



WATERLOO REGION'S
VitalSigns.

**2024
APPENDIX**

**PRESENTATION TO THE WATERLOO
REGION ASSOCIATION OF REALTORS**



Affordable Housing in Waterloo Region – January 2024

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Two sides of a complex housing market

The last 20 years


Scaling global peaks: Waterloo Region's housing price surge

Through the roof and beyond: Waterloo Region has experienced one of the world's most drastic housing price hikes since 2005




The last 6 months

CityNews
Kitchener-Waterloo leads nation in housing price decreases since June: report
2 days ago • Brad Kraemer



Global News
2023 Waterloo Region home sales sink to depths not seen in over 2 decades: realtors
5 days ago • Kevin Nielsen

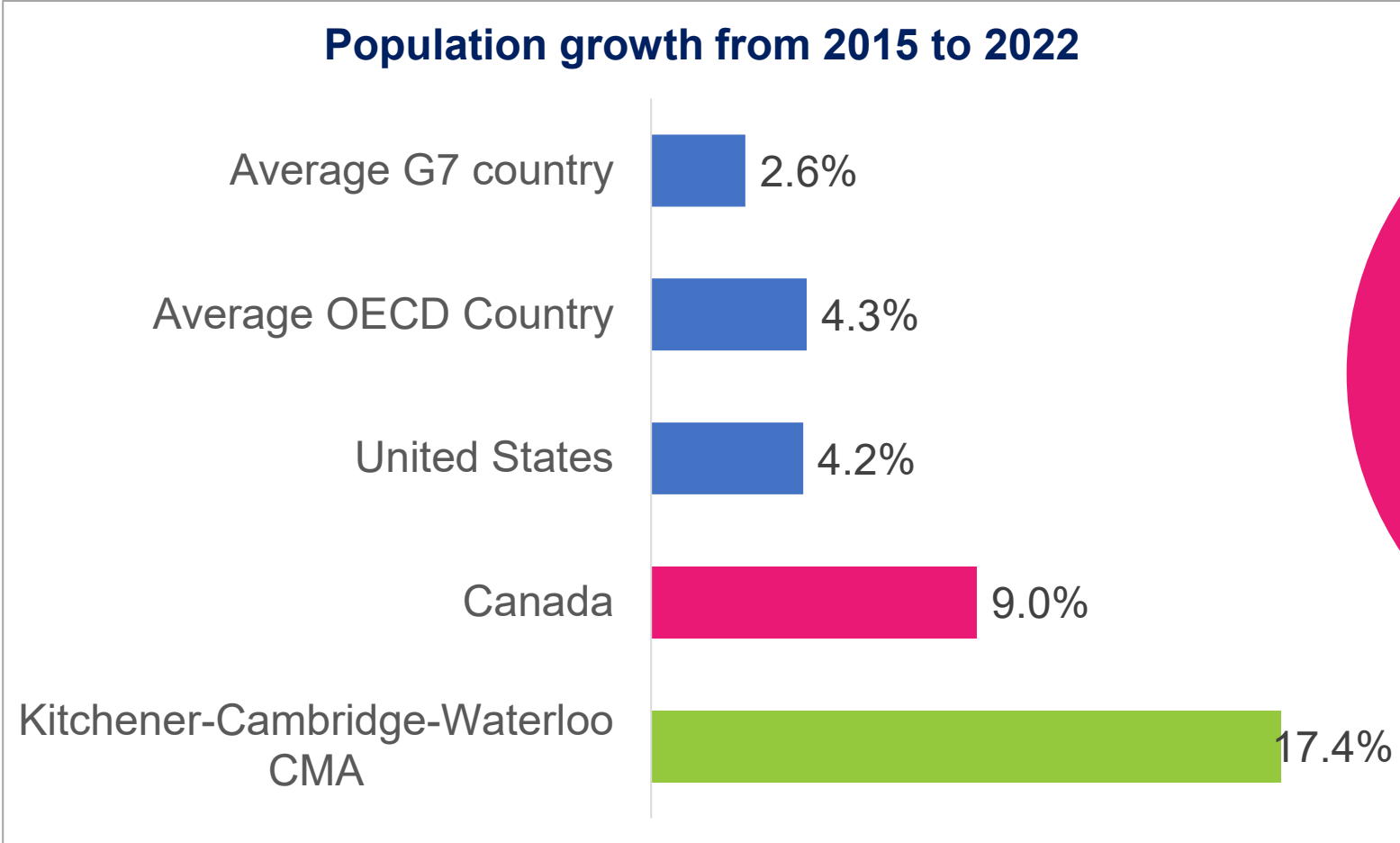


Supply and demand:

