENTIAL LOT INVENTORY

- 609 total homes were in production as March 2023 (started not occupied)
- 2,304 vacant developed lots remaining as of 1Q23
- 1,308 lots under development at the end of 1Q23
- 21,794 additional single-family lots are planned in MISD (w/ more expected)
- Approximately 1,170 future apartment units are planned

- ***Combined there are more than <u>26,000</u> lots in-process/planned as of 1Q23 in MISD (total of homes U/C, VDL, lots U/D, and future lots)***

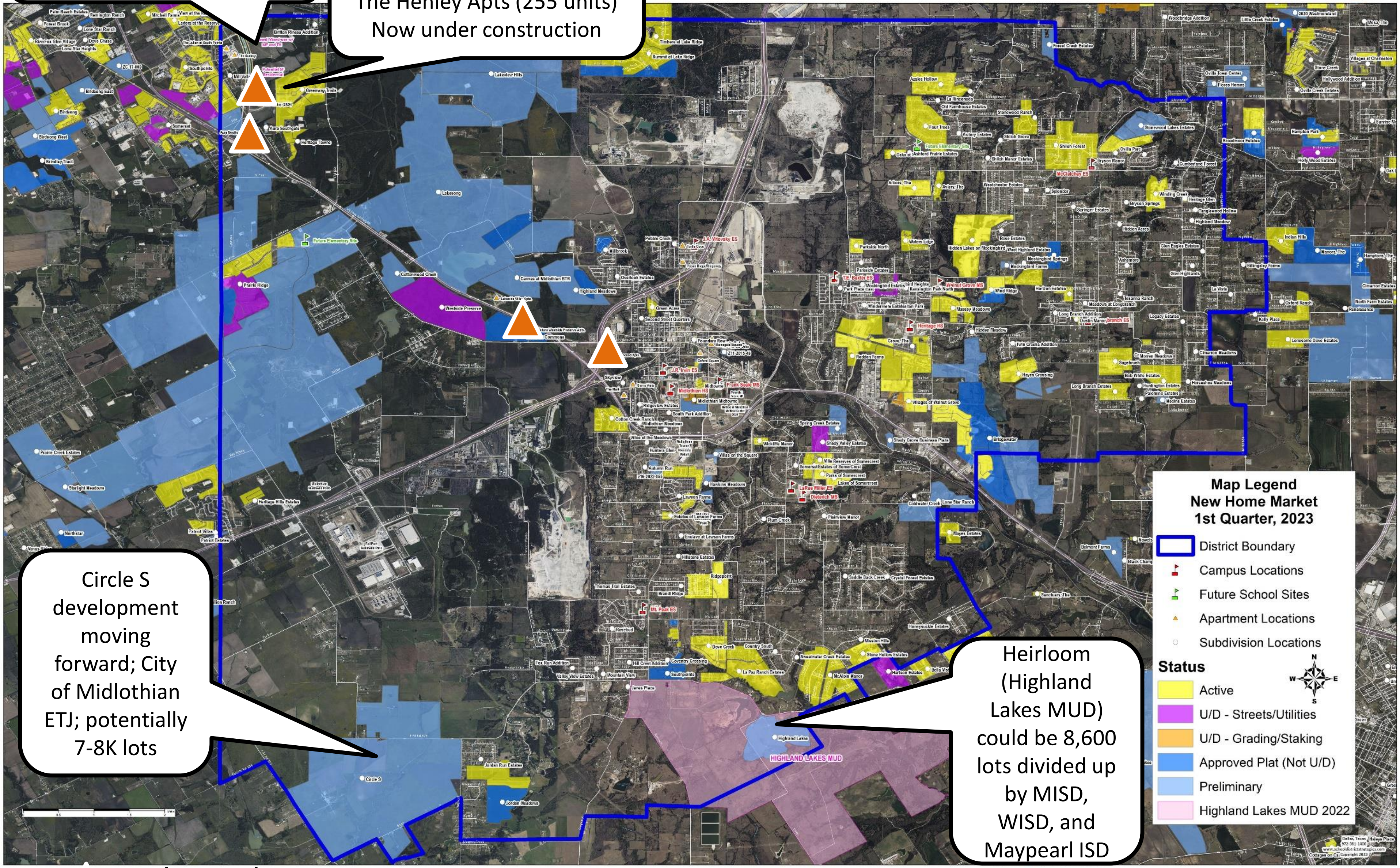




...ependent School District

Additional residential projects being discussed by cities of Grand Prairie and Mansfield

Aura Southgate (303 Units)
and
The Henley Apts (255 units)
Now under construction



Circle S development moving forward; City of Midlothian ETJ; potentially 7-8K lots

Heirloom (Highland Lakes MUD) could be 8,600 lots divided up by MISD, WISD, and Maypearl ISD

▲ = planned apartments

Midlothian ISD

Aerial Photos

March 27, 2023

Greenway Trails & Future Tracts

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Heritage Towne & Future Apartments

South Pointe

Prairie Ridge

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Prairie Ridge

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Westside Preserve

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School District Strategies

Westside Preserve

Midtowne

Redden Farms

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Mockingbird Heights

Parkside North

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The Arbors

Oaks at Shiloh

Azalea Hollow

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Hidden Lakes on Mockingbird

Bryson Manor

Wind Ridge

Massey Meadows

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Sagebrush

Hayes Crossing

SDS
School District Strategies

The Grove

The Grove / Villages of Walnut Grove

SDS
School District Strategies

Bridgewater

SDS School District Strategies

Bridgewater

Shady Valley


N
SDS
School District Strategies
Miller ES
Dieterich MS
Lakes/Parks of Somercrest

