



Keller ISD

Quarterly Economic and Housing Analysis

3Q11

Demographics and Planning for School Districts



TEMPLETON
DEMOGRAPHICS

*Learn from Yesterday...Understand Today...Plan for Tomorrow*¹

Economic Conditions

- Texas gained 248,500 jobs between September 2010 and September 2011. Continuing to lead the nation in job growth.
- The state's unemployment rate has been at or below the national rate for 57 consecutive months.
- DFW 3rd in the nation with 50,200 new jobs as of Aug. 2011
- Unemployment rates - Texas Labor Market Review (Oct)
 - U.S. 8.8%
 - Texas 8.4%
 - DFW 8.3%
 - Tarrant County 7.9%
 - City of Keller 6.0%
- National economic picture showing modest improvement with slight 3rd quarter GDP growth, steady housing and progress on the European debt crisis.

National Economic Overview

Top 15 States – Ranked by Annual Job Growth as of August 2011

Rank	State	Annual Job Growth	% Change
1	Texas	271,400	2.6%
2	California	166,900	1.2%
3	New York	101,900	1.2%
4	Michigan	71,600	1.9%
5	Ohio	70,200	1.4%
6	Massachusetts	62,800	2.0%
7	Pennsylvania	60,200	1.1%
8	Washington	47,500	1.7%
9	Minnesota	44,600	1.7%
10	Arizona	40,700	1.7%
11	Illinois	39,300	0.7%
12	Oklahoma	39,300	2.6%
13	Florida	36,400	0.5%
14	Utah	33,700	2.9%
15	Wisconsin	31,200	1.1%

Source: Metrostudy - MetroUSA

National Economic Overview

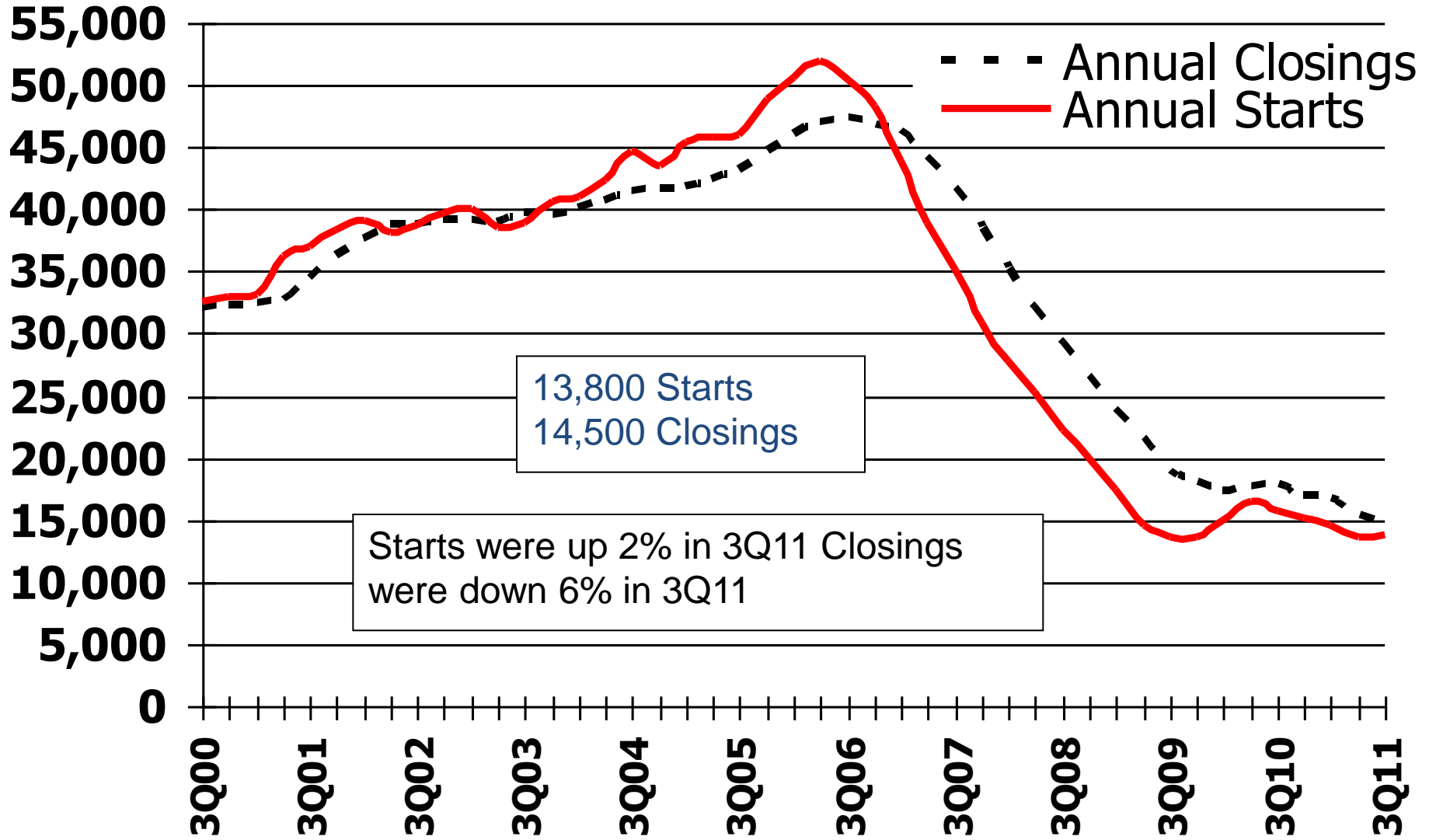
Ranked by Annual Change in Employment – August 2011