Navigating housing in one of the OECD's* fastest-growing regions



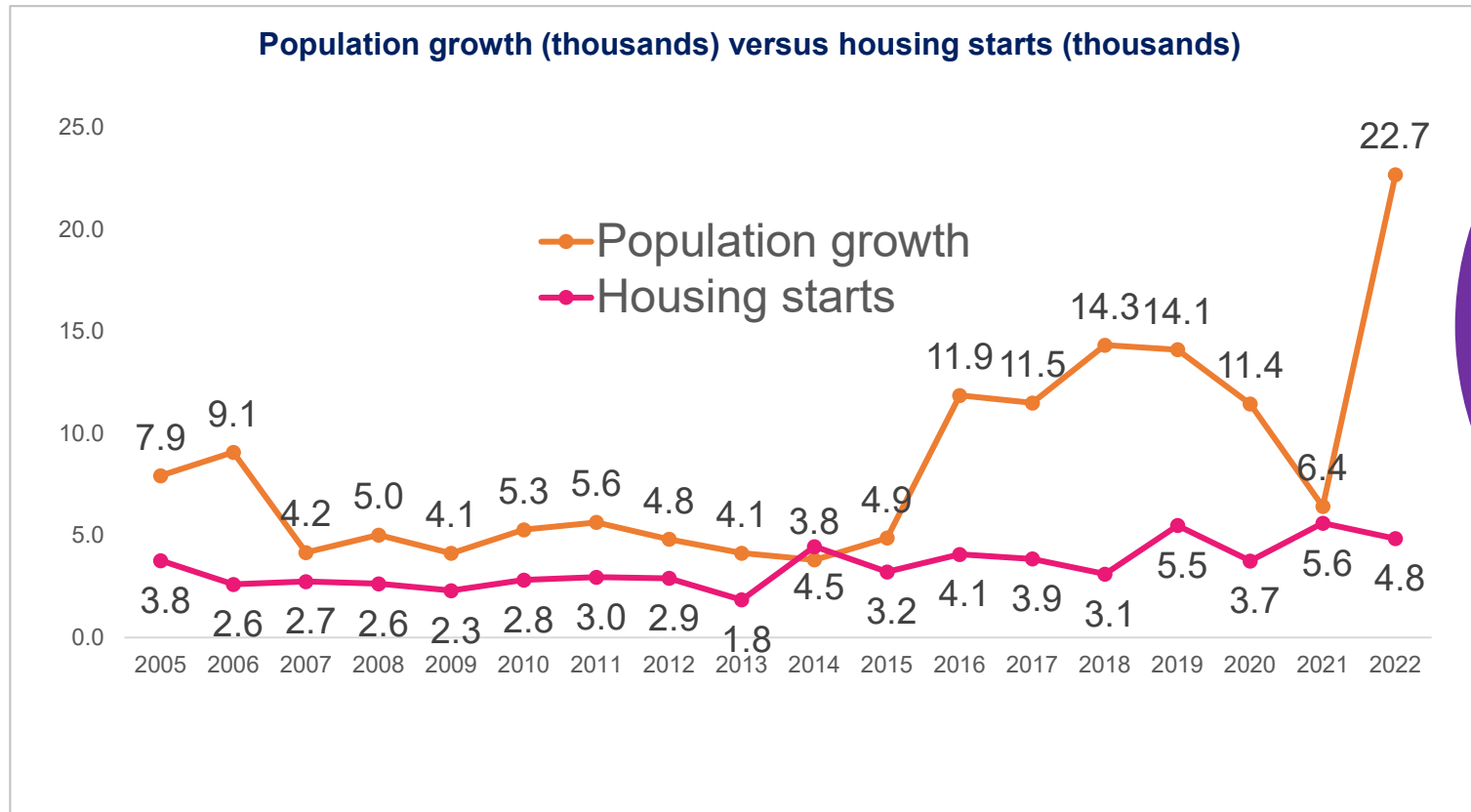
Waterloo Region continues to grow incredibly fast



Waterloo Region grew faster than any other Canadian metropolitan area with 500,000+ people and 7th fastest in Canada/United States (out of 114)

Note: Larger refers to metropolitan areas with at least 500,000 people in 2022. Population numbers are preliminary estimates as at July 1st of each year. Source: U.S. Census Bureau, OECD, and Statistics Canada. Analysis by the author.

