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**Date:** December 5, 2023

**Subject:** Appendix A: 2023 Mid-Year Building Permit Activity and Growth Monitoring

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This bulletin presents building permit activity in Waterloo Region, updated for mid-year 2023. New non-residential and residential construction for the first half of the year (January to June) is summarized relative to ten-year trends for 2014-2023, with additional year-over-year comparisons to 2022.

Building permit data is collected by the Area Municipalities – who issue the permits – provided to the Region, where it is consolidated and forms the basis of reports and analysis. 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.

In addition to the reporting of building permit data, a new section to this report was added which tracks the inventory of units in pending, draft approved, and registered unbuilt units in plans of subdivision. The units in plans of subdivision inventory provides an indication of the future expected supply of housing in the region in the short to medium term.

### **Summary**

The total value of building permits issued for new construction across Waterloo Region in the first half of 2023 was \$650.6 million (Figure 1). Specifically:

- The value of non-residential permits was \$185.6 million.
- Permits were issued for 480,000 square feet of non-residential floor space.
- The value of residential permits was \$465 million.
- Residential permits were issued for 1,901 new units.

The total inventory of units in pending, draft approved, and registered unbuilt plans of subdivision as of June 2023 was 38,441 (Figure 15, pg. 10).

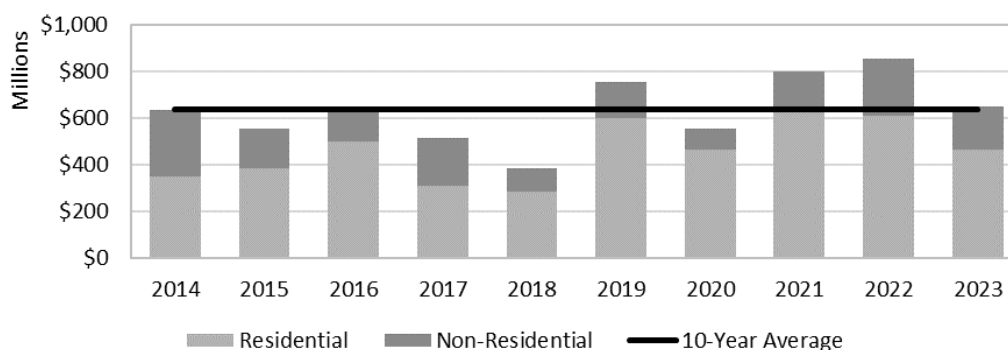
**Figure 1. Summary of Building Permit Activity, January-June 2022 and 2023**

	First Half 2022		First Half 2023		Change from 2022		Per cent Change from 2022	
	Value (in millions)	Floor Space (Sq.Ft.)	Value (in millions)	Floor Space (Sq.Ft.)	Value (in millions)	Floor Space (Sq.Ft.)	Value	Floor Space
<b>Non-Residential</b>	<b>\$245.1</b>	<b>1,865,264</b>	<b>\$185.6</b>	<b>479,798</b>	<b>-\$59.5</b>	<b>-1,385,466</b>	<b>-24%</b>	<b>-74%</b>
Industrial	\$133.4	1,243,425	\$37.3	148,529	-\$96.1	-1,094,896	-72%	-88%
Commercial	\$51.3	421,799	\$79.4	176,260	\$28.2	-245,539	55%	-58%
Institutional	\$60.4	200,040	\$68.8	155,009	\$8.4	-45,031	14%	-23%
<b>Residential</b>	<b>\$611.0</b>	<b>2,606</b>	<b>\$465.0</b>	<b>1,901</b>	<b>-\$146.0</b>	<b>-705</b>	<b>-24%</b>	<b>-27%</b>
Single Detached	\$213.1	480	\$193.7	336	-\$19.4	-144	-9%	-30%
Semi-Detached	\$9.2	18	\$11.0	24	\$1.8	6	19%	33%
Townhouse	\$179.0	757	\$101.8	370	-\$77.3	-387	-43%	-51%
Apartment	\$209.7	1,351	\$158.6	1,171	-\$51.1	-180	-24%	-13%
<b>Total Value</b>	<b>\$856.1</b>		<b>\$650.6</b>		<b>-\$205.5</b>		<b>-24%</b>	