Rank	MSA	Total Employment	Job Gains	% Change
1	Houston-Baytown-Sugar Land TX	2,595,600	65,600	2.6%
2	New York-Northern New Jersey-Long Isla	8,316,500	57,400	0.7%
3	Dallas-Fort Worth-Arlington TX	2,915,100	50,200	1.8%
4	Seattle-Tacoma-Bellevue WA	1,669,900	34,800	2.1%
5	Phoenix-Mesa-Glendale, AZ	1,698,600	31,300	1.9%
6	San Jose-Sunnyvale-Santa Clara CA	876,900	29,200	3.4%
7	Minneapolis-St. Paul-Bloomington MN-W	1,717,000	26,300	1.6%
8	Miami-Fort Lauderdale-Miami Beach FL	2,196,500	24,800	1.1%
9	Detroit-Warren-Livonia MI	1,749,500	24,500	1.4%
10	Milwaukee-Waukesha-West Allis WI	832,700	20,700	2.5%
11	Los Angeles-Long Beach-Santa Ana CA	5,093,500	19,900	0.4%
12	Pittsburgh PA	1,142,400	16,900	1.5%
13	Austin-Round Rock-San Marcos, TX	782,100	15,500	2.0%
14	San Antonio-New Braunfels, TX	855,700	15,200	1.8%
15	Tampa-St. Petersburg-Clearwater FL	1,130,100	14,800	1.3%

Source: Metrostudy - MetroUSA

Dallas/Fort Worth Market

Annual Starts and Closings – All Product Types



Dallas/Fort Worth Market

Apartment Market Summary

- 12,700 units absorbed in the last year, with 7,200 units currently under construction
- Occupancy in DFW rose to 92.9%, up from 92.7% in the second quarter. Occupancy in the stabilized newest communities is 95.4%.
- Rents up 6.1% to 10.5% in the top submarkets.
- Announced plans could push units under construction to 10,000 to 12,000 over the next few months.

New Home Ranking Report

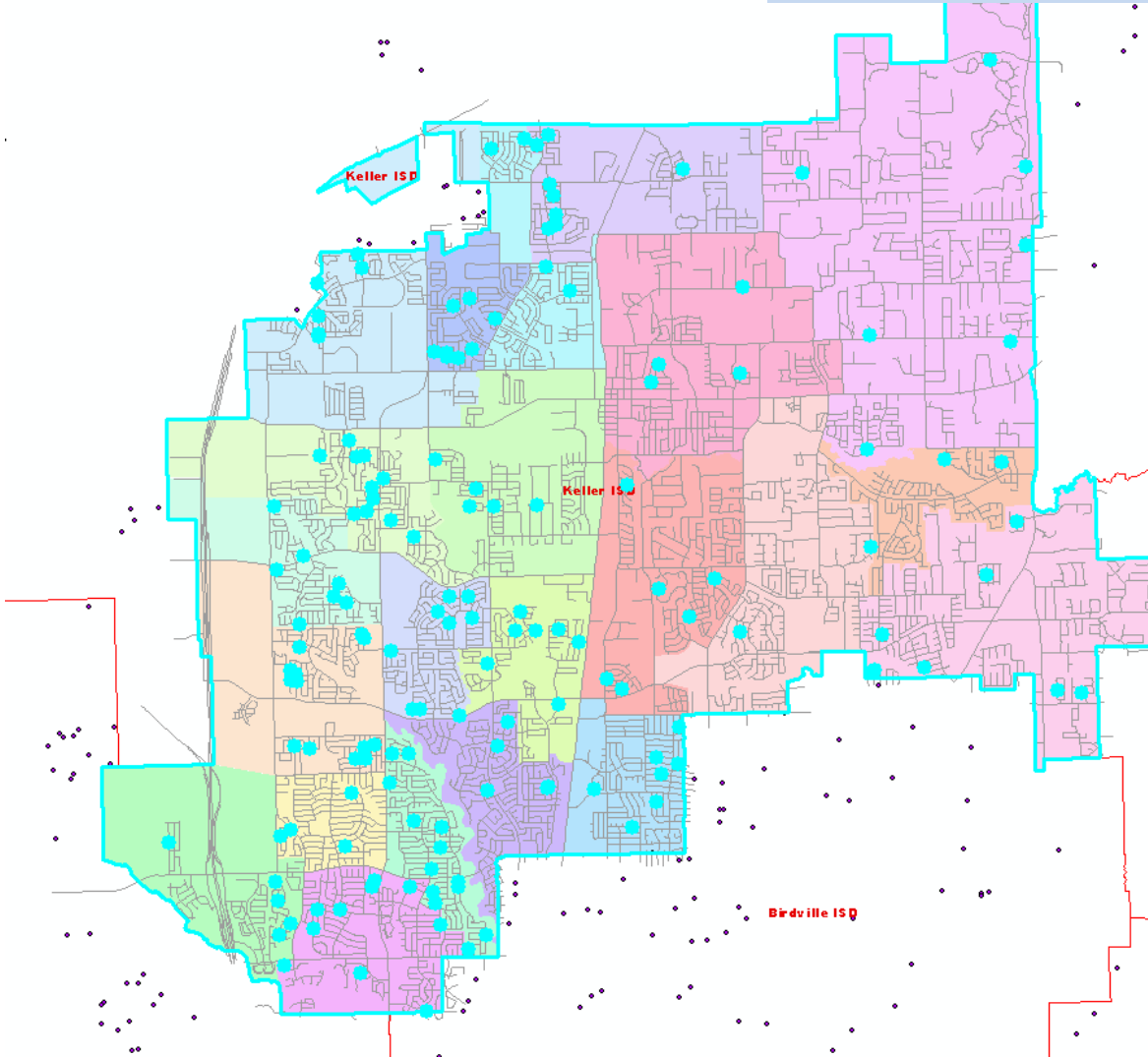
<i>Inventory Analysis By School District</i>							
<i>Dallas/Fort Worth</i>							
Ranked By Annual Starts							
<i>School District</i>	<i>Annual Starts</i>	<i>Annual Closings</i>	<i>Current Housing Inventory</i>	<i>Months of Supply</i>	<i>Current VDL Inventory</i>	<i>Months of Supply</i>	<i>Future Inventory</i>
<i>Frisco Isd</i>	1,692	1,686	896	6.4	4,143	29.4	11,508
<i>Northwest Isd</i>	973	982	528	6.5	2,741	33.8	30,374
3 <i>Keller Isd</i>	822	876	427	5.8	2,110	30.8	3,398
<i>Denton Isd</i>	769	776	416	6.4	2,825	44.1	14,356
<i>Prosper Isd</i>	635	647	314	5.8	1,673	31.6	13,070
<i>Lewisville Isd</i>	552	566	326	6.9	1,939	42.2	1,411
<i>Mansfield Isd</i>	544	624	271	5.2	1,671	36.9	5,995
<i>Eagle Mt-saginaw Isd</i>	500	516	251	5.8	2,401	57.6	11,916
<i>Dallas Isd</i>	492	706	1,249	21.2	2,653	64.7	6,911
<i>Mckinney Isd</i>	467	456	249	6.6	1,750	45.0	3,447
<i>Little Elm Isd</i>	450	449	200	5.3	1,237	33.0	6,248
<i>Allen Isd</i>	445	492	247	6.0	916	24.7	1,500
<i>Wylie Isd</i>	304	350	168	5.8	707	27.9	1,748
<i>Crowley Isd</i>	297	338	153	5.4	2,534	102.4	8,222
<i>Rockwall Isd</i>	273	292	166	6.8	2,218	97.5	9,694