But new housing construction is not growing at the same pace



2022 population growth was almost 5x higher than 2015 while housing starts were about 1.5x higher



The current situation for supply and demand

Population growth

- Nationally, population growth in 2023 by September had already exceeded any previous year in Canadian history
- By September 2023, first time Canada had already grown by a million people in a year – a new record high even without the full year data

Housing starts

- Housing starts through the first 11 months of 2023 were down by 23%
- But we had the highest number of housing completions in the last decade by a sizeable margin, with a staggering number of condo completions

Scaling global peaks: Waterloo Region's housing price surge



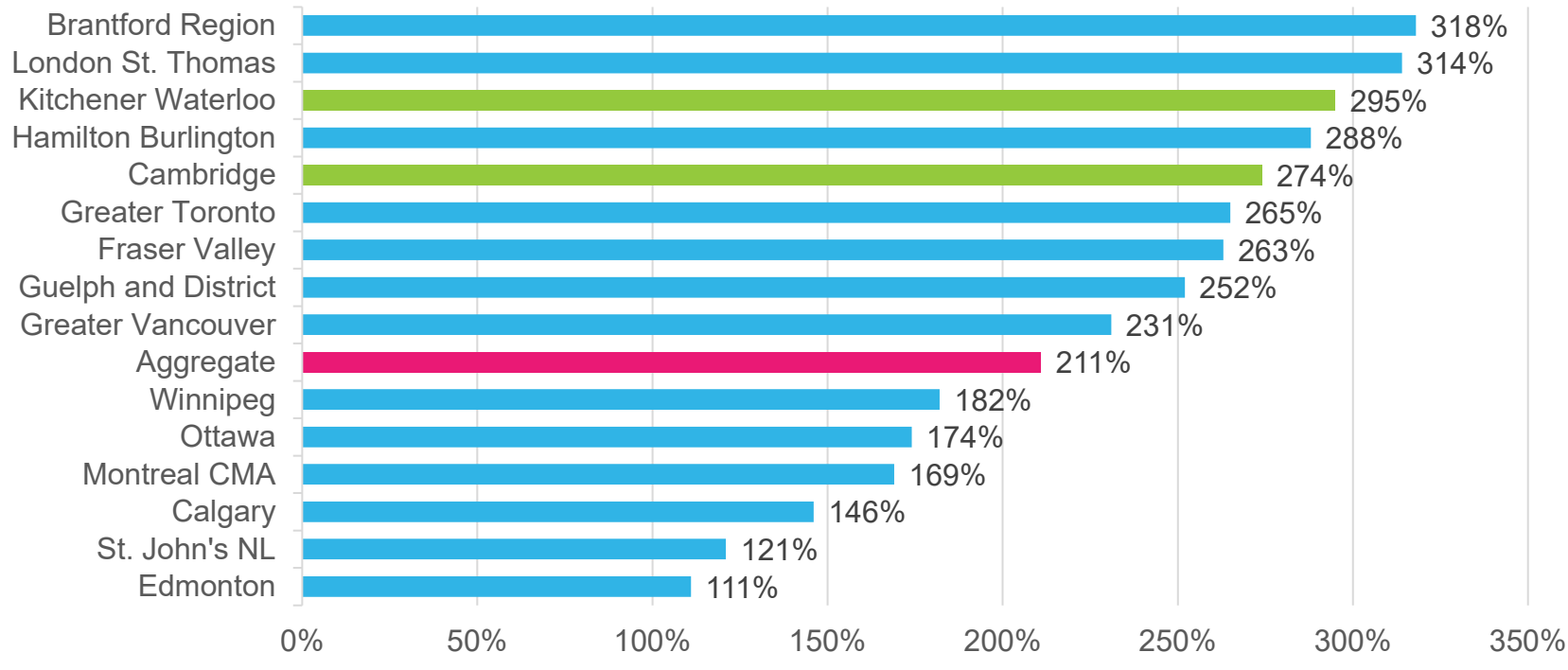
Canada's home prices have gone up more than nearly anywhere on the planet



Canada has had the fastest home price growth in the OECD: Between 2005 and 2022, Canada experienced the fastest real home price appreciation in the OECD, with real (inflation-adjusted) home prices increasing by 137%, four times faster than the OECD average (34%)