**Total Value of New Building Permit Activity**

Over \$650 million in new building permits were issued in Waterloo Region between January and June 2023 (Figure 2). New construction activity in the first half was driven by the residential sector (\$465 million), comprising 71 per cent of total value. Overall, the value of permits issued in the first six months of the year decreased by 24 per cent (\$205 million) over the same time period in 2022, but was aligned with the ten year historical average.

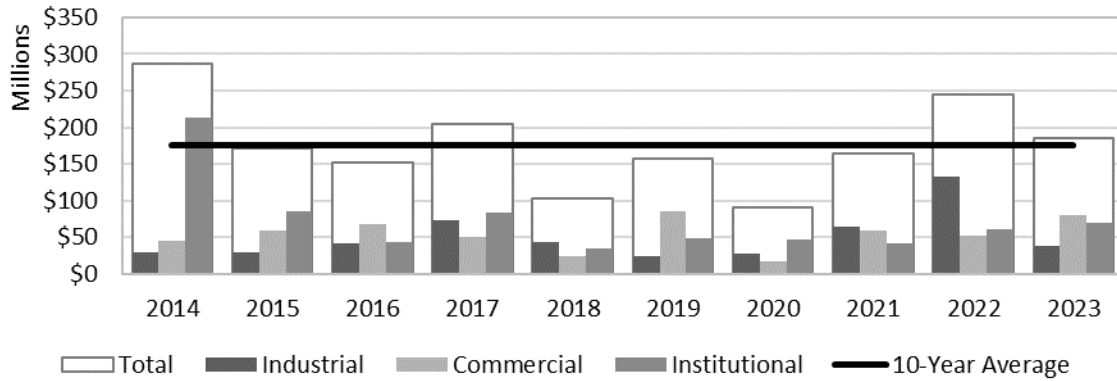
**Figure 2. Total Value of New Building Permits, January-June 2014-2023**



**New Building Permit Activity in the Non-Residential Sector**

The total value of industrial, commercial and institutional (ICI) permits issued between January and June 2023 was \$185.6 million (Figure 3). This represents a decrease of \$59.5 million (24 per cent) from the first six months of 2022. Moreover, new non-residential construction value in the first half of 2023 was 5 per cent higher than the ten-year average of \$176 million.

**Figure 3. New Non-Residential Building Permit Value, by Sector, January-June 2014-2023**



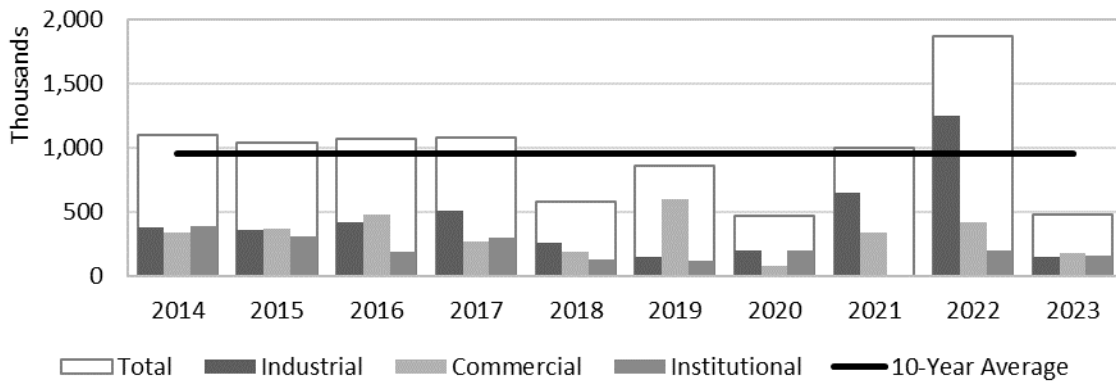
Permit value in the non-residential sector was driven by commercial and institutional projects, with values of \$79.4 million and \$68.8 million, respectively. The commercial and institutional sectors saw increases of 55 per cent and 14 per cent, respectively, compared to the same time last year. Industrial permit value saw a decrease of 72 per cent compared to last year (from \$133 million in mid 2022 to \$37 million in mid 2023). This decrease is expected as last year was a near record setting year for industrial development, with the construction of the Amazon Warehouse in Cambridge and the industrial buildings located at the Homer Watson Business Park in Kitchener.

