

## Midlothian ISD

District Demographics Update

2Q 2023

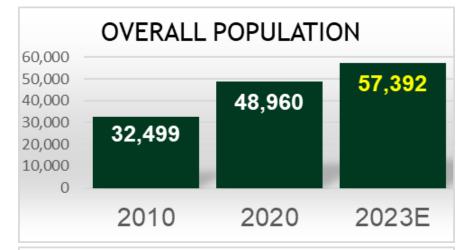


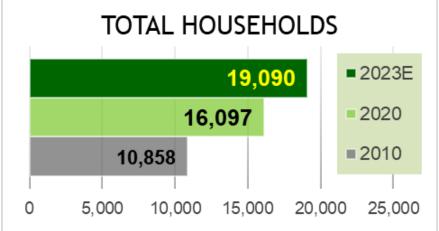
## MIDLOTHIAN ISD: 2023 UPDATE

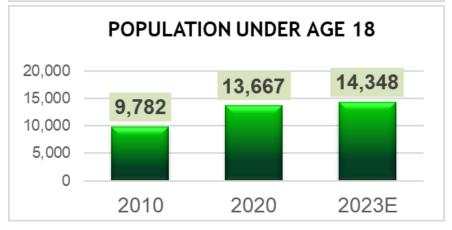
- > 2020 Census results showed a total population of 48,960 and 16,097 total households in MISD
- Esri estimates that Midlothian ISD's overall population in 2023 has grown to 57,392 (+17% or +8,432 vs. 2020)
- In 2023, the district is estimated to have 19,090 total households (+18.6% or +2,993 over the past three years)
- 2020 Census showed 28% of MISD residents are under age 18 (13,667 total residents)
- Under 18 population in MISD increased by 40% increase vs. 2010 (9,782); 2023 estimate is up another 5% to 14,348
- Average HH Size in 2023 = 3.0
- Median HH Income = \$109,010

