

**Region of Waterloo**  
**Planning, Development, and Legislative Services**  
**Community Planning**

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**To:** Planning and Works Committee  
**Meeting Date:** May 7, 2024  
**Report Title:** 2023 Year-end Building Permit Activity and Growth Monitoring

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**1. Recommendation**

For information.

**2. Purpose / Issue:**

This report provides information to Council on building permit activity and the inventory of units in plans of subdivision in 2023. New building construction, as measured by building permits issued, is an indicator of the continued strength of the local economy. Building permit data is also used in population and employment growth monitoring, development charge estimations, development tracking, budgets and forecasts.

**3. Strategic Plan:**

Tracking and reporting building permit activity and units in plan of subdivision contributes to Strategic Priority 1, Homes for All, and Strategic Priority 2, Climate Aligned Growth.

**4. Report Highlights:**

- Building permit activity is one indicator of the strength of the local economy and a predictor on anticipated population and employment growth. The information is also used to assess and monitor impacts on regional infrastructure such as water supply, wastewater treatment capacity, waste management and transit.
- The total value of new construction in Waterloo Region in 2023 was \$1.985 billion, representing a record year in terms of construction value. Growth was driven by the residential sector, which saw \$1.58 billion in 2023, an increase of 38% compared to 2022. Construction was valued at \$404 million in 2023 for the non-residential sector, a decline of 38% compared to 2022, but 7% above the 10-year average.
- Permits were issued for 6,158 residential units in 2023, an increase of 28% over 2022 and 28% above the 10-year average of 4,800. Growth in new residential

units was largely driven by an increase in apartment units (4,437 units), which accounted for 72% of all unit types. Construction of single-detached units dropped by 34% in 2023 to 603 units. Construction of townhomes remained relatively stable at 1,016 permits issued in 2023.

- A trend of note over the last number of years is the growing number of accessory apartments added to existing dwellings. Accessory apartments, including duplexes, basement apartments, and garden suites, accounted for 18% of total units in 2023. This is up from 16% of units in 2022. Prior to 2019, accessory apartments would typically account for 2% to 4% of total units.
- In August of 2022, Regional Council adopted Regional Official Plan Amendment No. 6 (ROPA 6), which sets out updated, more ambitious intensification rates. The revised target requires 61% of all residential growth in the Region to occur within the Built-Up Area (BUA). In 2023, 55 per cent of residential development occurred as intensification, an increase of 5% from 2022.
- In addition to the significant amount of residential building activity seen in 2023, the total inventory of units in pending, draft approved, and registered unbuilt plans of subdivision as of December 31, 2023 increased year-over-year to 38,898, up from 37,423 in 2022, indicating a robust supply of housing within the development approvals process.
- Permits were issued for the construction of 2.4 million square feet of non-residential floor space. This represents a significant decrease over 2022, which saw nearly 5 million square feet of construction. It should be noted that 2022 was a near record year in terms of non-residential square feet constructed, with the construction of the Amazon warehouse in Blair and the Homer Watson Business Park in Kitchener. Construction activity in the non-residential sector in 2023 remains 9% above the 10-year average.

## **5. Background:**

Building permit activity is one indicator of the strength of the local economy, as well as a predictor of population and employment growth. Intensification rates are also monitored using building permit data. Building permits are issued by the Area Municipalities and shared with the Region, where it is consolidated and forms the basis of reports and analysis.

Using a 10-year average of activity provides a fulsome view of Waterloo Region's overall growth, while year-over-year changes can be used to assess current market conditions and external factors.

In recent years, the housing crisis in Canada has reached a critical point, which has necessitated urgent action. In response, various task forces have been established,

focusing on developing initiatives and recommendations that various levels of government can enact aimed at addressing this issue. These efforts are geared towards catalyzing the necessary growth in housing across the country.

A common thread running through these reports underscores the importance of strategic planning initiatives. Key strategies include the development of housing within established areas equipped with accessible infrastructure, as well as the expansion of accessory apartment options such as duplexes, basement suites, and garden suites. These strategies align closely with the objectives outlined in the Regional Official Plan (ROPA 6), which sets an ambitious intensification target, requiring 61% of new development to take place within existing built-up areas. Furthermore, ROPA 6 incorporates policies designed to facilitate the creation of additional residential units, such as accessory apartments, throughout the Region.

The residential construction sector in Waterloo Region is showing signs of progress in line with these initiatives. Approximately 55% of new developments are situated within pre-existing built-up areas, marking advancement towards meeting intensification targets. Additionally, over 1,000 units in accessory apartments were constructed in 2023—an unprecedented level reflective of the changing market conditions and policy environment brought on by the housing crisis.

## **6. Communication and Engagement with Area Municipalities and the Public**

**Area Municipalities:** Building permit data is collected by Area Municipal staff and compiled by Regional staff. Area Municipal staff are consulted on the analysis of building permit and plan of subdivision information.

## **7. Financial Implications:**

Building permit activity generally results in growth in the property tax assessment base to the extent residential units and commercial/industrial spaces are renovated, built or expanded. Adding assessment to the roll occurs after an occupancy permit is issued for new units/space, and after closure of permits for renovations. According to our Service Level Agreement with the Municipal Property Assessment Corporation (MPAC) – which is responsible for assessing and classifying all properties in Ontario – the goal is to have 85% of all new assessment resulting from new construction and improvements to existing properties added to the roll within one year of occupancy.

## **8. Conclusion / Next Steps:**

Strong growth in the residential sector contributed to a record year in new construction value in Waterloo Region. Permits were issued for 6,158 residential units in 2023, 28% higher than what is typically built in a given year.

After a near record setting year in 2022, non-residential construction saw a leveling out

in 2023, with permits issued for 2.4 million square feet of non-residential floor space, which is 9% above the 10-year average.

In addition to the significant amount of residential building activity seen in 2023, the total inventory of units in pending, draft approved, and registered unbuilt plans of subdivision increased year-over-year, indicating a robust supply of housing within the development approvals process. Regional staff will continue to monitor building permit activity and units in plans of subdivision across the Region. A mid-year update report will be completed for fall 2024.

## **9. Attachments:**

Appendix A: 2023 Year-end Building Permit Activity and Growth Monitoring

Appendix B: Detailed Inventory of Dwelling Units in Plans of Subdivision, as of December 31, 2023

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