The highest-value non-residential permits issued in the first half of 2023, by sector, were:

- Institutional: \$30.8 million for a new arena and recreation complex in the Township of Wellesley.
- Commercial: \$14.9 million for a 63,000 square foot addition to Stanley Park Mall to accommodate a new Canadian Tire store.
- Industrial: \$9 million for a 75,000 square foot industrial facility located at 140 Boychuk Drive Cambridge.

New non-residential floor space added in first-half 2023 decreased by 74 per cent when compared to the same time last year. A total of 480,000 square feet was added as of June 30, 2023, compared to 1.9 million square feet during the same time last year. Growth between January and June 2023 was 50 per cent below than the ten-year average of 951,000 square feet.

**Figure 4. New Non-Residential Floor Space, by Sector, January-June 2014-2023**



Floor space in the industrial sector was down 88 per cent, the commercial sector was down 58 per cent, and the institutional sector was down 23 per cent compared to the same time last year.

Non-residential building activity tends to show a variable pattern from year-to-year, as illustrated by the long-term trends in Figures 3 and 4. Figure 5 provides a year-over-year summary of new square footage by municipality and sector.

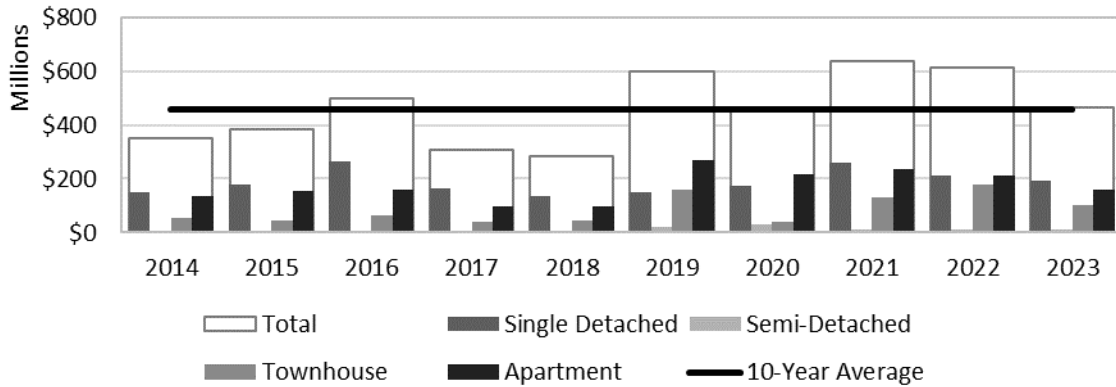
**Figure 5. New Non-Residential Floor Space, by Sector and Municipality, January-June 2022 and 2023**