Keller ISD Foreclosures

November 2011 List

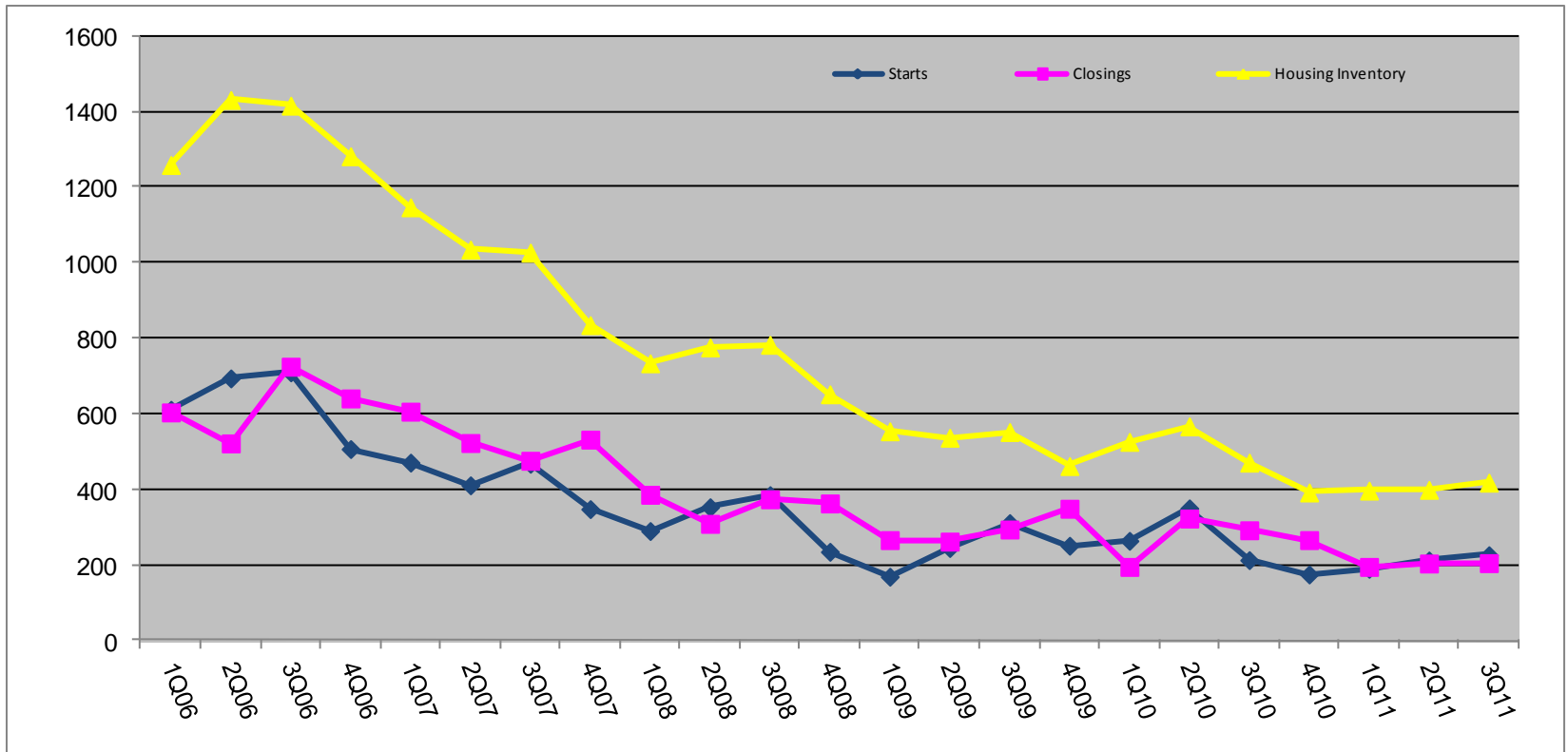
August 2011: 142

November 2011: 153



ISD	4Q10	2Q11	3Q11
Dallas ISD	716	507	569
Fort Worth ISD	383	277	287
Garland ISD	311	245	249
Mansfield ISD	213	191	237
Arlington ISD	299	257	222
Mesquite ISD	206	142	173
Lewisville ISD	231	155	164
Plano ISD	151	154	160
Keller ISD	179	142	153
Frisco ISD	203	153	136
Denton ISD	152	113	131
Eagle Mt-Saginaw ISD	137	94	124
Grand Prairie ISD	144	86	118
Crowley ISD	143	106	116
Richardson ISD	136	99	108
Birdville ISD	123	98	97
Hurst-Euless-Bedford ISD	105	75	92
De Soto ISD	112	73	85
Northwest ISD	114	78	78
Irving ISD	117	72	76
McKinney ISD	103	93	75
Carrollton-Farmers Branch ISD	113	96	69
Rockwall ISD	67	53	62
Little Elm ISD	64	47	43
Grapevine-Colleyville ISD	48	30	32
Carroll ISD	18	15	29
Midlothian ISD	60	30	27
Azle ISD	20	23	11
Royse City ISD	26	22	6