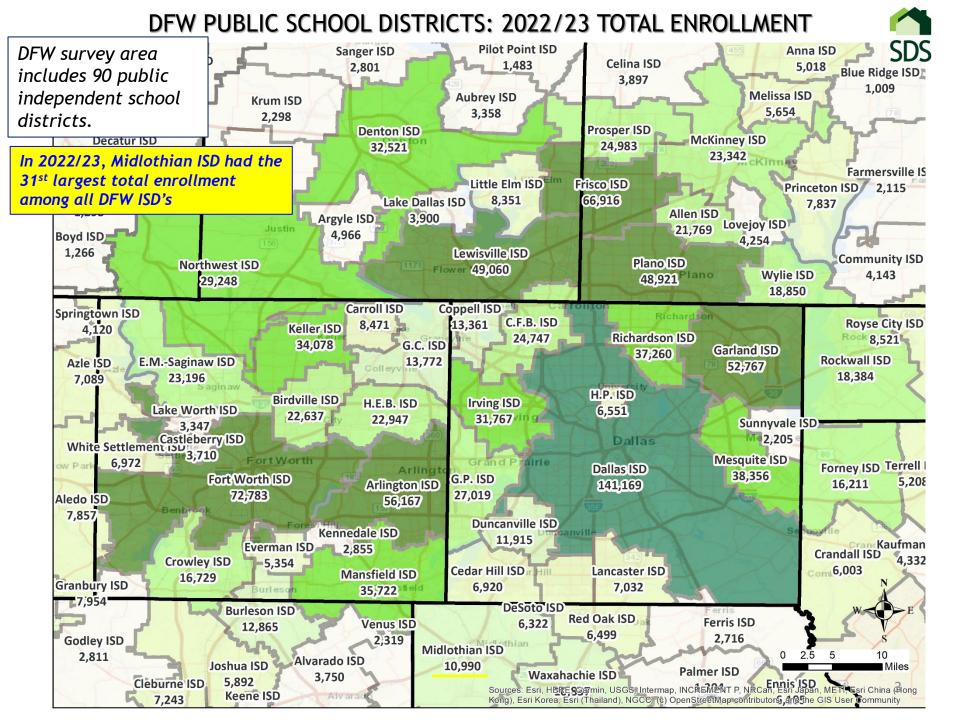


Source: US Census Bureau and Esri





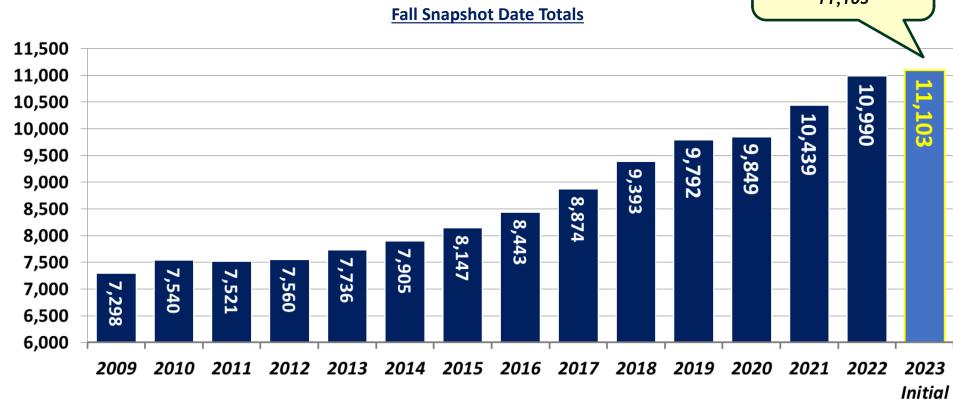






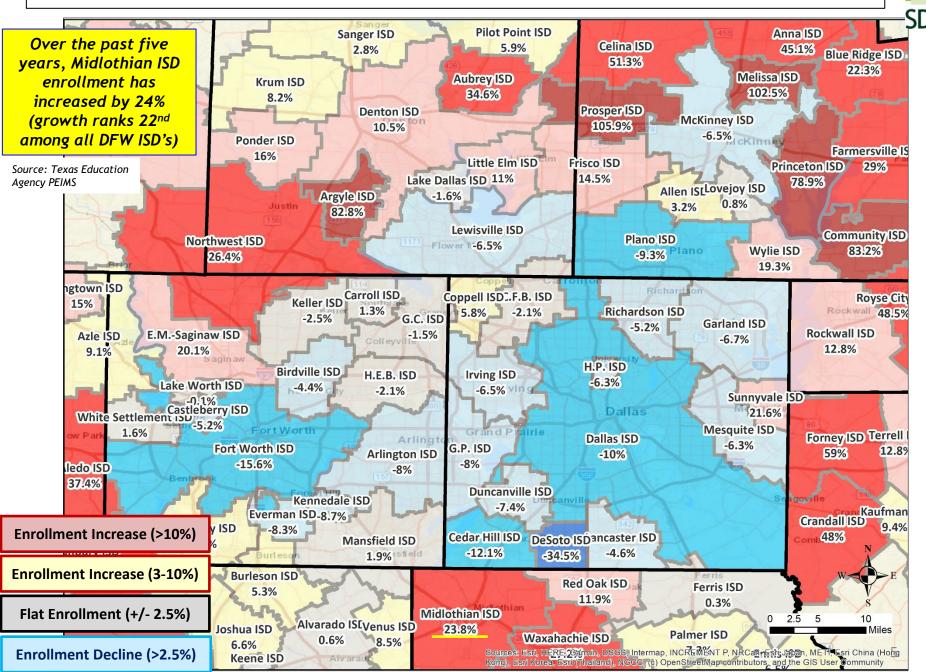
## MIDLOTHIAN ISD ENROLLMENT (PK-12): 15-YEAR HISTORY

District enrollment as of 9/8/23 is 11,103





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



## GROWTH DRIVERS: DFW HOUSING MARKET 4Q22-1Q23 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

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

#### 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 43Kunits 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 HOUSING MARKET—TRAFFIC & SALES 2Q23

### Strong Sales Persevere Through The 2<sup>nd</sup> Quarter of 2023

- Traffic and sales accelerate into Spring market, remain vibrant through June
- Builders able to sell down 'spec inventory', rebuild build-to-suit backlogs
- With lack of FV inventory, builders rev up starts in 2Q23—well above pace of three previous quarters and near 2Q22 level
- Many builders report that they reached 2023 sales goals in first six months of year
- Builders shift focus to restocking lot supply for 2025 & 2026

#### Regional Differences in Results

- Traffic, sales and margins vary by submarket
- Northern markets typically have experienced the strongest results
- Prospects in eastern & southern DFW markets more price sensitive, margins narrower. Robust lot inventories in many of these submarkets

#### **3Q23 Initial Results**

- July reports indicate some normal seasonal slowdown, but still positive
- 3Q23 start rate likely to surpass 3Q22 (9,590), push annual starts to mid-40s
- Builders remain watchful of higher rates
- Mortgage rate topping 7% could lead to cancellations, slower sales