Prices have surged more than nearly anywhere in the developed world

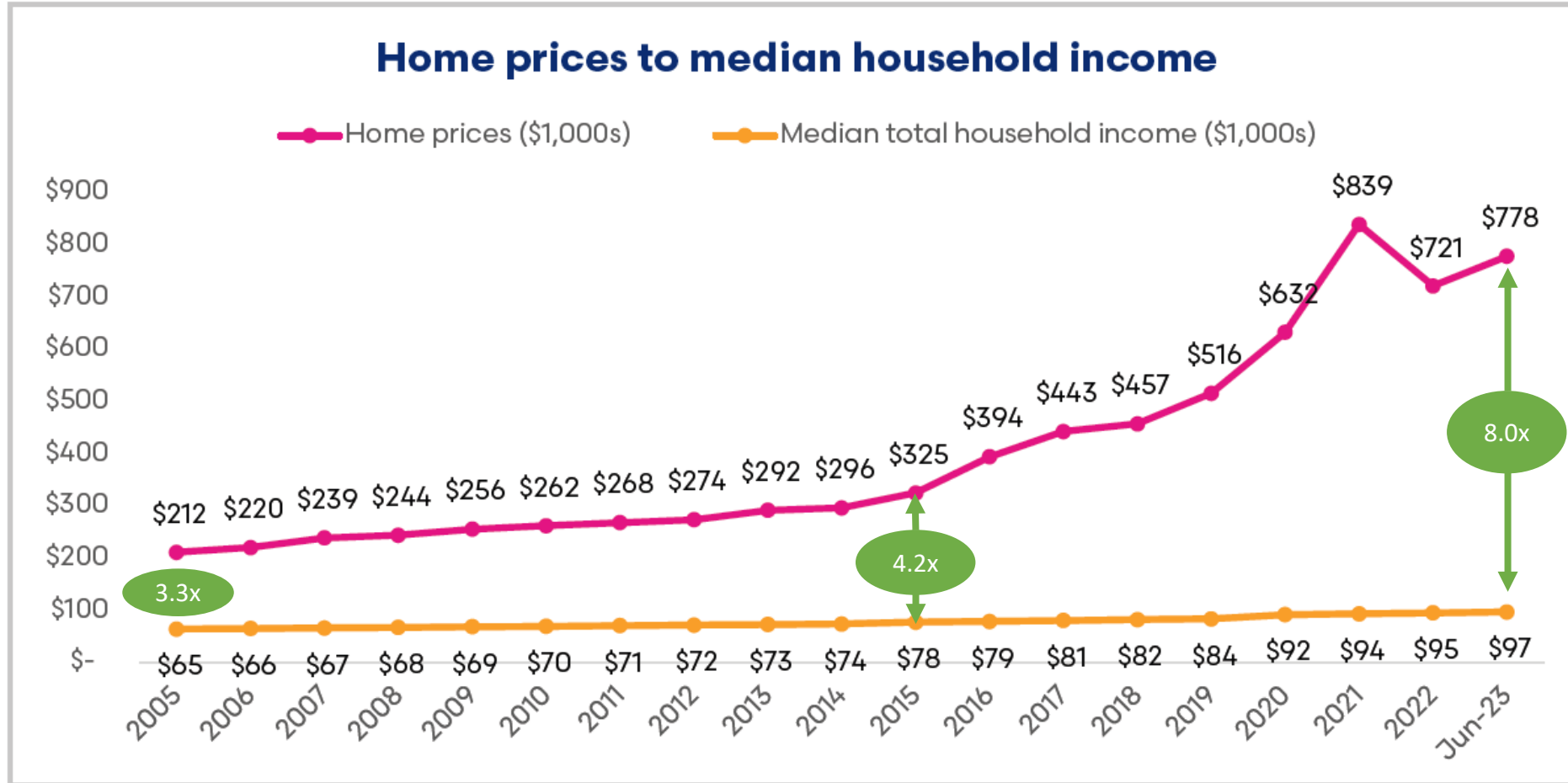
Percentage Increase in Composite MLS Home Price Index in major Canadian markets, January 2005 to June 2023



Through June 2023, Waterloo Region home prices grew the third fastest in Canada among major markets (84 percentage points faster than Canada)

By December 2023, Kitchener Waterloo, prices had increased by 63 percentage points faster than Canada overall

Home prices have soared way beyond local incomes



Prices were \$706,000 in December 2023

Kitchener and Waterloo. Note: Home prices on the chart reflect the home price as at the last month of the year. For detailed explanations, see the endnotes in the report Source: MLS Home price index and Median household income from Census of Canada, 2005, 2011, 2016, and 2021. All other years of income are estimates

Price to income ratios in select global metropolises



New York Metro Area (7.1x) [q3 2022]



Waterloo Region (8.0x) [June 2023]