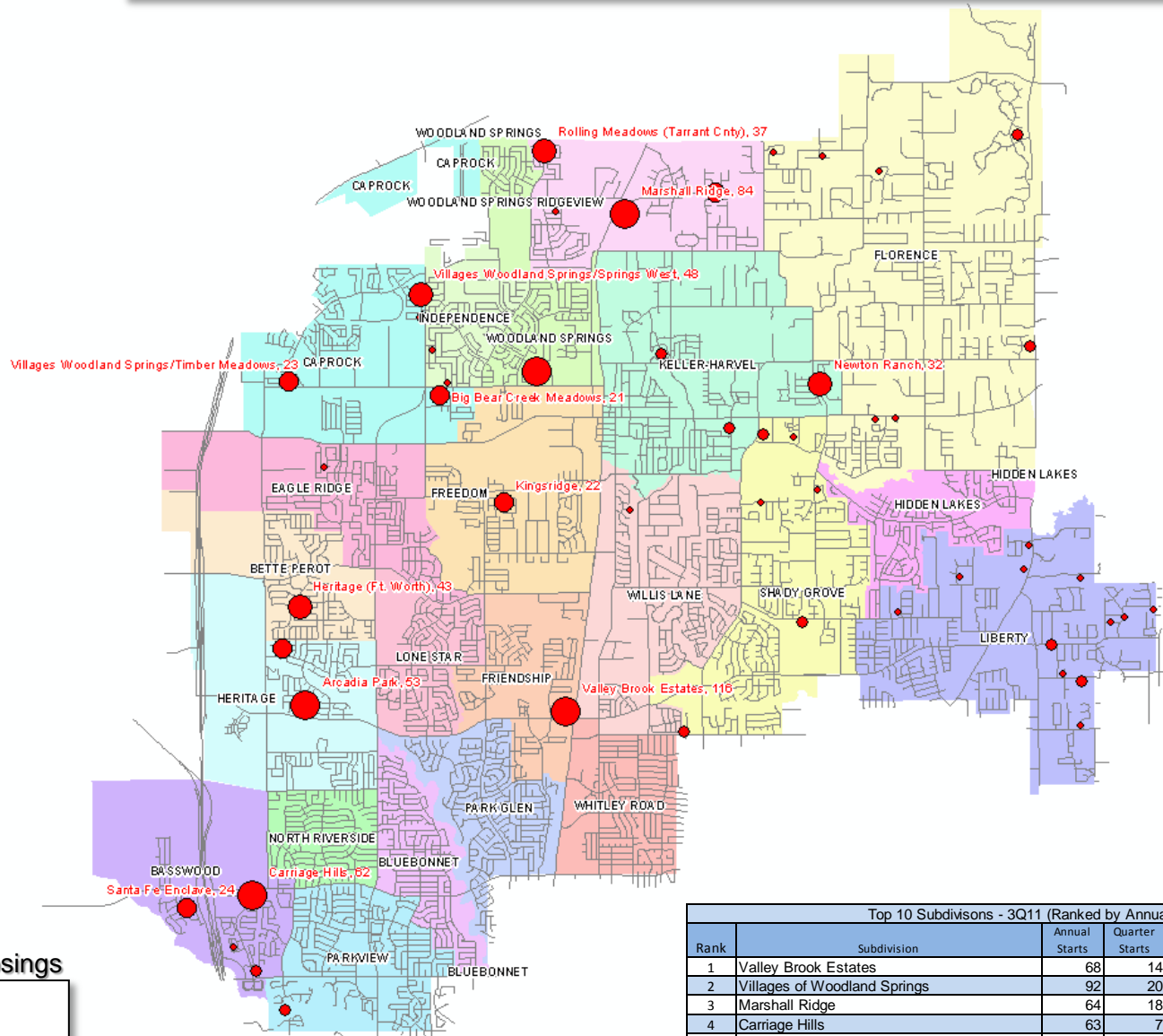
Keller ISD New Housing Activity



Starts	2004	2005	2006	2007	2008	2009	2010	2011
1Q	628	706	611	471	290	169	264	190
2Q	634	825	694	411	353	245	350	212
3Q	764	650	710	468	385	311	213	226
4Q	657	720	507	348	235	251	175	-
Total	2683	2901	2522	1698	1263	976	1002	628

Closings	2004	2005	2006	2007	2008	2009	2010	2011
1Q	613	588	604	606	386	266	195	195
2Q	696	711	522	523	309	262	323	204
3Q	704	870	725	476	374	294	292	205
4Q	739	762	641	532	363	349	266	-
Total	2752	2931	2492	2137	1432	1171	1076	604

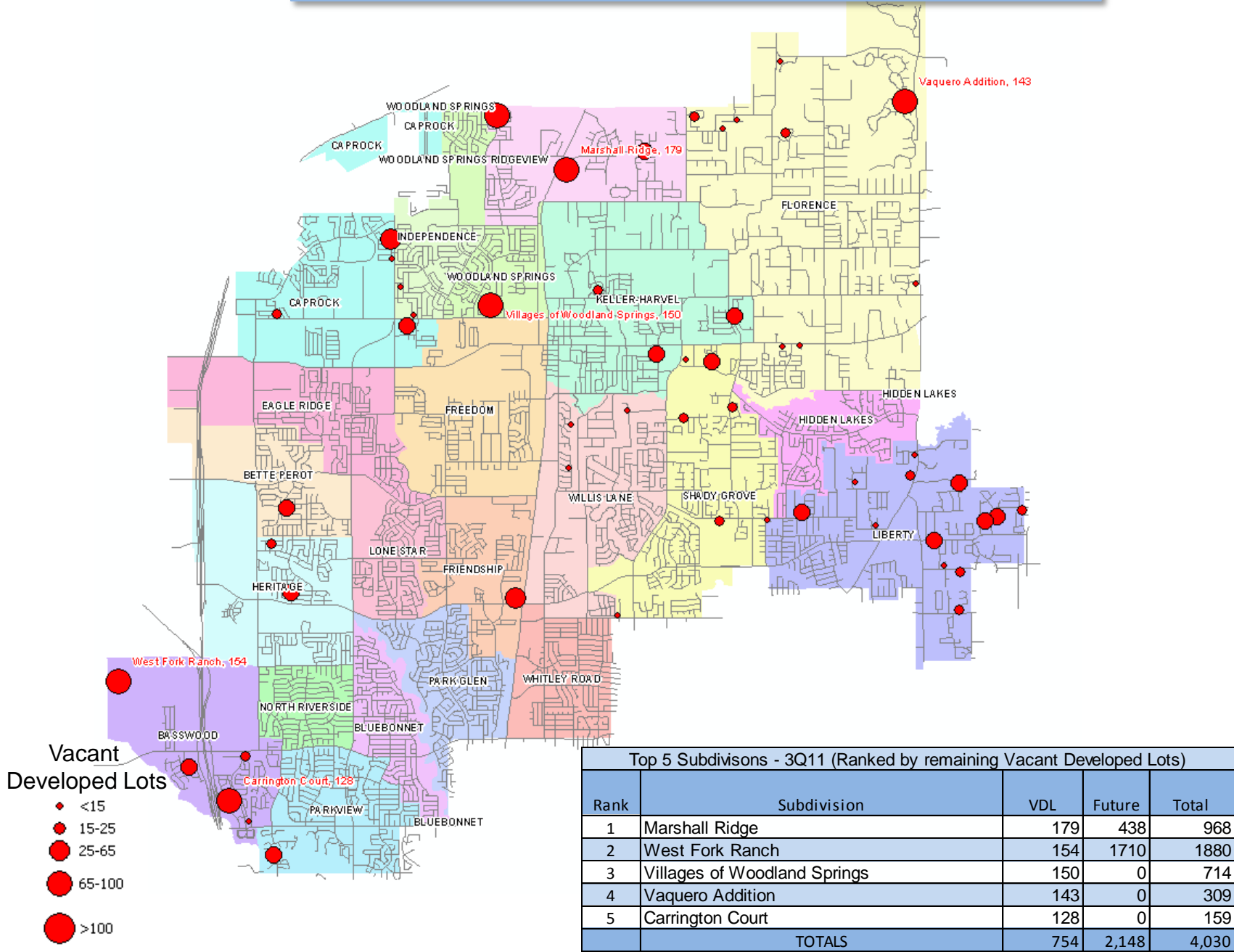
Keller ISD – Annual Closing Distribution, 3Q11