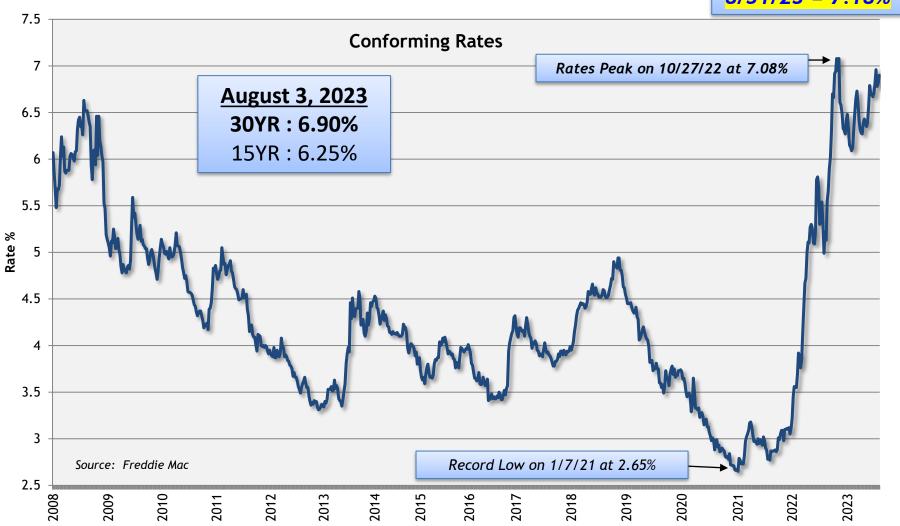
#### GROWTH DRIVERS: DFW: NEW HOME STARTS, CLOSINGS & LOT DELIVERIES





#### **30-YEAR MORTGAGE RATE**

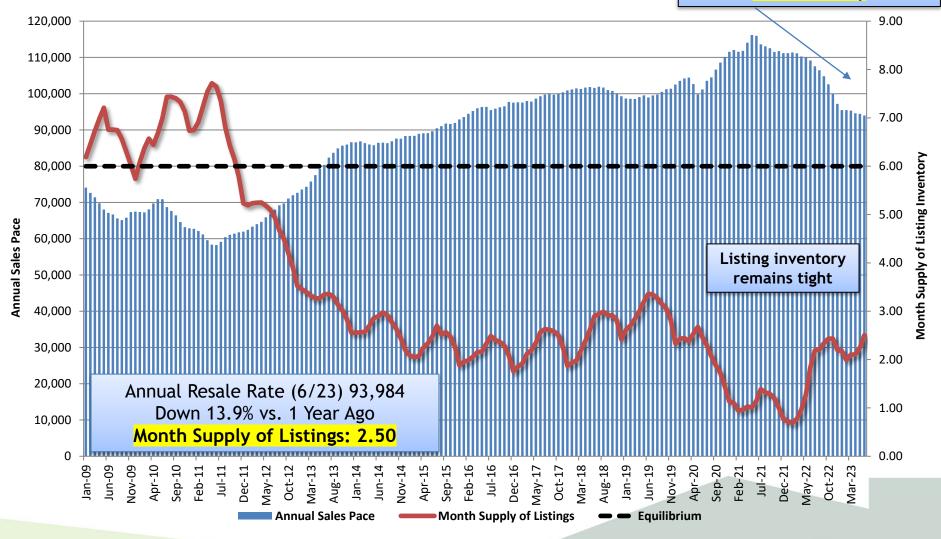
Rate as of 8/31/23 = 7.18%





#### DFW EXISTING HOME SALES (DFW MSA)

Sales activity continues to decline due to lack of affordability and limited inventory

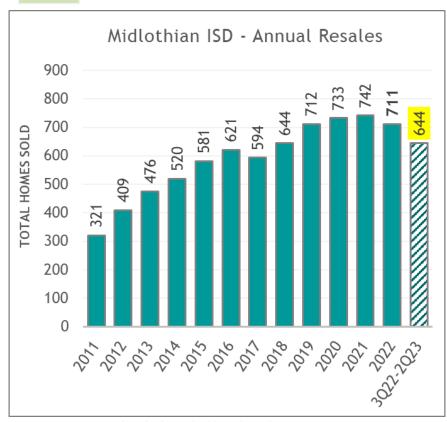


Source: Texas A&M Real Estate Center





#### MIDLOTHIAN PREOWNED HOME SALES



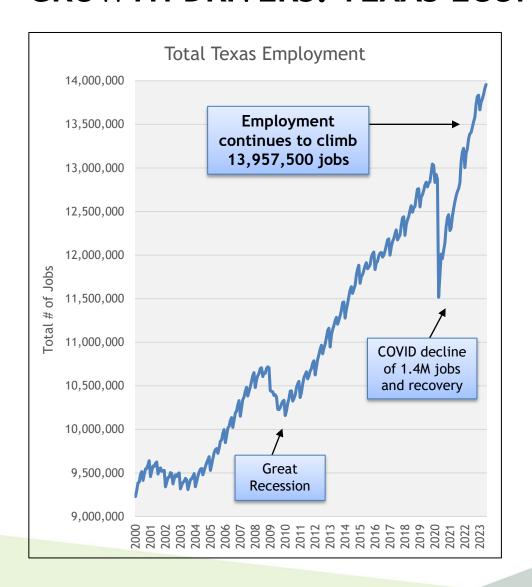


Source: NTREIS – SF detached, non-builder sales only

- 644 pre-owned homes sold in the district from 3Q22-2Q23 (-18.9% YoY)
- MISD's median resale sold price over the past 12 months was \$453,500 (+3.1% vs. YoY)
- DFW's annual median resale price at the end of 2Q23 was \$410,000 (-0.8% YoY)



#### **GROWTH DRIVERS: TEXAS ECONOMY**



Employment Growth
Remains Very Positive
Year-over-Year Growth Rate
June 2023

#### **United States**

#### Major Texas Markets YoY Growth

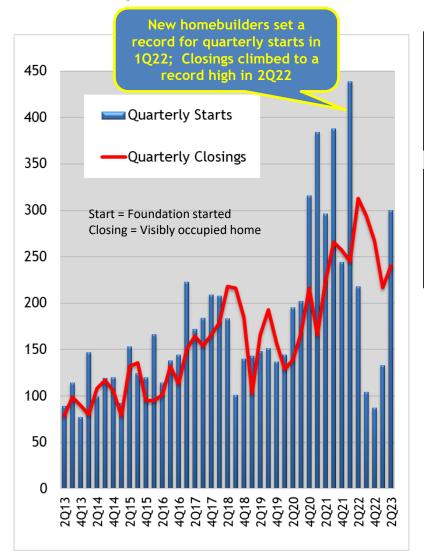
_	DFW	+205,000	+5.04%
_	Houston	+121,600	+3.75%
_	Austin	+56,300	+4.43%
_	San Antonio	+41 700	+3 71%

Source: TWC - CES (Not Seasonally Adjusted)





### MIDLOTHIAN ISD QUARTERLY NEW HOME CONSTRUCTION

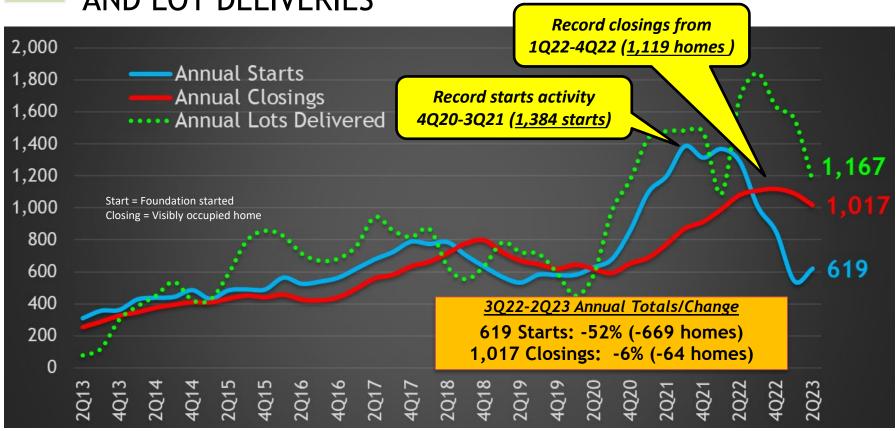


Starts	2015	2016	2017	2018	2019	2020	2021	2022	2023
1Q	92	166	223	208	143	144	384	439	133
2Q	153	114	172	183	148	195	296	218	300
3Q	124	138	184	101	151	202	388	104	
4Q	120	144	209	140	137	316	244	87	
Total	489	562	788	632	579	857	1,312	848	433
Closings	2015	2016	2017	2018	2019	2020	2021	2022	2023
1Q	79	95	150	179	103	129	166	245	217
2Q	132	101	165	218	166	139	224	313	240
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	457