Municipality	Industrial		Commercial		Institutional		Total		% Change
	2022	2023	2022	2023	2022	2023	2022	2023	
Cambridge	431,118	118,734	83,822	8,654	269	48,902	515,209	176,290	-66%
Kitchener	781,271	7,281	299,521	138,555	80,094	9,429	1,160,886	155,265	-87%
Waterloo	0	6,620	11,048	4,198	8,533	12,342	19,581	23,160	18%
North Dumfries	800	0	0	0	0	0	800	0	-100%
Wellesley	8,128	0	0	2,323	59,568	82,312	67,696	84,635	25%
Wilmot	0	0	15,755	8,125	0	2,024	15,755	10,149	-36%
Woolwich	22,108	15,894	11,653	14,405	51,576	0	85,337	30,299	-64%
<b>Region Total</b>	<b>1,243,425</b>	<b>148,529</b>	<b>421,799</b>	<b>176,260</b>	<b>200,040</b>	<b>155,009</b>	<b>1,865,264</b>	<b>479,798</b>	<b>-74%</b>
% by Type	67%	31%	23%	37%	11%	32%	100%	100%	
% Change	-88%		-58%		-23%		-74%		

***New Building Permit Activity in the Residential Sector***

The total value of residential building activity in the first half of 2023 was \$465 million (Figure 6). This represents a 24 per cent decrease from the same period in 2022 (\$611 million), and is one per cent above the ten-year average of \$459.6 million.

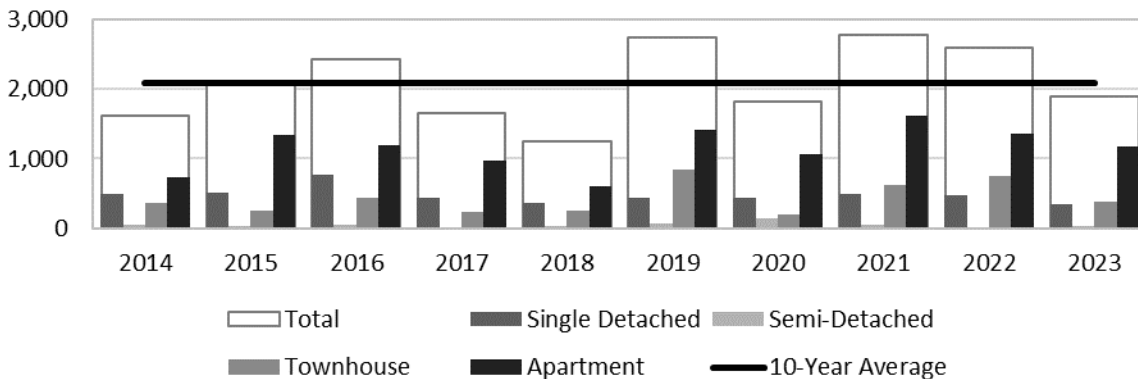
**Figure 6. New Residential Building Permit Value, by Unit Type, January-June 2014-2023**



Residential construction value increased relative to first-half of 2022 for semi-detached units (up 19 per cent, from \$9.2 million to \$11.0 million) and decreased for all other unit types. Year-over-year declines in construction value were largest for townhouse dwellings (43 per cent decrease in total value, from \$179.0 million to \$101.8 million), followed by apartments (24 per cent decrease, from \$209.7 million to \$158.6 million) and single-detached dwellings (down nine per cent, from \$213.1 million to \$193.7 million).

A total of 1,901 new residential units were added in the first six months of 2023 – a 27 per cent decrease from 2022 (Figure 7). Residential building activity was nine per cent below the 10-year average of 2,093 units for the first six months of the year.

**Figure 7. New Residential Units, by Type, January-June 2014-2023**



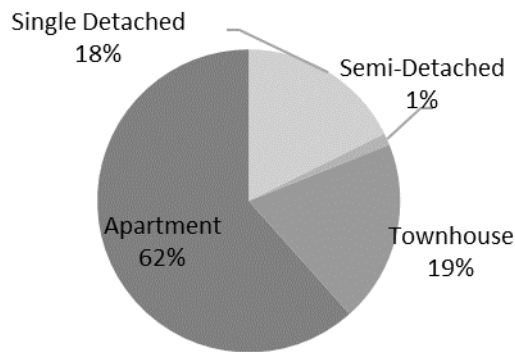
The number of new semi-detached units increased 33 per cent over the first-half 2023 (from 18 to 24 units), while construction of new units declined year-over-year for all other dwelling types. New townhouse units saw the largest decrease (51 per cent, from 757 to 370 units), followed by single-detached dwellings (down 30 per cent, from 480 to 336 units), and apartments decreased by 13 per cent (1,351 units to 1,171 units in 2023).