Ridgepoint

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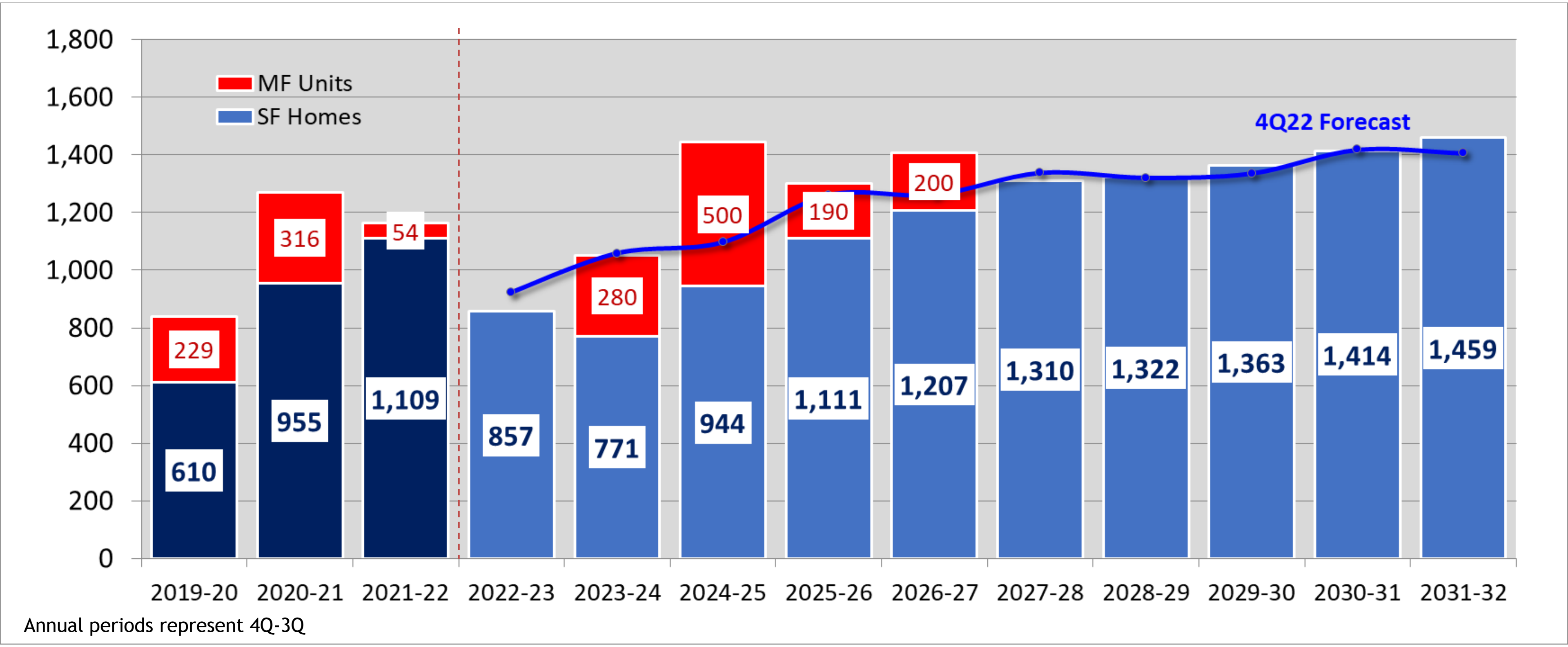
Dove Creek