- Builders produced 300 new homes starts during the 2<sup>nd</sup> quarter of 2023 (highest total for any second quarter)
- 2Q23 produces another strong quarter of closings in MISD with 240 new homes occupied



## MIDLOTHIAN ISD ANNUAL NEW HOME CONSTRUCTION AND LOT DELIVERIES

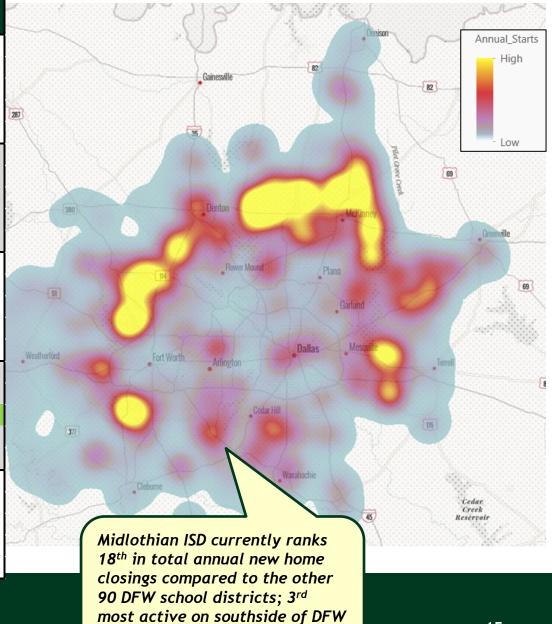


- The annual pace of new home starts in MISD rebounds in 2Q23 to 619 units
- From 3Q22-2Q23, over 1,000 new homes were occupied, keeping the annual closings pace near the record high set at YE 2022 (Record = 1,119 closings)
- Developers delivered nearly 1,200 new single-family (SF) residential lots in MISD over the past year



#### **NEW HOME CONSTRUCTION BY DFW SCHOOL DISTRICT**

Rank	District	Annual Starts	Annual Closings	
1	Northwest	3,466	3,634	
2	Denton	2,652	3,390	
3	Prosper	2,460	3,113	
4	McKinney	2,136	2,244	
5	Princeton	1,705	2,207	
6	Forney	1,470	1,797	
7	Royse City	1,176	1,669	
8	Eagle MtnSaginaw	1,881	1,604	
9	Crowley	1,808	1,519	
10	Aubrey	921	1,330	
11	Rockwall	642	1,330	
12	Frisco	853	1,320	
13	Mansfield	806	1,303	
14	Crandall	644	1,231	
15	Lewisville	687	1,191	
16	Melissa	1,438	1,162	
17	Celina	959	1,083	
18	Midlothian	619	1,017	
19	Anna	760	991	
20	Dallas	963	932	
21	Community	620	926	
22	Ft. Worth	581	923	
23	Argyle	582	883	
24	Garland	755	786	
25	Wylie	415	776	

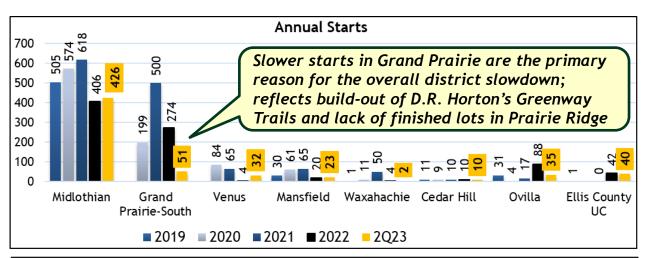


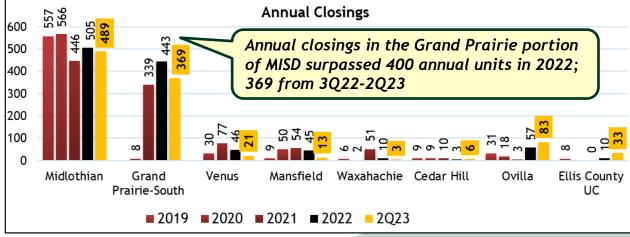




#### MISD NEW HOME ACTIVITY BY CITY SECTOR: 3Q22-2Q23

- City of Midlothian continues to see the most new home activity within the district
- Starts slow in the Grand Prairie area over the past 18 months as builders wait for new lots to be completed









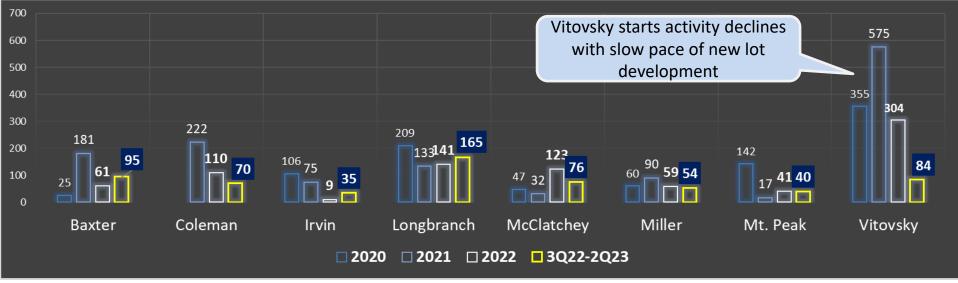
### MIDLOTHIAN ISD TOP PRODUCING NEW HOME SUBDIVISIONS 3Q22-2Q23 (ranked by annual closings)