Figure 8 illustrates that new units added between January and June 2023 were predominantly apartments (62 per cent) and townhouses (19 per cent). Apartments

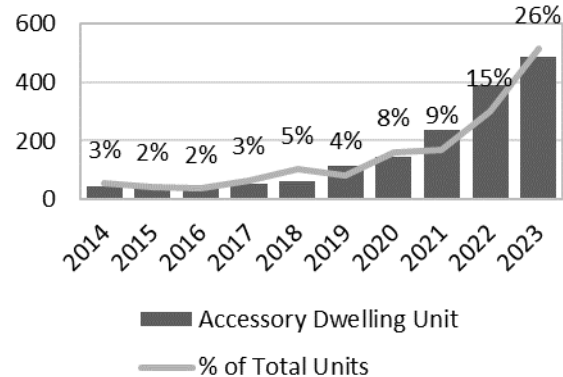
include accessory units added to existing dwellings (e.g., basement suites or duplex conversions) as well as detached secondary dwelling units, or garden suites.

A trend of note is the rapidly growing number of accessory apartments added to existing dwelling units, such as basement suites or duplex conversions. From January to June 2014, only 43 permits were issued for accessory dwelling units across the Region (Figure 9). By 2022, the number reached 389, and increased by a further 25 per cent to 488 new units in the first half of 2023 – comprising more than 25 per cent of total new residential units. This number also includes detached dwelling units such as garden suites or laneway homes.

**Figure 8. Mix of New Residential Units, January-June 2023**



**Figure 9. New Accessory Dwelling Units, January-June 2014-2023**

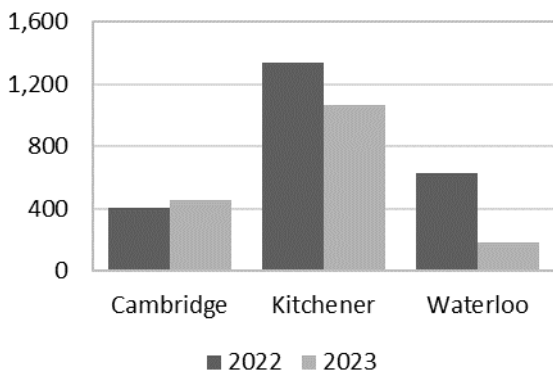


The top three residential permits issued in the first half of 2023 were:

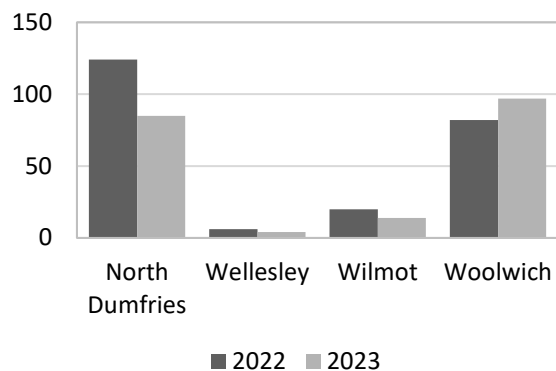
- A 45-storey, 549-unit residential tower at 30 Francis Street, Kitchener, valued at \$108.5 million.
- A 100-unit residential building located at 316 Batavia Place, Waterloo, valued at \$12.5 million.
- A 30-unit townhouse development located at 40 Palace Street, Kitchener, valued at \$10.5 million.