La Paz Ranch

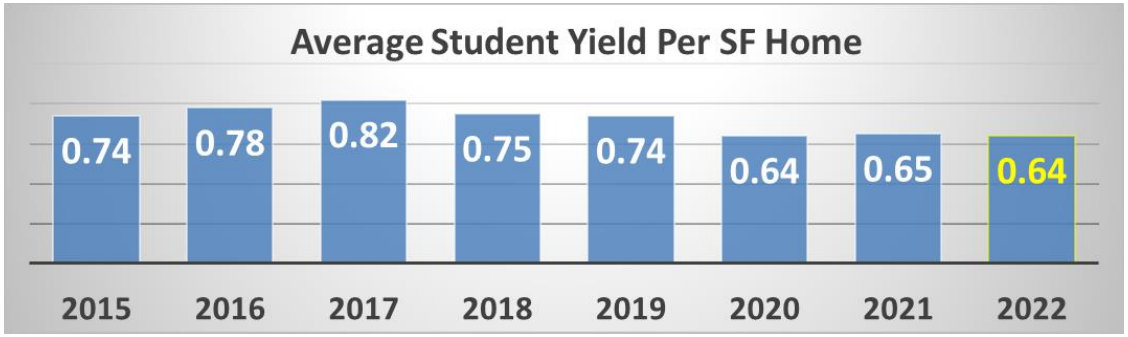
Stone Hollow

MIDLOTHIAN ISD NEW HOME CONSTRUCTION
MODERATE GROWTH CLOSINGS FORECAST FALL 2023-2032

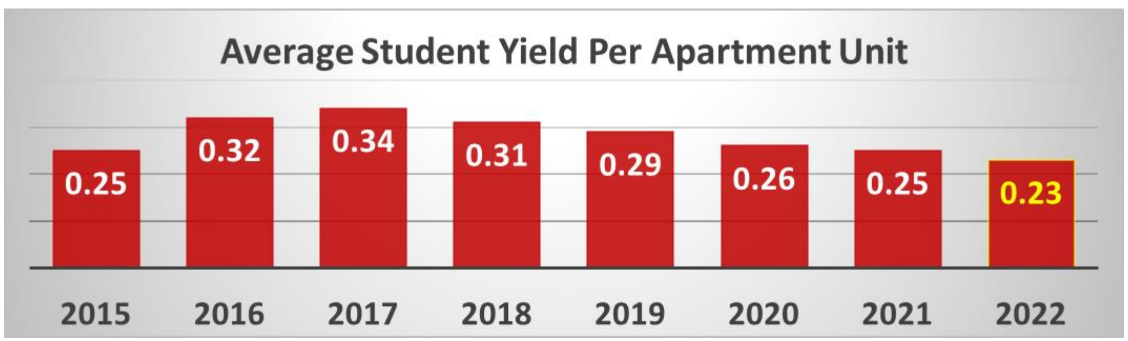


- The district is currently poised to average of 980 closings over the next five years
- Under the revised Moderate Scenario, MISD builders could produce approximately 4,900 total new occupied homes over the next five years
- <u>Over the next 10 years, MISD is poised to see over 11,750 new homes completed</u>
- Apartment developers continue working to add another 1,170 units in MISD over the next 5 years

MIDLOTHIAN ISD STUDENT YIELDS ANALYSIS



Historical Yield by Attendance Level	ES PK-5th	MS 6th-8th	HS 9th-12th	Total
2022	**0.30**	**0.17**	**0.18**	**0.64**
2021	0.29	0.19	0.18	0.65



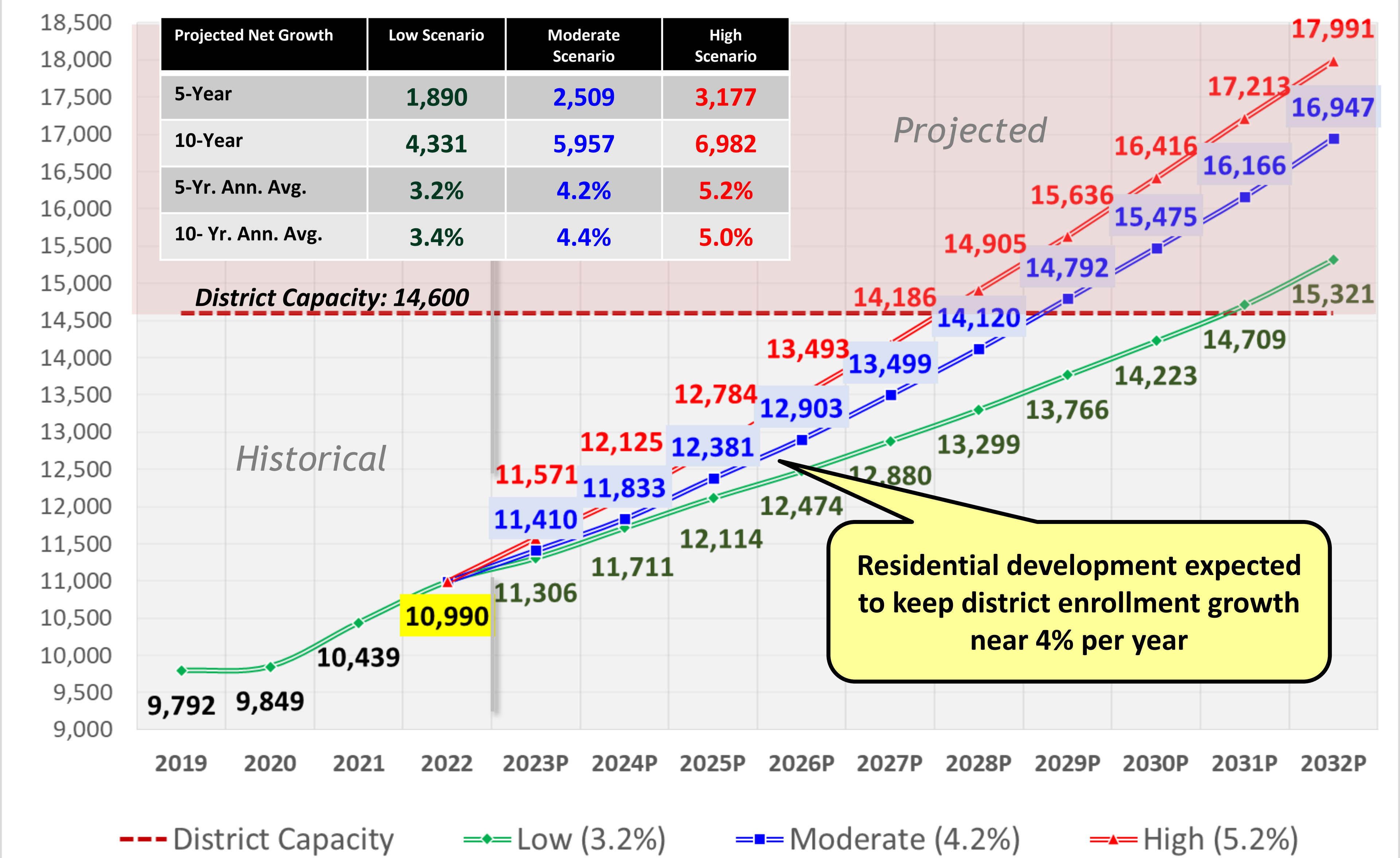
Historical Yield by Attendance Level	ES PK-5th	MS 6th-8th	HS 9th-12th	Total
2022	**0.13**	**0.05**	**0.06**	**0.23**
2021	0.13	0.04	0.08	0.25