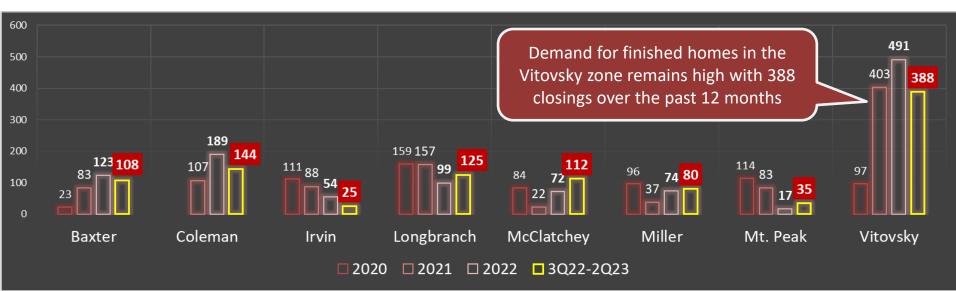


Rank	Subdivision	Annual Starts	Annual Closings	Elementary Zone	Middle School Zone	High School Zone
1	Greenway Trails	3	<mark>254</mark>	Vitovsky	Frank Seale	Midlothian
2	Prairie Ridge	<mark>17</mark>	89	Vitovsky	Frank Seale	Midlothian
3	Bryson Manor	18	68	McClatchey	Walnut Grove	Heritage
4	Brandi Ridge	3	67	Coleman	Dieterich	Midlothian
5	The Grove	52	60	Baxter	<b>Walnut Grove</b>	Heritage
6	Parkside North	22	48	Baxter	Frank Seale	Heritage
7	Hawkins Meadows	5	39	Coleman	Dieterich	Midlothian
8	Hayes Crossing	24	35	Longbranch	Walnut Grove	Heritage
9	Jordan Run Estates	39	32	Mt. Peak	Dieterich	Midlothian
10	Dove Creek	24	31	Coleman	Dieterich	Midlothian
11	Wind Ridge	25	28	Longbrach	Walnut Grove	Heritage
12	Villas of Somercrest	3	28	Miller	Dieterich	Midlothian
13	Massey Meadows	5	27	Longbranch	Walnut Grove	Heritage
14	Heritage Towne	31	26	Vitovsky	Frank Seale	Midlothian
15	Heritage Hills Estates	32	21	Irvin	Dieterich	Midlothian
	Up and Coming					
	<u>Bridgewater</u>	<mark>73</mark>	0	Longbranch	Walnut Grove	Heritage
	Ridgepoint	<mark>35</mark>	5	Coleman	Dieterich	Midlothian
	Lakes of Somercrest	23	19	Miller	Dieterich	Midlothian