Year-over-year trends in residential construction varied by area municipality (Figures 10 and 11). Waterloo Region’s three cities – home to 89 per cent of new units – experienced a collective 28 per cent decrease in new residential dwellings relative to first-half 2022. More specifically, the largest decline occurred in Waterloo (down 71 per cent, or 442 fewer units). Kitchener saw a decline of 21 per cent or 275 fewer units whereas Cambridge experienced an increase of 11 per cent from 408 to 452 units. Collectively, the townships saw a decline of 14 per cent or 32 units when compared to the first six months of 2022. Figure 12 provides a more granular comparison of units added in 2022 versus 2023 by type and municipality.

**Figure 10. New Residential Units, by City, January-June 2022 and 2023**



**Figure 11. New Residential Units, by Township, January-June 2022 and 2023**



**Figure 12. New Residential Units, by Type and Municipality, January-June 2022 and 2023**

Municipality	Single Detached		Semi-Detached		Townhouse		Apartment		Total		% Change
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	
Cambridge	74	146	2	2	172	198	160	106	408	452	11%
Kitchener	261	52	8	14	362	122	709	877	1,340	1,065	-21%
Waterloo	20	27	2	0	166	8	438	149	626	184	-71%
North Dumfries	91	67	0	0	33	15	0	3	124	85	-31%
Wellesley	3	3	0	0	0	0	3	1	6	4	-33%
Wilmot	4	4	0	0	12	0	4	10	20	14	-30%
Woolwich	27	37	6	8	12	27	37	25	82	97	18%
<b>Region Total</b>	<b>480</b>	<b>336</b>	<b>18</b>	<b>24</b>	<b>757</b>	<b>370</b>	<b>1,351</b>	<b>1,171</b>	<b>2,606</b>	<b>1,901</b>	<b>-27%</b>
% by Type	18%	18%	1%	1%	29%	19%	52%	62%	100%	100%	
% Change	-30%		33%		-51%		-13%		-27%		

### ***Students and Seniors***

A 100-unit permit was issued for a student-oriented development located at 316 Batavia Place, Waterloo. No permits were issued for senior-oriented developments in the first half of 2023.

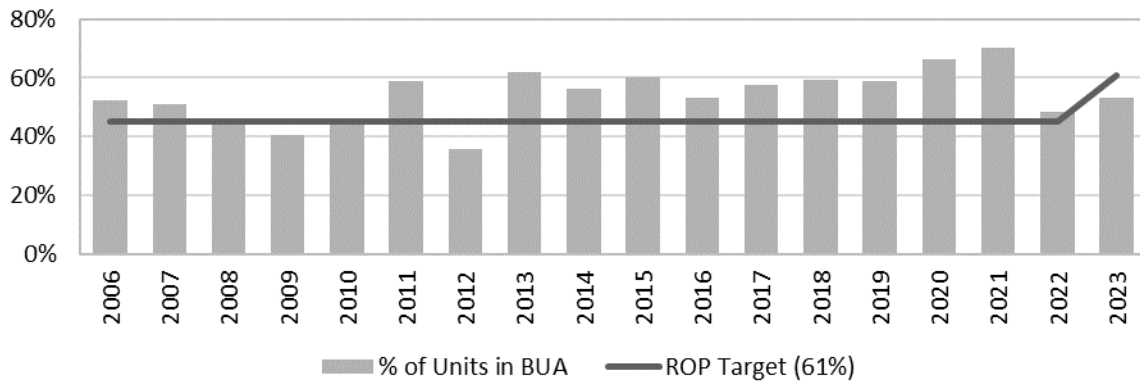
### ***Monitoring Growth with Building Permits***

The Regional Official Plan (ROP) sets out an intensification target, requiring a certain percentage of all new development on an annual basis to occur in the Built Up Area (BUA) - that is, the area that was considered developed prior to 2006. In 2023, the Minister of Municipal Affairs and Housing approved Regional Official Plan Amendment No. 6 (ROPA 6). The targets adopted through ROPA 6 vary by municipality, but overall are more ambitious than the previous Regional Official Plan (ROP) target of 45 per cent. ROPA 6 sets out an overall annual intensification target requiring a minimum of 61 per cent of all new residential development to occur within the BUA. In the first half of 2023,

1,009 building permits were issued for new residential units in the BUA, representing 53 per cent of total units across the Region (Figure 13). This is up from 48 per cent at the same time in 2022.