- Single-family homes are yielding an average of 0.64 enrolled students per home
- Apartment developments are producing an average yield of 0.23 enrolled students per unit

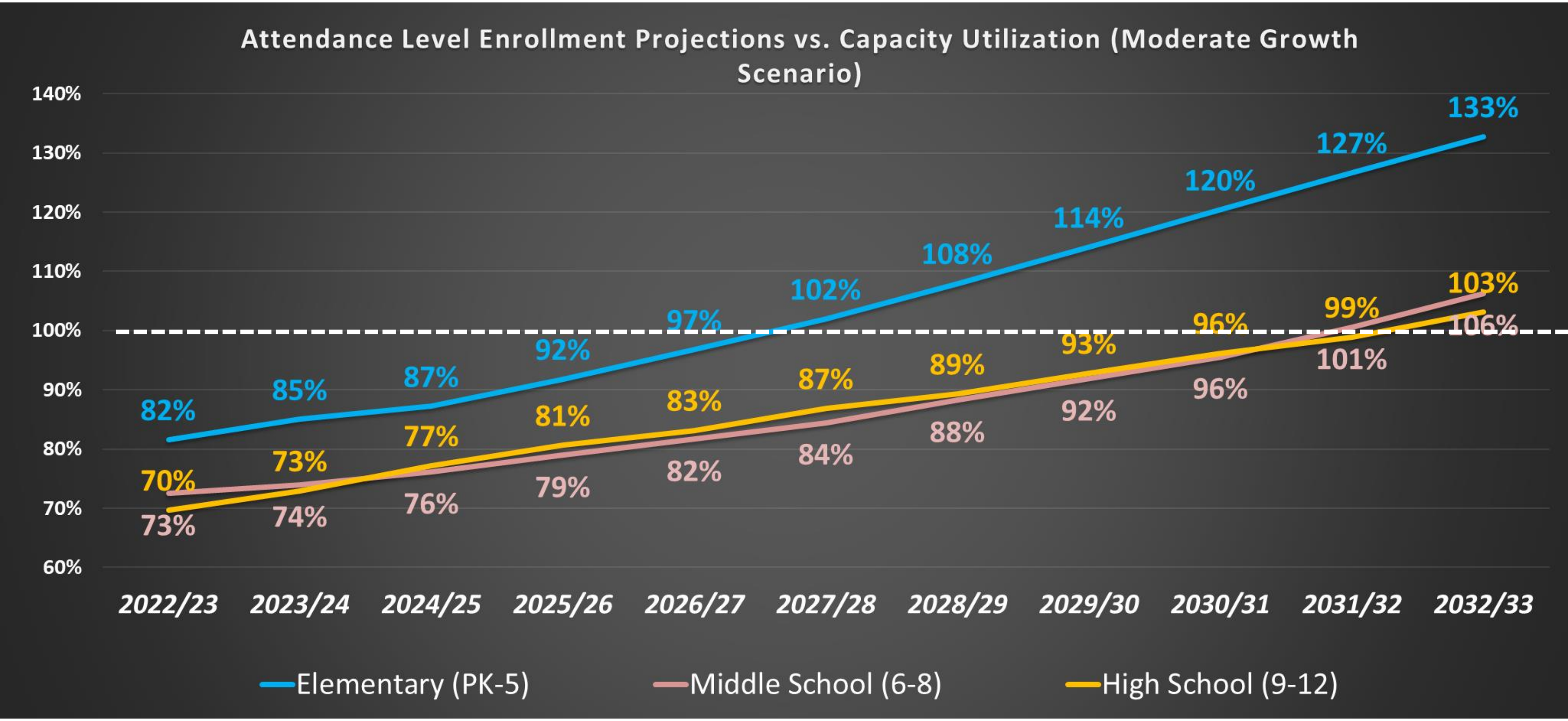
Data Reflects Students <u>Enrolled</u> in MISD

MIDLOTHIAN ISD
10-YEAR ENROLLMENT PROJECTIONS (1Q23)

Projected Net Growth	Low Scenario	Moderate Scenario	High Scenario
5-Year	1,890	2,509	3,177
10-Year	4,331	5,957	6,982
5-Yr. Ann. Avg.	3.2%	4.2%	5.2%
10- Yr. Ann. Avg.	3.4%	4.4%	5.0%



ATTENDANCE LEVEL CAPACITY UTILIZATION
(MODERATE GROWTH)



ELEMENTARY CAMPUS CAPACITY UTILIZATION
(MODERATE GROWTH)