## MIDLOTHIAN ISD NEW HOME CONSTRUCTION ACTIVITY BY ELEMENTARY ATTENDANCE ZONE

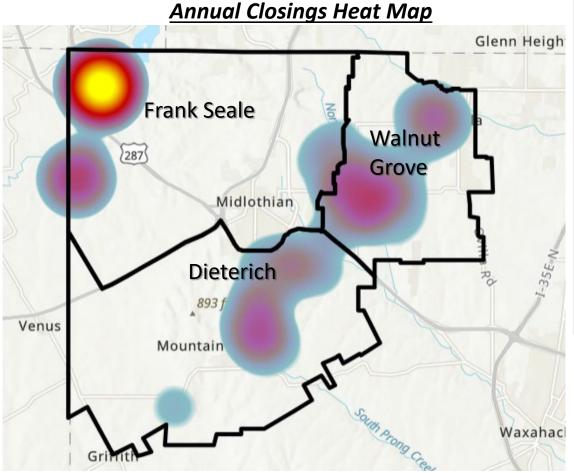


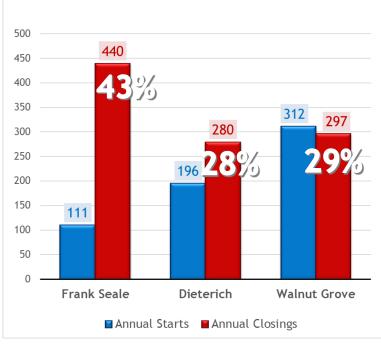






## MIDLOTHIAN ISD NEW HOME CONSTRUCTION ACTIVITY BY MIDDLE SCHOOL ATTENDANCE ZONE: 3Q22-2Q23



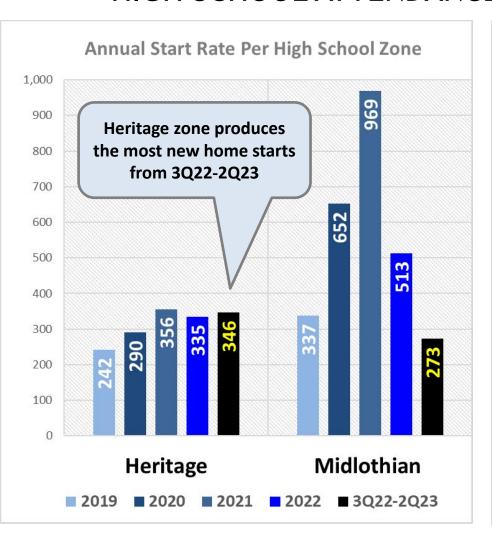


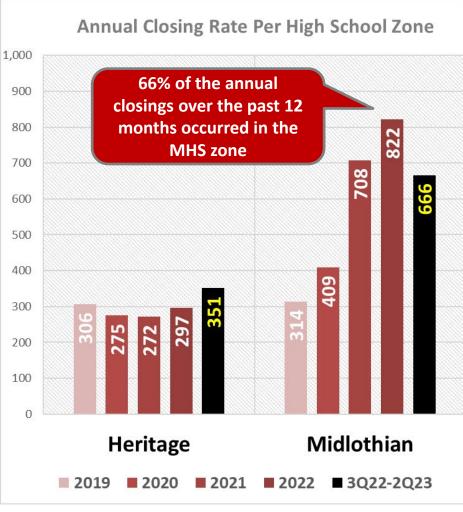
- Frank Seale zone continues to see the majority of the district's new home closings
- Walnut Grove zone now seeing the most new home starts (2<sup>nd</sup> most closings)





## MIDLOTHIAN ISD NEW HOME CONSTRUCTION ACTIVITY BY HIGH SCHOOL ATTENDANCE ZONE

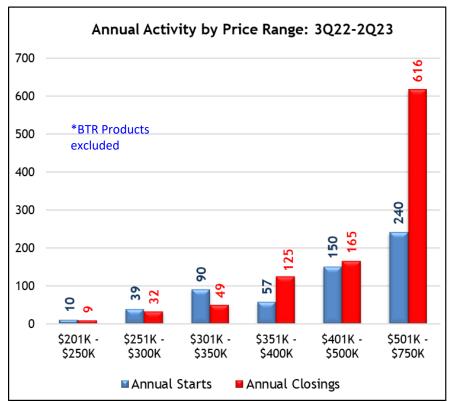


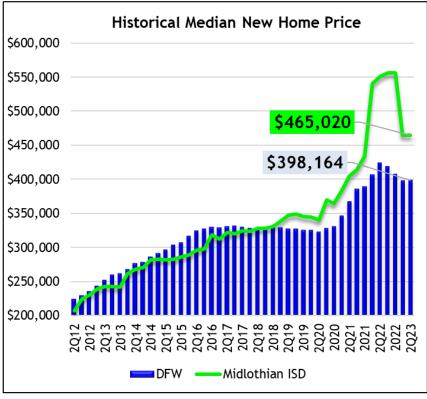






#### DISTRICT MEDIAN NEW HOME PRICE HISTORY





- Majority of MISD's new home activity is now above \$500K price point
- > District's median new home price leveling off near \$465K as of 2Q23 (-16% YoY)
- > DFW's median new home price declines in 2Q23 to \$398K (-5.8% YoY)

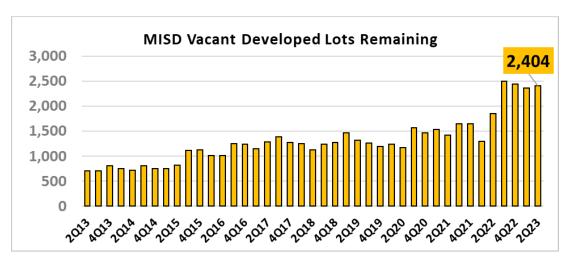


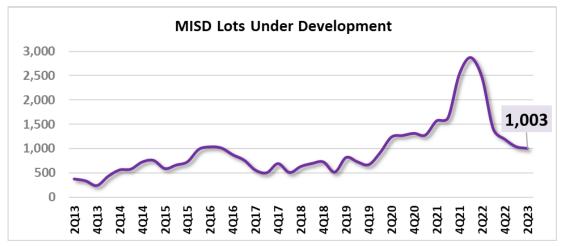


#### MIDLOTHIAN ISD RESIDENTIAL LOT INVENTORY



- 664 total homes were in production as June 2023 (started not occupied)
- 2,404 vacant developed lots remaining as of 2Q23
- 1,003 lots under development at the end of 2Q23
- 21,794 additional single-family lots are planned in MISD (w/ more expected)
- Approximately 1,350 future apartment units are planned
  - Combined there are more than 29,000 lots in-process/planned as of 2Q23 in MISD (total of homes U/C, VDL, lots U/D, and future lots)