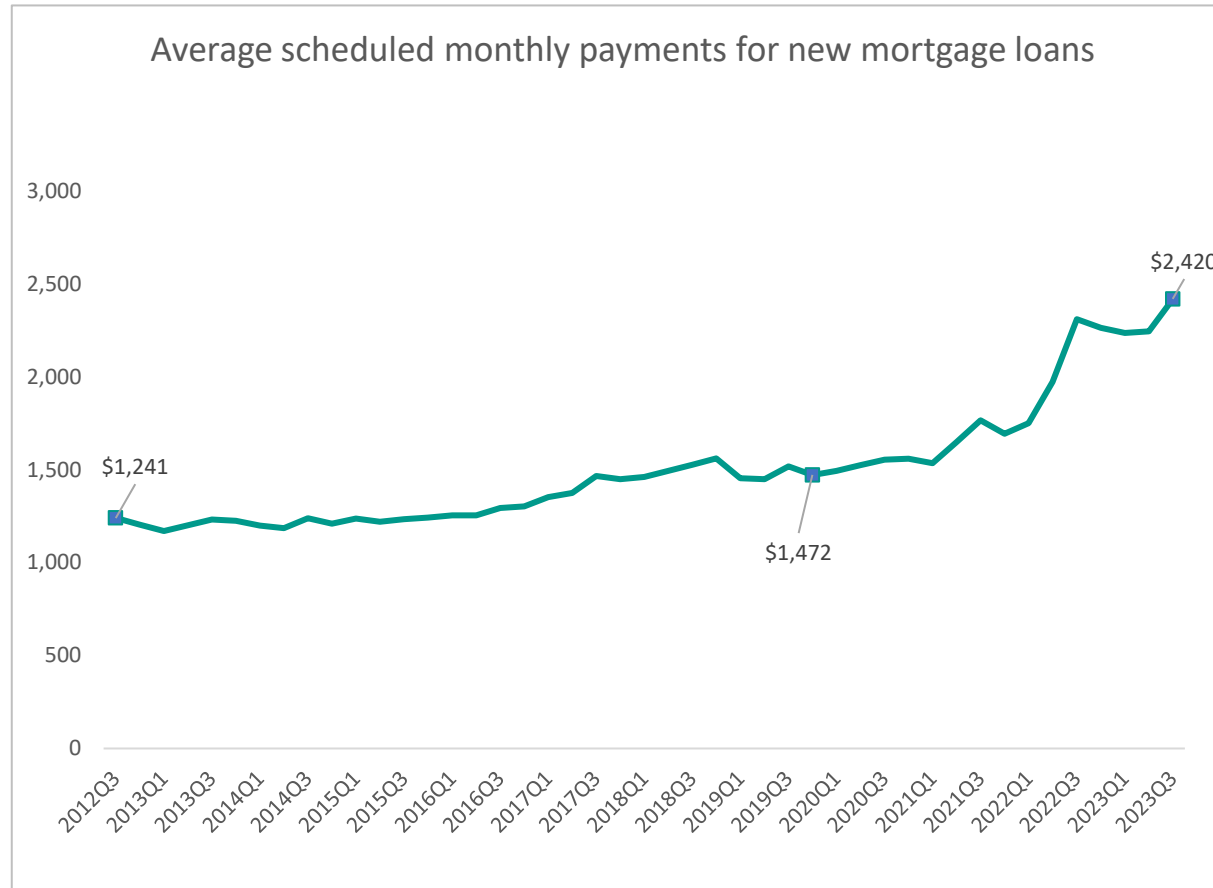


Miami Metro Area (8.5x) [q3 2022]



Greater London, UK (8.7x) [q3 2022]