Top 10 Subdivisions - 3Q11 (Ranked by Annual Closings)

Rank	Subdivision	Annual Starts	Quarter Starts	Annual Closings	Quarter Closings	Occ.	Total
1	Valley Brook Estates	68	14	116	14	515	668
2	Villages of Woodland Springs	92	20	106	32	519	714
3	Marshall Ridge	64	18	84	18	320	968
4	Carriage Hills	63	7	62	16	178	217
5	Arcadia Park	45	7	53	9	857	899
6	Villages Woodland Springs/Springs West	55	22	48	12	187	407
7	Heritage (Ft. Worth)	53	22	43	8	2896	3264
8	Rolling Meadows (Tarrant Cnty)	51	21	37	22	208	342
9	Newton Ranch	28	5	32	11	83	211
10	Santa Fe Enclave	16	0	24	6	202	311
TOTALS		535	136	605	148	5,965	8,001

Keller ISD – Vacant Developed Lots, 3Q11



Overall Housing Data by Elementary Attendance Zone

ELEM	Annual Starts	Quarter Starts	Annual Closings	Quarter Closings	Occupied	Models	Finished Vacant	Under Const.	INV	Vacant Dev. Lot	Future	Total
BASSWOOD Total	106	28	101	22	1018	5	27	25	57	353	1770	3198
BETTER PEROT Total	53	22	43	8	3632	1	7	26	34	48	286	4000
BLUEBONNET Total	0	0	0	0	2480	0	0	0	0	0	0	2480
CAPROCK Total	107	33	101	21	1081	6	23	25	54	163	104	1402
EAGLE RIDGE Total	4	1	3	0	1726	0	1	0	1	0	17	1744
FLORENCE Total	28	6	27	8	1434	1	6	13	20	237	110	1801
FREEDOM Total	15	0	22	7	1184	0	1	0	1	0	0	1185
FRIENDSHIP Total	68	14	116	14	1925	2	10	8	20	83	50	2078
HERITAGE Total	54	9	67	12	1501	3	5	8	16	45	0	1562
HIDDEN LAKES Total	0	0	0	0	924	0	0	0	0	0	0	924
INDEPENDENCE Total	8	3	7	3	1339	0	2	1	3	9	0	1351
KELLER-HARVEL Total	43	8	45	14	604	2	17	9	28	106	119	857
LIBERTY Total	43	18	39	10	2710	2	14	16	32	364	265	3371
LONE STAR Total	0	0	0	0	602	0	0	0	0	0	0	602
NORTH RIVERSIDE Total	0	0	0	0	4358	0	0	0	0	0	0	4358
PARK GLEN Total	0	0	0	0	1881	0	0	0	0	0	0	1881
PARKVIEW Total	15	4	9	5	813	2	5	4	11	52	0	876
RIDGEVIEW Total	133	48	137	42	1425	7	34	33	74	321	438	2258
SHADY GROVE Total	32	12	32	6	1505	2	8	11	21	88	51	1665
WHITLEY ROAD Total	0	0	0	0	0	0	0	0	0	0	54	54
WILLIS LANE Total	1	0	3	1	1549	0	1	0	1	19	20	1589
WOODLAND SPRINGS Total	92	20	106	32	2201	5	24	16	45	150	0	2396
Grand Total	802	226	858	205	35892	38	185	195	418	2038	3284	41632

Ridgeview, Caprock, Basswood and Woodland Springs elementary zones have the highest amount of new home construction.

Keller ISD Enrollment History

Year (Oct.)	EE/PreK	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Total	Total Growth	Total %
2006/07	487	1,969	2,279	2,244	2,325	2,307	2,242	2,170	2,122	2,143	2,170	2,022	1,787	1,638	27,905		
2007/08	469	1,994	2,456	2,368	2,383	2,467	2,434	2,399	2,339	2,273	2,449	2,073	1,811	1,681	29,596	1,691	6.06%
2008/09	529	1,910	2,375	2,489	2,471	2,477	2,479	2,466	2,480	2,345	2,438	2,168	1,904	1,754	30,285	689	2.33%
2009/10	519	2,288	2,302	2,483	2,587	2,532	2,545	2,531	2,538	2,544	2,619	2,263	2,063	1,801	31,615	1,330	4.39%
2010/11	541	2,491	2,469	2,423	2,543	2,661	2,572	2,616	2,580	2,542	2,750	2,452	2,131	2,015	32,786	1,171	3.70%
2011/12	624	2,300	2,588	2,493	2,423	2,581	2,731	2,601	2,677	2,590	2,737	2,551	2,236	2,056	33,188	402	1.23%