# Midlothian ISD Aerial Photos June 21, 2023



## Vitovsky Elementary Attendance Zone















Prairie Ridge



## **Westside Preserve Apartments** School District Strategies





## Baxter Elementary Attendance Zone





## **Mockingbird Heights** 35 School District Strategies







The Grove / Villages of Walnut Grove

# Longbranch Elementary Attendance Zone



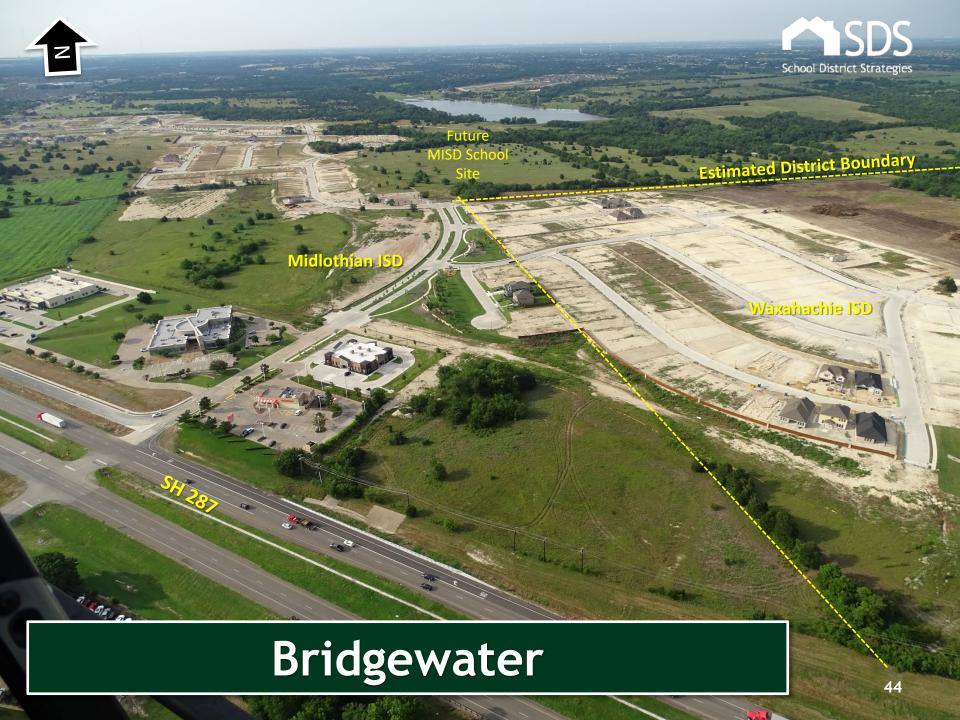




## Sagebrush







# McClatchey Elementary Attendance Zone











### Hidden Lakes on Mockingbird

# Irvin Elementary Attendance Zone





# Miller Elementary Attendance Zone







# Coleman Elementary Attendance Zone



## Brandi Ridge & Ridgepoint

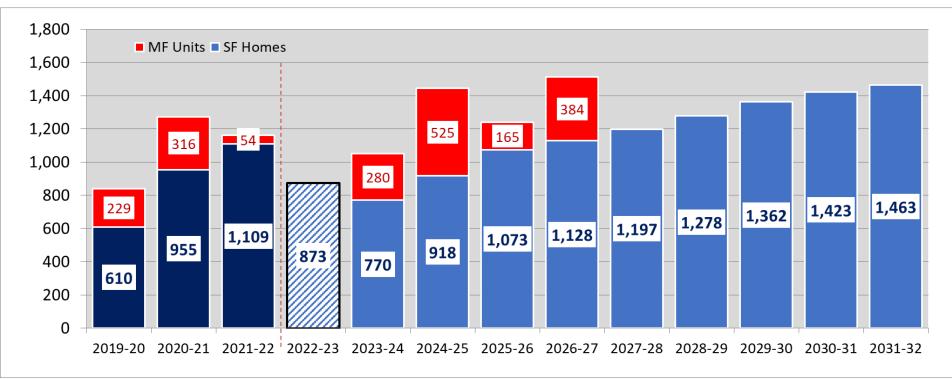






### MIDLOTHIAN ISD NEW HOME CONSTRUCTION MODERATE GROWTH CLOSINGS FORECAST





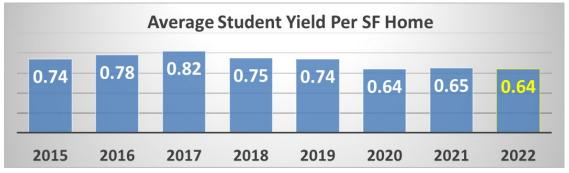
Annual periods represent 4Q-3Q

- ➤ The district is currently poised to average about 920 closings per year over the next three years (2024-2026)
- Under the revised Moderate Scenario, MISD builders could produce approximately 5,000 total new occupied homes from 2024-2028
- Over the next 10 years, MISD is poised to see over 12,000 new homes completed
- Apartment developers continue working to add another 1,354 units in MISD over the next 5 years

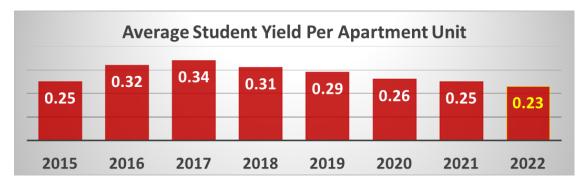


#### MIDLOTHIAN ISD STUDENT YIELDS ANALYSIS





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

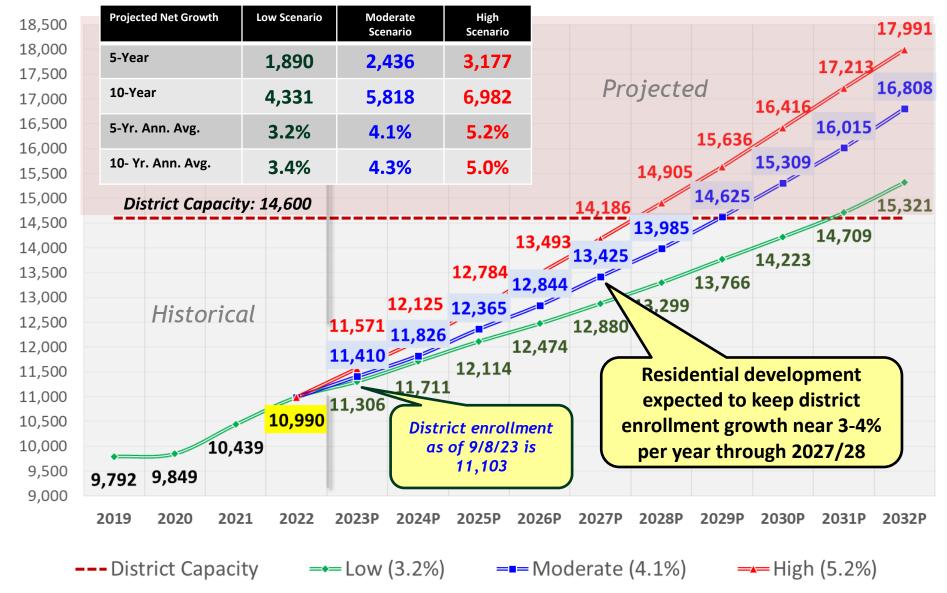
- Single-family homes are yielding an average of 0.64 enrolled students per home
- Apartment developments are producing an average yield of 0.23 enrolled students per unit