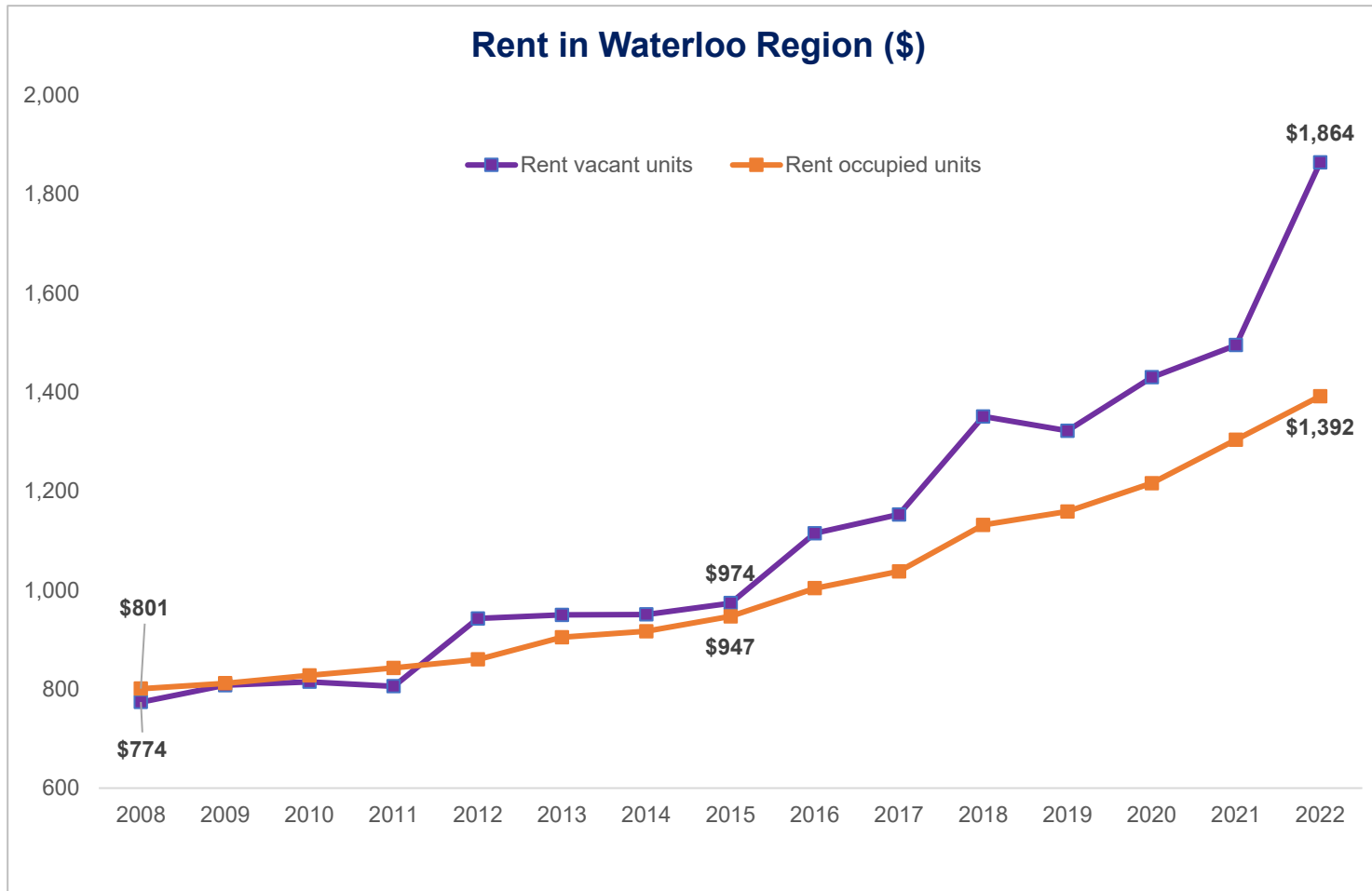
Decreasing prices have obviously not improved affordability of new mortgages