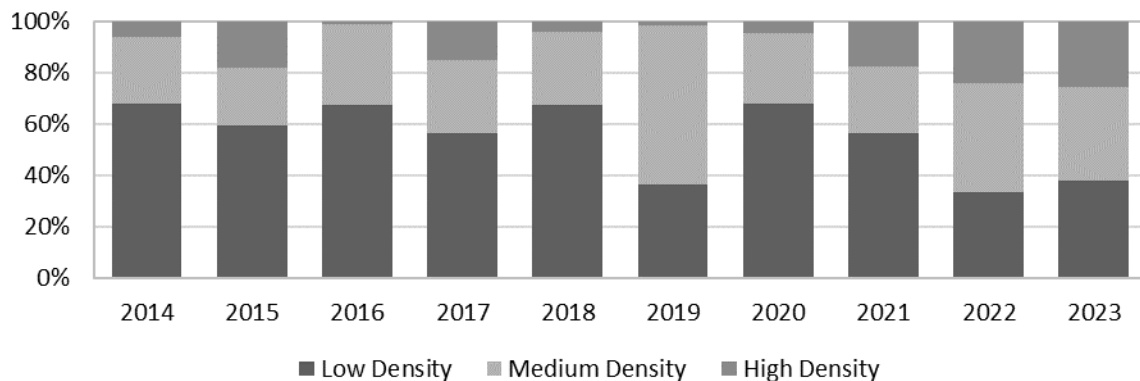
Figure 14 illustrates that the mix of new units in the DGA has become gradually more dense over the past decade, with low-density housing (single and semi-detached dwellings) now comprising a smaller share of the unit mix (38 per cent in 2023, down from 68 per cent in 2014).

**Figure 13. Percentage of New Residential Units in the BUA, January-June 2006-2023**



\*Note that prior to 2023 the ROP intensification target was 45 per cent

**Figure 14. Mix of New Residential Units in the DGA, January-June 2014-2023**



### **Central Transit Corridor**

The Central Transit Corridor (CTC) – the area around the Region’s ION light rail transit system – has been a key target for residential intensification since ION’s approval in 2011. Between January and June 2023, 765 new residential units were built in the CTC, comprising 40 per cent of units added throughout the Region. This is a significant increase from first-half 2022, when 20 per cent of new units were in the CTC.



**Units in Plans of Subdivision**

An inventory of units in plans of subdivision is maintained to assess the future supply of residential units anticipated to be built throughout the Region. The inventory is categorized by the stage in which each plan is in the subdivision application process. There are three stages in the development approvals process, Pending, Draft Approved and Registered unbuilt. Units in the pending phase have been received by the Region and are actively being reviewed but have not yet been recommended for approval. Plans are considered draft approved when the plans have been approved but have remaining conditions that need to be satisfied before the plan can be fully approved. Registered unbuilt plans are plans that have met all conditions under draft approval, but have not yet been built. The Region of Waterloo currently has 38,441 units in plans of subdivision. Appendix B contains a fulsome table of inventory broken out by municipality.

**Figure 15: Inventory of dwelling units in Plans of Subdivision as of June 30, 2023**

Region	Pending Units	Draft Approved Units	Registered Unbuilt Units	Total Units
<b>TOTAL INVENTORY</b>	<b>13,664</b>	<b>16,096</b>	<b>8,681</b>	<b>38,441</b>
Single Detached Units	4,231	4,808	2,318	11,356
Semi-Detached Units	297	23	60	380
Townhouse Units	4,339	4,447	2,365	11,151
Apartment Units	4,798	6,818	3,939	15,554

For further information, please refer to Report PDL-CPL-23-034 “Building Permit Activity, January-June 2023” at [www.regionofwaterloo.ca](http://www.regionofwaterloo.ca) or contact us at:

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