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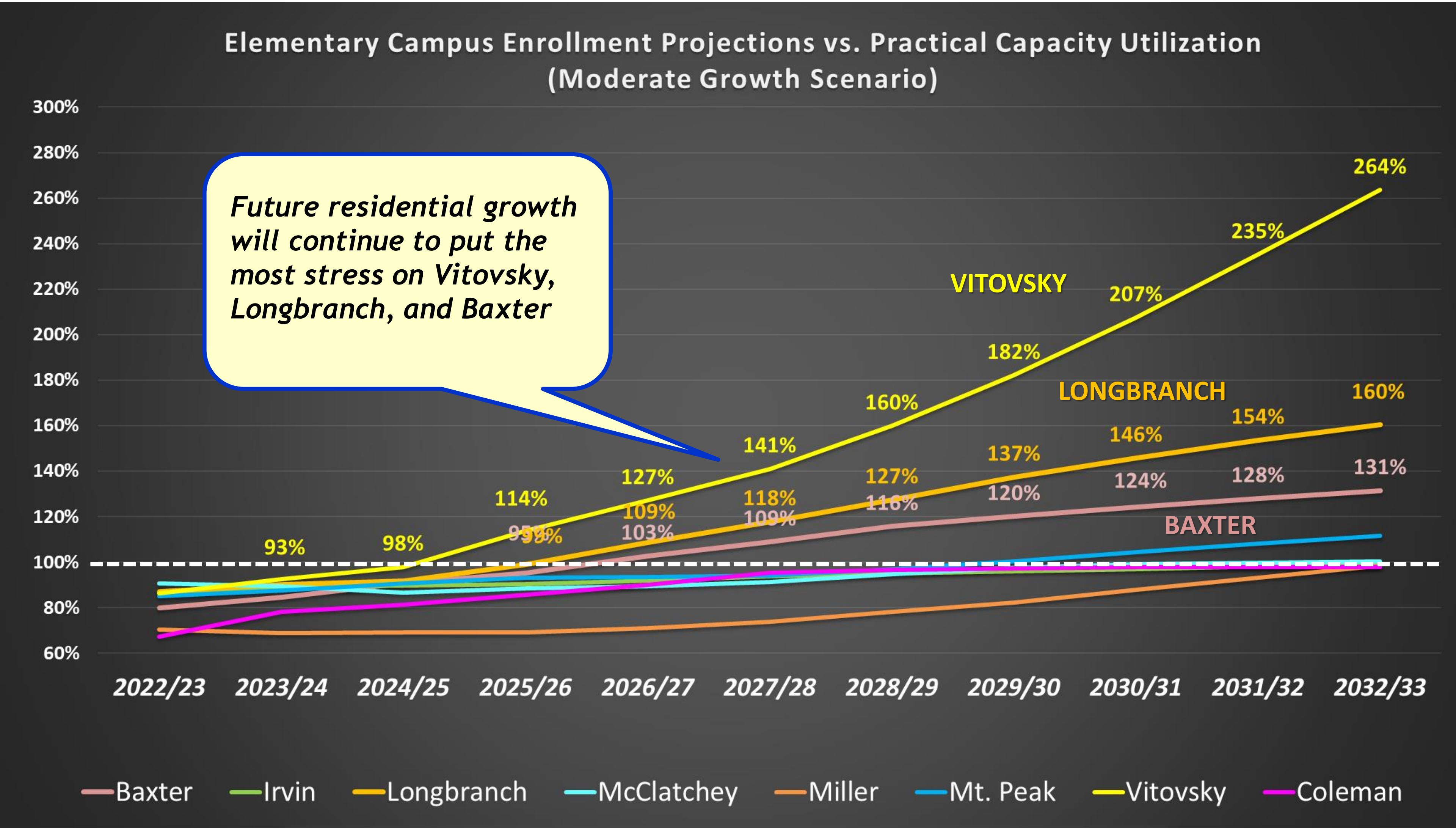

Midlothian ISD - Campus Projections (Moderate Scenario)	Historical	Projected Fall Snapshot Enrollment									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Baxter Elementary			Campus Capacity = 750								
Total Enrollment	600	635	681	713	769	816	867	900	932	959	986
Capacity Utilization	80%	85%	91%	95%	103%	109%	116%	120%	124%	128%	131%
Space Remaining	150	115	69	37	-19	-66	-117	-150	-182	-209	-236
Irvin Elementary			Campus Capacity = 750								
Total Enrollment	650	668	672	676	690	703	712	719	727	735	741
Capacity Utilization	87%	89%	90%	90%	92%	94%	95%	96%	97%	98%	99%
Space Remaining	100	82	78	74	60	47	38	31	23	15	9
Longbranch Elementary			Campus Capacity = 750								
Total Enrollment	652	677	688	743	815	883	955	1,030	1,093	1,152	1,203
Capacity Utilization	87%	90%	92%	99%	109%	118%	127%	137%	146%	154%	160%
Space Remaining	98	73	62	7	-65	-133	-205	-280	-343	-402	-453
Miller Elementary			Campus Capacity = 750								
Total Enrollment	528	515	518	517	531	552	585	617	658	698	737
Capacity Utilization	70%	69%	69%	69%	71%	74%	78%	82%	88%	93%	98%
Space Remaining	222	235	232	233	219	198	165	133	92	52	13
Mt. Peak Elementary			Campus Capacity = 750								
Total Enrollment	637	655	679	698	702	706	726	752	782	812	836
Capacity Utilization	85%	87%	91%	93%	94%	94%	97%	100%	104%	108%	111%
Space Remaining	113	95	71	52	48	44	24	-2	-32	-62	-86
Vitovsky Elementary			Campus Capacity = 750								
Total Enrollment	646	694	734	854	953	1,057	1,199	1,365	1,556	1,763	1,976
Capacity Utilization	86%	93%	98%	114%	127%	141%	160%	182%	207%	235%	264%
Space Remaining	104	56	16	-104	-203	-307	-449	-615	-806	-1,013	-1,226
McClatchey Elementary			Campus Capacity = 750								
Total Enrollment	679	670	650	664	670	684	710	731	742	747	752
Capacity Utilization	91%	89%	87%	89%	89%	91%	95%	97%	99%	100%	100%
Space Remaining	71	80	100	86	80	66	40	19	8	3	-2
Coleman Elementary			Campus Capacity = 750								
Total Enrollment	503	585	608	643	674	715	724	730	734	734	734
Capacity Utilization	67%	78%	81%	86%	90%	95%	97%	97%	98%	98%	98%
Space Remaining	247	165	142	107	76	35	26	20	16	16	16
Elementary Totals					Total Elementary Capacity = 6,000						
Total Enrollment	4,895	5,099	5,232	5,508	5,805	6,116	6,478	6,845	7,224	7,601	7,965
Capacity Utilization	82%	85%	87%	92%	97%	102%	108%	114%	120%	127%	133%
Space Remaining	1,105	901	768	492	195	-116	-478	-845	-1,224	-1,601	-1,965