Pricing out prosperity

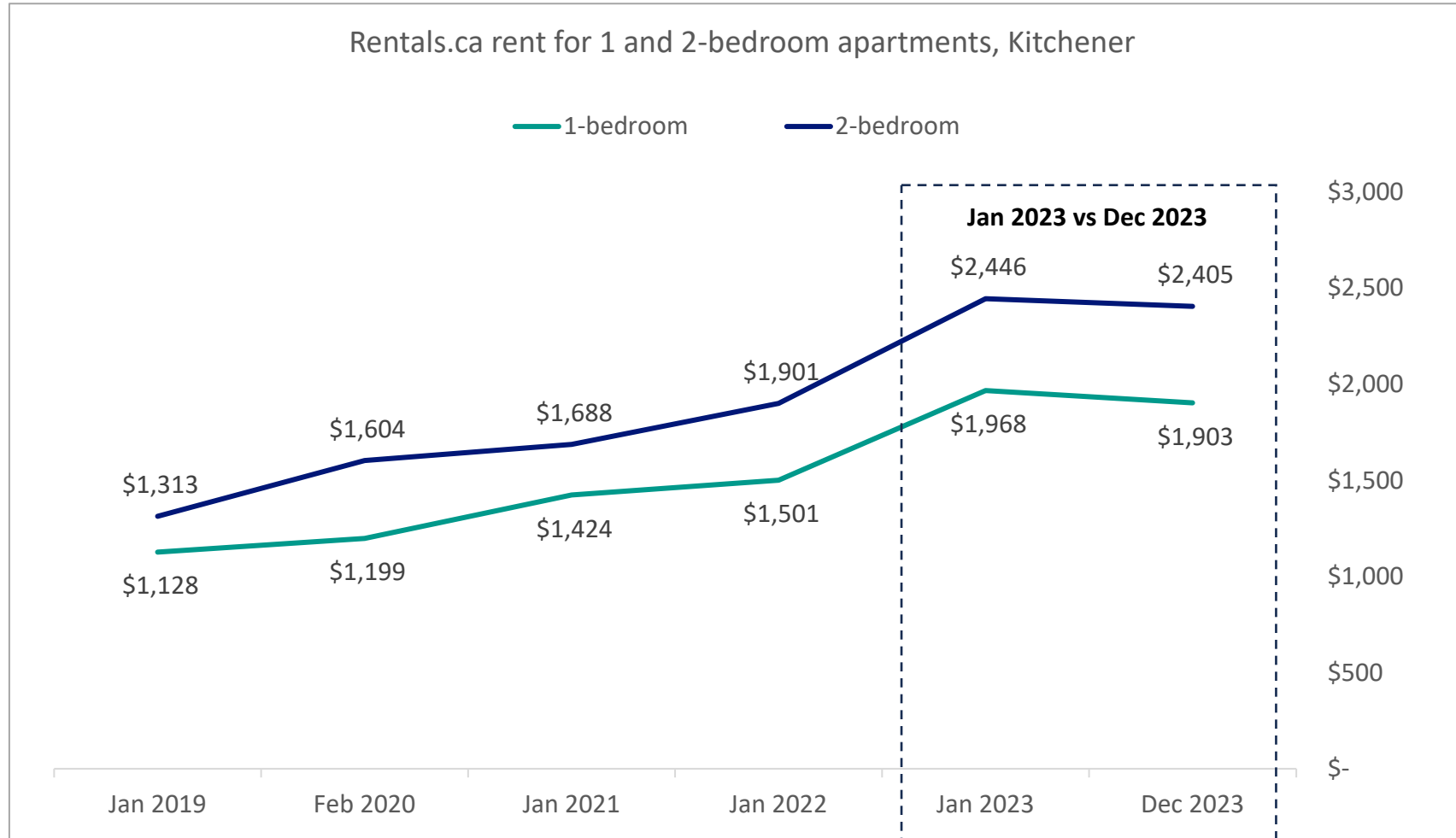


Rent of vacant units has soared by 141%, with the most recent year with official data the biggest ever increase



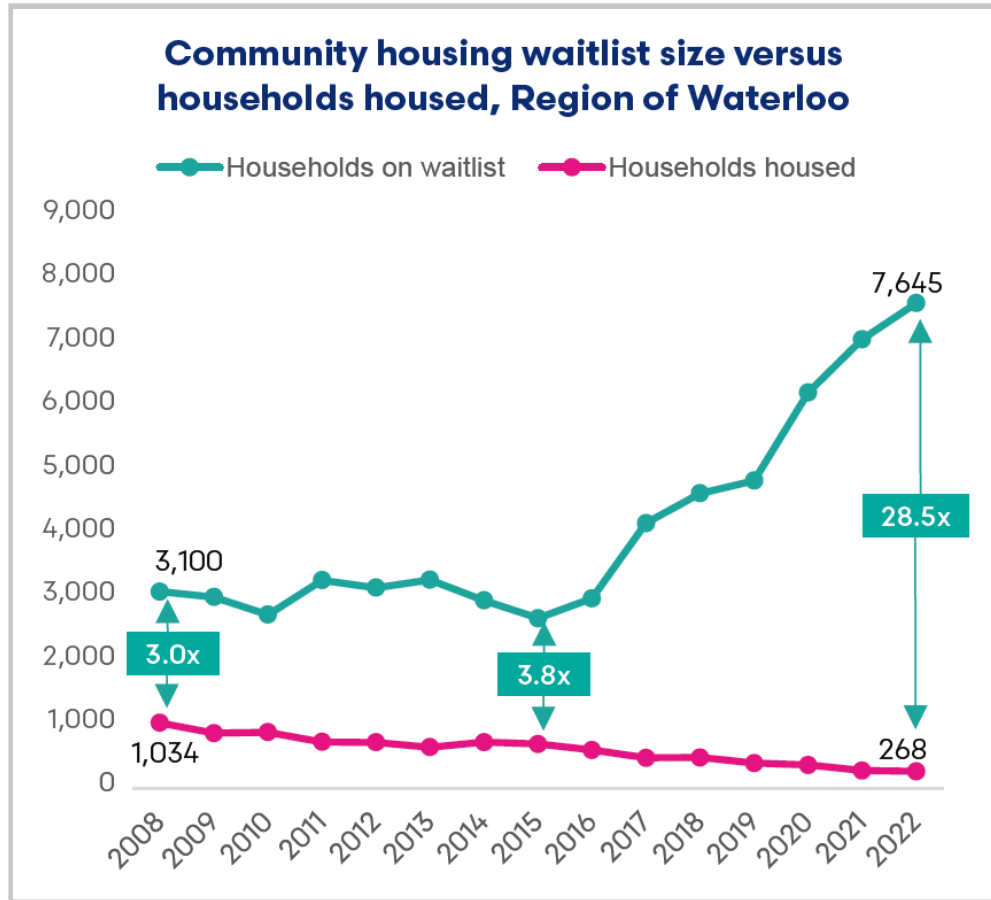
To afford the current vacant rent (\$1864) while spending less than 30% of income on housing, households need \$75,000 in income. Which means 63% of renting households in Waterloo Region cannot afford the current rent.