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



### MIDLOTHIAN ISD 10-YEAR ENROLLMENT PROJECTIONS (2Q23)

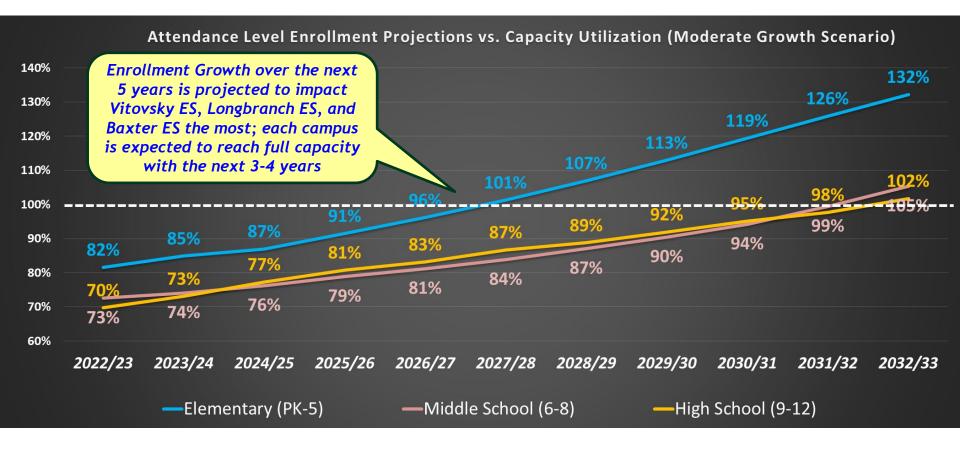






## ATTENDANCE LEVEL CAPACITY UTILIZATION (MODERATE GROWTH)





### Midlothian ISD

### 2Q 2023 Demographics Summary

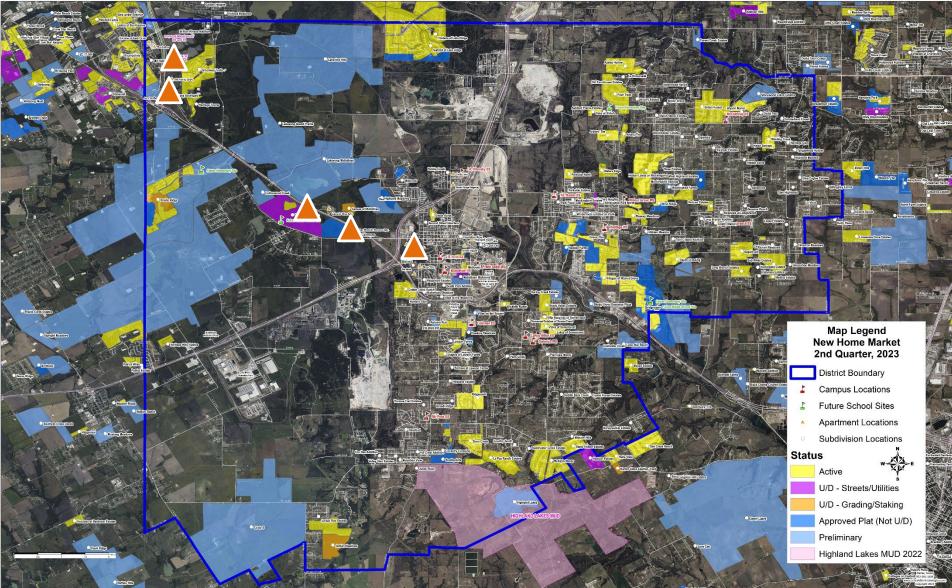


- The estimated total population in MISD is now 57,392 with 19,090 total households
- The 2023 numbers reflect 5-6% annual growth since the 2020 Census
- Texas Education Agency reports an official enrollment of 10,990 for the 2022/23 school year
- From 2017-2022, district enrollment has grown by 24%
- As of September 8, 2023, district enrollment has increased to a record high of 11,103
- Enrollment growth continues to the strong demand for new homes in the district
- From 3Q22-2Q23, homebuilders started 619 new homes and a near record 1,017 homes were occupied
- District's median new home price is currently \$465K (-16% YoY) [DFW = \$398K]
- The northwest/Grand Prairie portion of the district produces 369 closings over the past 12 months, but starts slow to only 51 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 new starts in the Longbranch ES and Walnut Grove MS zone are increasing
- Developers delivered 1,167 new single-family (SF) lots in MISD from 3Q22-2Q23
- 664 total homes are currently in production (started but not complete/occupied)
- 2,404 vacant SF lots were remaining at the end of 2Q23
- 1,003 SF lots are currently under development in the district
- Developers are planning nearly 21,800 additional future SF lots with more expected
- 1,354 future apartments are now in-process/planned in the district
- MISD now pace for 5,000 new homes occupied by 2027/28 and over 12,000 homes by Fall 2033
- New home subdivisions in MISD have yielded 0.64 enrolled students per home
- Apartments in MISD typically produce 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 2029/30
- 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 62



#### **Midlothian Independent School District**







Solutions Through Demographics

16980 Dallas Parkway Suite 101 Dallas, Texas 75248

#### www.schooldistrictstrategies.com

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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.

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