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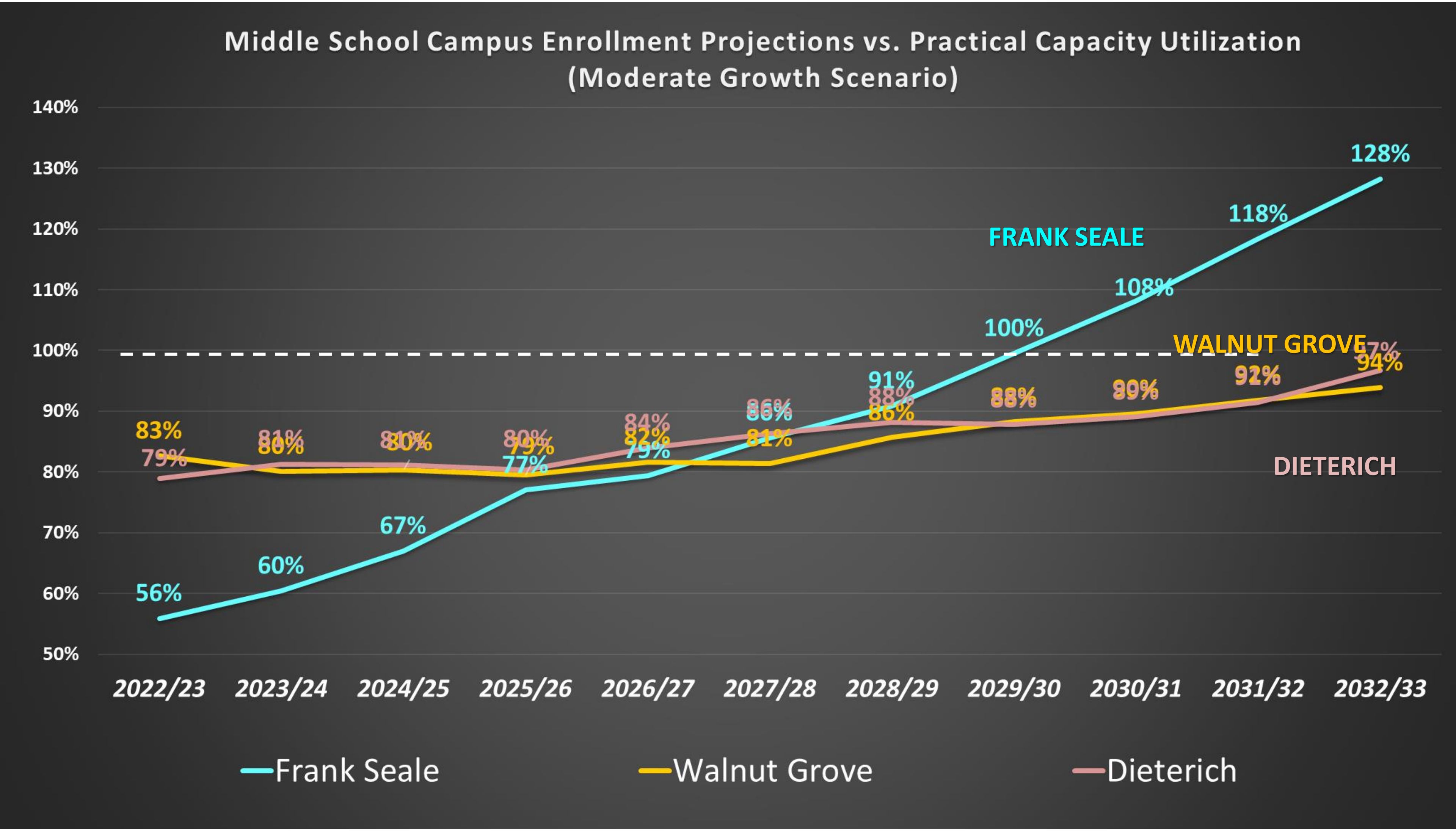
MIDDLE SCHOOL CAMPUS CAPACITY UTILIZATION
(MODERATE GROWTH)