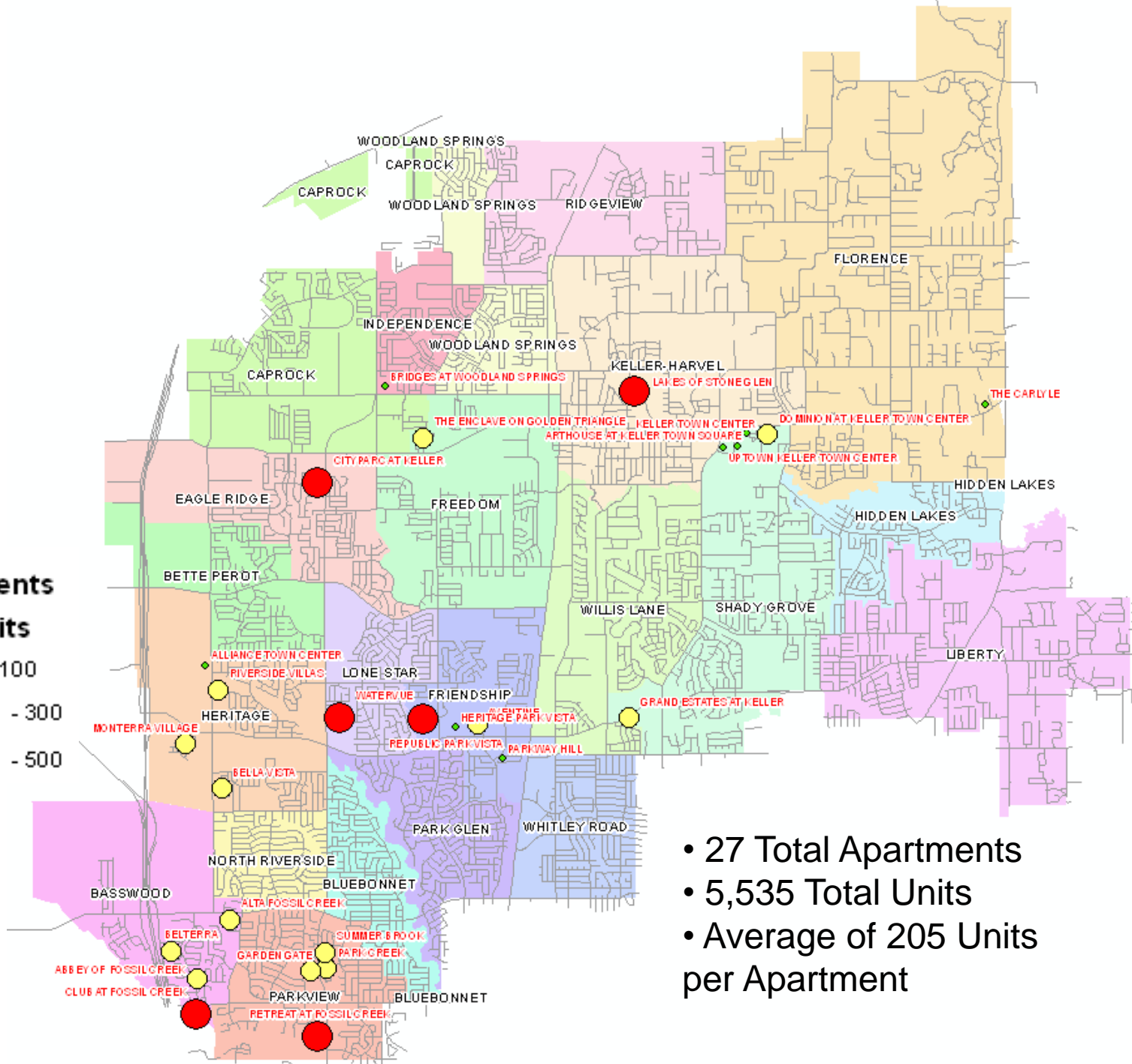
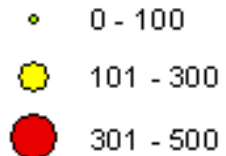
*Yellow box = largest grade per year