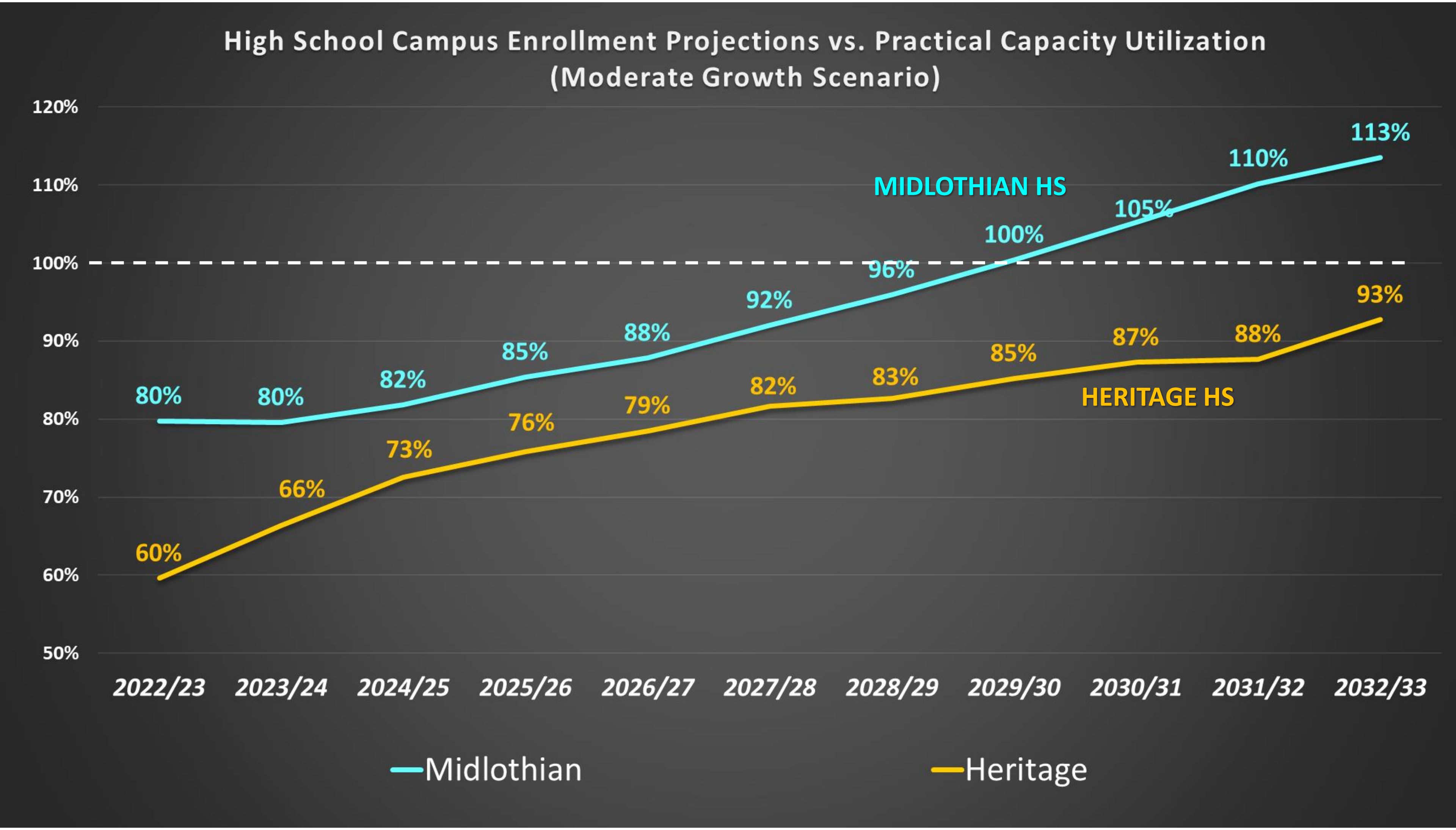
SDS



MIDDLE SCHOOL CAMPUS CAPACITY UTILIZATION
(MODERATE GROWTH)

Midlothian ISD - Campus Projections (Moderate Scenario)	Historical 2022/23	Projected Fall Snapshot Enrollment 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Frank Seale Middle			*Campus Capacity = 1,200*								
Total Enrollment	671	725	804	924	953	1,028	1,091	1,194	1,298	1,420	1,539
Capacity Utilization	56%	60%	67%	77%	79%	86%	91%	100%	108%	118%	128%
Space Remaining	529	475	396	276	247	172	109	6	-98	-220	-339
Walnut Grove Middle			*Campus Capacity = 1,200*								
Total Enrollment	992	962	964	954	979	977	1,028	1,059	1,074	1,102	1,127
Capacity Utilization	83%	80%	80%	79%	82%	81%	86%	88%	90%	92%	94%
Space Remaining	208	238	236	246	221	223	172	141	126	98	73
Dieterich Middle			*Campus Capacity = 1,200*								
Total Enrollment	947	975	973	964	1,007	1,036	1,058	1,053	1,069	1,098	1,161
Capacity Utilization	79%	81%	81%	80%	84%	86%	88%	88%	89%	91%	97%
Space Remaining	253	225	227	236	193	164	142	147	131	102	39
Middle School Totals				*Total Middle School Capacity = 3,600*							
Total Enrollment	2,610	2,662	2,741	2,842	2,939	3,041	3,176	3,307	3,441	3,620	3,826
Capacity Utilization	73%	74%	76%	79%	82%	84%	88%	92%	96%	101%	106%
Space Remaining	990	938	859	758	661	559	424	293	159	-20	-226

HIGH SCHOOL CAMPUS CAPACITY UTILIZATION
(MODERATE GROWTH)



HIGH SCHOOL CAMPUS CAPACITY UTILIZATION (MODERATE GROWTH)

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Midlothian ISD - Campus Projections (Moderate Scenario)	Historical	Projected Fall Snapshot Enrollment									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Heritage High				Campus Capacity = 2,500							
Total Enrollment	1,490	1,659	1,814	1,896	1,963	2,042	2,067	2,130	2,181	2,192	2,318
Capacity Utilization	60%	66%	73%	76%	79%	82%	83%	85%	87%	88%	93%
Space Remaining	1,010	841	686	604	537	458	433	370	319	308	182
Midlothian High				Campus Capacity = 2,500							
Total Enrollment	1,994	1,990	2,045	2,135	2,196	2,300	2,398	2,510	2,630	2,754	2,837
Capacity Utilization	80%	80%	82%	85%	88%	92%	96%	100%	105%	110%	113%
Space Remaining	506	510	455	365	304	200	102	-10	-130	-254	-337
High School Totals				Total High School Capacity = 5,000							
Total Enrollment	3,485	3,648	3,860	4,031	4,159	4,342	4,466	4,640	4,811	4,946	5,155
Capacity Utilization	70%	73%	77%	81%	83%	87%	89%	93%	96%	99%	103%
Space Remaining	1,515	1,352	1,140	969	841	658	534	360	189	54	-155
District Totals (PK-12)				Total District Capacity = 14,600							
Total Enrollment	**10,990**	**11,410**	**11,833**	**12,381**	**12,903**	**13,499**	**14,120**	**14,792**	**15,475**	**16,166**	**16,947**
Capacity Utilization	**75%**	**78%**	**81%**	**85%**	**88%**	**92%**	**97%**	**101%**	**106%**	**111%**	**116%**
Space Remaining	**3,610**	**3,190**	**2,767**	**2,219**	**1,697**	**1,101**	**480**	**-192**	**-875**	**-1,566**	**-2,347**
OVER 100% OF CAMPUS CAPACITY											
Annual Chg.	*570*	*420*	*423*	*548*	*522*	*597*	*621*	*672*	*683*	*691*	*780*
% Growth	*5.5%*	*3.8%*	*3.7%*	*4.6%*	*4.2%*	*4.6%*	*4.6%*	*4.8%*	*4.6%*	*4.5%*	*4.8%*

Midlothian ISD

1Q 2023 Demographics Summary

SDS School District Strategies

- Texas Education Agency reports an official enrollment of 10,990 for the 2022/23 school year
- District enrollment is now the 31st largest, among the 90 districts that make up the DFW area
- Over the past 5 years, district enrollment has grown by 24%, which ranks 22nd overall for DFW
- Sluggish 4th quarter activity leads into mixed 1st quarter results for the DFW new home market
- Demand remains strong for finished homes in MISD, but builders pull back on new starts
- From 2Q22-1Q23, homebuilders started 541 new homes and a near record 1,090 homes were occupied
- MISD's new home market is the 16th most active among all DFW public school districts
- District's median new home price is currently $465K (-14% YoY) [DFW = $398K]
- The northwest/Grand Prairie portion of the district produces 421 closings over the past 12 months, but starts slow to only 57 units as builders run out of developed/released lots in the top-producing Greenway Trails and Prairie Ridge subdivisions
- Most of the top producing subdivisions remain in the Vitovsky ES, Frank Seale MS, and MHS zones, but activity in the Walnut Grove MS zone is increasing
- Developers delivered 1,554 new single-family (SF) lots in MISD from 2Q22-1Q23
- 609 total homes are currently in production (started but not complete/occupied)
- 2,304 vacant SF lots were remaining at the end of 1Q23
- 1,308 SF lots are currently under development in the district
- Developers are planning nearly 21,800 additional future SF lots with more expected
- Nearly 1,200 future apartments are now in-process/planned in the district
- MISD now pace for 4,900 new homes occupied by 2027/28 and over 11,500 homes by Fall 2032
- New home subdivisions in MISD are currently yielding 0.64 enrolled students per home
- Apartments in MISD are currently yielding 0.23 enrolled students per unit
- Residential development is expected to keep enrollment growth near 3-4% per year
- If enrollment growth averages 4% over the next five years (Moderate Scenario), the district's total enrollment would surpass 13,000 students by 2027/28 and exceed district capacity by 2029
- Over the next 10 years, the district could add 6K-7K students if the annual growth rate averages 4-5%
- If slower growth near 3% occurs, MISD enrollment would still grow by over 4,300 students in 10 years

School District Strategies

SDS

Solutions Through Demographics

16980 Dallas Parkway
Suite 101
Dallas, Texas 75248

www.schooldistrictstrategies.com

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.