*Green box = second largest grade

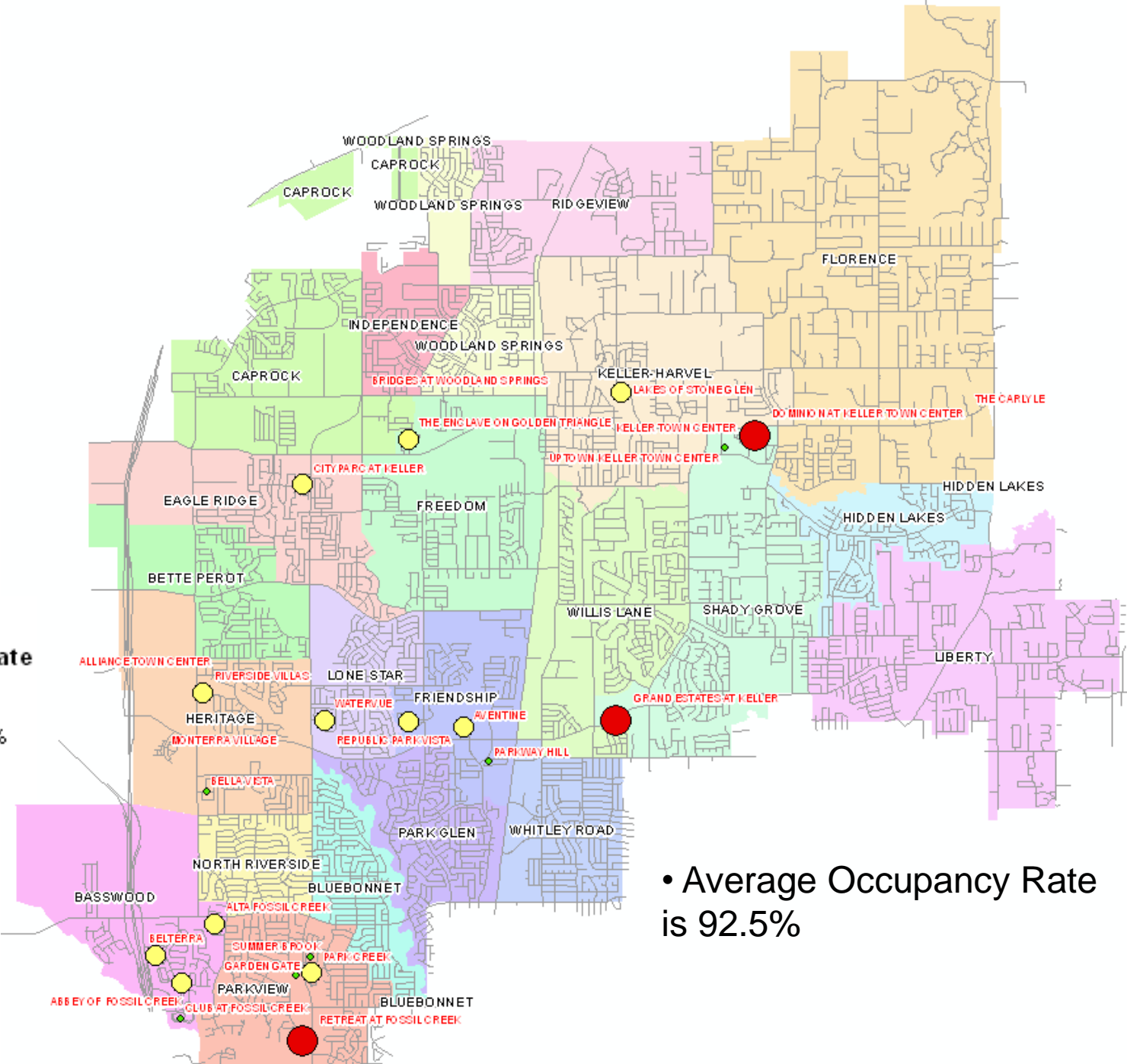
cohort	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th
2007/08	1.013	1.247	1.039	1.062	1.061	1.055	1.070	1.078	1.071	1.143	0.955	0.896	0.941
2008/09	0.958	1.191	1.013	1.043	1.039	1.005	1.013	1.034	1.003	1.073	0.885	0.918	0.969
2009/10	1.198	1.205	1.045	1.039	1.025	1.027	1.021	1.029	1.026	1.117	0.928	0.952	0.946
2010/11	1.089	1.079	1.053	1.024	1.029	1.016	1.028	1.019	1.002	1.081	0.936	0.942	0.977
2011/12	0.923	1.039	1.010	1.000	1.015	1.026	1.011	1.023	1.004	1.077	0.928	0.912	0.965

Apartments

Total Units



- 27 Total Apartments
- 5,535 Total Units
- Average of 205 Units per Apartment



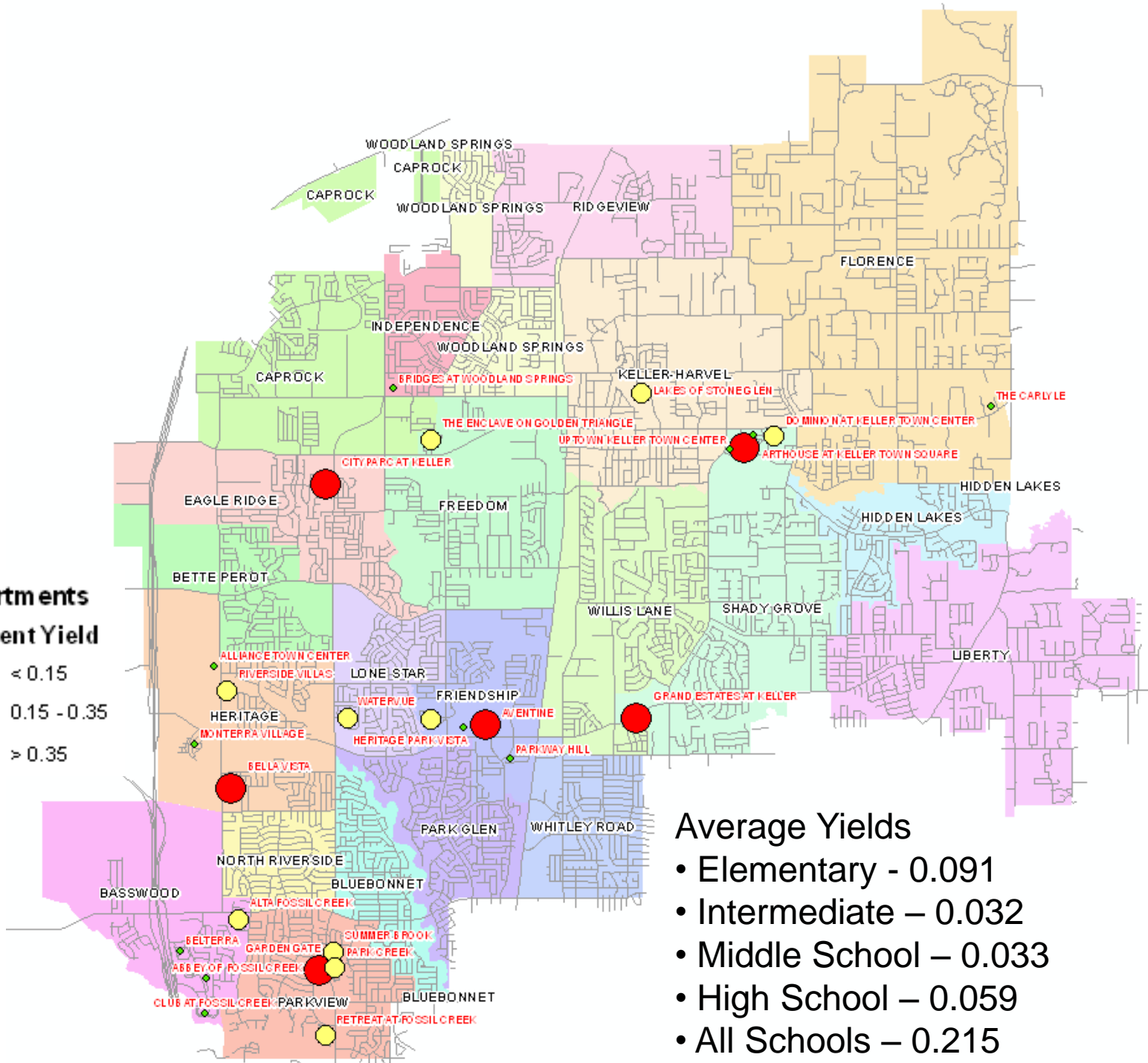
**Apartments
Occupancy Rate**

- <90%
- 91% - 95%
- >96%

• Average Occupancy Rate is 92.5%

Apartments Student Yield

- < 0.15
- 0.15 - 0.35
- > 0.35



Average Yields

- Elementary - 0.091
- Intermediate – 0.032
- Middle School – 0.033
- High School – 0.059
- All Schools – 0.215

Elementary Projections

Elementary	Functional	Current	Forecast									
	Capacity	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Early Childhood Center	590	624	624	624	624	624	624	624	624	624	624	624
Bette Perot	616	712	739	761	788	775	773	772	768	769	770	769
Bluebonnet	660	581	568	563	550	531	541	554	569	573	577	580
Eagle-Ridge	660	744	760	774	791	772	778	779	778	771	767	759
Florence	598	546	532	534	541	540	556	576	589	598	604	607
Freedom	616	491	485	500	510	490	499	509	518	529	539	550
Friendship	616	542	529	535	530	527	540	550	560	565	571	572
Heritage	581	599	637	674	686	707	699	698	694	693	692	691
Hidden Lakes	638	562	533	523	528	521	535	545	551	553	555	557
Independence	616	535	526	519	535	542	557	568	577	589	600	610
Keller Harvel	660	464	454	458	442	435	444	451	455	462	467	472
Liberty	528	489	490	503	515	516	529	532	535	537	540	544
Lone Star	660	730	731	749	751	771	775	774	767	766	762	757
N. Riverside	660	568	559	570	573	572	573	574	578	580	585	589
Park Glen	581	609	595	575	548	529	543	553	563	567	569	571
Parkview	660	656	673	689	677	672	677	684	692	698	703	709
Shady Grove	581	506	499	489	469	450	461	466	466	466	465	463
Whitley Rd.	550	478	474	487	488	489	487	485	484	483	482	482
Willis Lane	660	554	527	509	504	501	509	516	520	524	530	535
Woodland Springs	616	591	592	575	619	634	647	653	659	662	667	674
Caprock	616	625	638	647	672	688	701	714	726	737	746	754
Basswood	528	379	387	407	436	450	481	518	558	604	651	702
Ridgeview	660	424	492	555	612	671	694	712	718	724	727	732
Total Elem.	14,151	13,009	13,044	13,220	13,389	13,407	13,623	13,807	13,949	14,074	14,193	14,303
Growth			35	176	169	18	216	184	142	125	119	110

* Functional Capacity = 80-85% of max capacity

Secondary Projections

Intermediate	Fun. Cap.	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2020/22
Bear Creek	960	838	821	754	714	741	707	663	688	710	724	738
Chisholm Trail	1,180	931	956	880	907	981	1,008	1,013	1,019	1,036	1,057	1,080
Parkwood Hill	1,180	1,152	1,139	1,060	1,080	1,137	1,064	1,007	1,023	1,045	1,066	1,080
South Keller	1,180	858	883	882	872	894	856	821	845	857	861	864
Trinity Meadows	1,180	1,006	1,068	1,039	1,003	1,038	1,078	1,069	1,105	1,127	1,145	1,162
Timberview	490	547	558	555	559	621	656	628	633	633	629	629
Total Int.	6,170	5,332	5,426	5,170	5,135	5,413	5,368	5,201	5,312	5,407	5,482	5,553
Growth			94	-256	-35	278	-45	-167	111	95	75	70
Middle School	Fun. Cap.	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2020/22
Fossil Hill	980	913	937	984	1,008	926	957	1,034	1,062	1,067	1,073	1,091
Hillwood	1,080	1,171	1,199	1,192	1,166	1,089	1,110	1,167	1,092	1,034	1,051	1,073
Indian Springs	1,080	885	886	888	911	910	900	923	884	848	872	885
Keller	964	846	856	874	853	784	743	771	735	690	716	739
Trinity Springs	1,160	956	980	1,076	1,141	1,109	1,070	1,110	1,150	1,141	1,180	1,204
Timberview	490	496	536	553	577	575	581	641	676	649	653	653
Total M.S.	5,754	5,267	5,395	5,567	5,655	5,393	5,361	5,645	5,599	5,430	5,544	5,644
Growth			128	172	88	-262	-32	284	-46	-169	114	100
High School	Fun. Cap.	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2020/22
Central	2,352	2,520	2,468	2,484	2,466	2,455	2,470	2,403	2,416	2,419	2,350	2,337
Fossil Ridge	2,332	2,172	2,161	2,268	2,354	2,500	2,560	2,532	2,624	2,583	2,633	2,703
Keller	2,358	2,637	2,607	2,590	2,593	2,612	2,603	2,547	2,528	2,524	2,426	2,408
Timber Creek	2,210	2,203	2,431	2,615	2,740	2,940	3,017	3,037	3,023	3,094	3,140	3,162
New Direction	100	48	48	48	48	48	48	48	48	48	48	48
Total H.S.	9,352	9,580	9,715	10,005	10,201	10,555	10,698	10,567	10,639	10,668	10,597	10,658
Growth			135	290	196	354	143	-131	72	29	-71	61
Total Enrollment	35,427	33,188	33,579	33,961	34,380	34,768	35,051	35,221	35,499	35,579	35,817	36,158
Growth			391	382	419	388	283	170	279	80	237	341

* Functional Capacity = 80-85% of max capacity

Summary

Positives

- Texas economy continues to out perform the nation.
- DFW out-performing other cities with employment growth.
- Texas Annual Job Growth areas (Sept. 2011 – Sept. 2010): 248,500 nonagricultural
Professional and Business Services (68,200 jobs)
Mining (38,800 jobs)
Construction (35,400 jobs)

Concerns

- **State deficit and the impact on employment!!**
- European Debt Crisis!!
- Credit – ability to borrow – impacting housing – will continue to restrict new housing at the lower price points.

Keller ISD

- K ISD new housing for 2011 should see near 800 closings.
- Changes in home ownership patterns likely to increase yields from multi-family and rental property and slowing down the elementary growth rate.
- Future multifamily development will be key to watch.
- Fall 2012 growth projected at 391 students district enrollment of 33,579.
- Five year enrollment growth of 1,863 for fall 2016 enrollment of 35,051