Asking rents have dipped slightly in the last year but have mostly held steady with recent increases



Prices for a 2-bedroom are about \$1100 more per month than 5 years ago and for a 1-bedroom about \$800 more per month

For those struggling, it has gotten drastically harder to get community subsidized housing



Source: Region of Waterloo.³⁹

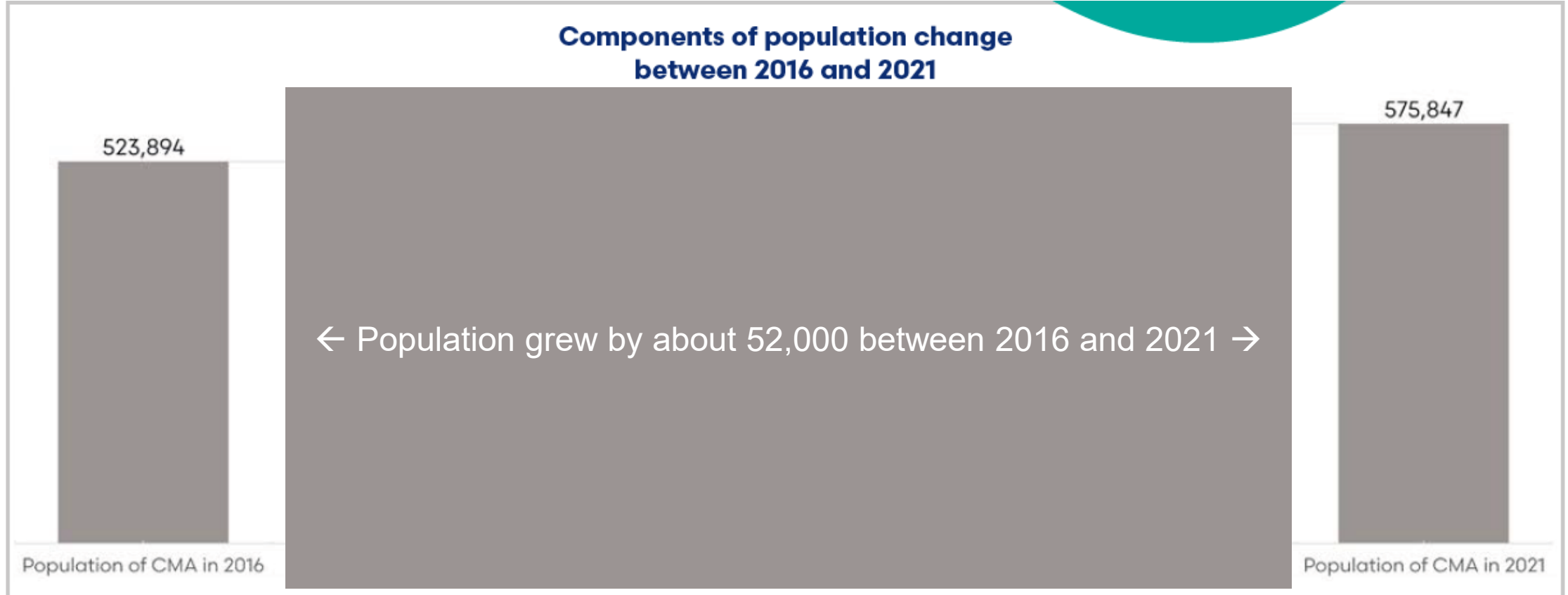
A third of all households on the waitlist in 2008 were housed, but only 3.5% of households on the waitlist were housed in 2022.

The Region is building 500 new affordable units per year over 5 years, 10x more than the previous level before the pandemic

Coming and going in Waterloo Region



Many come, and many leave




More and more are leaving too

Who is coming

- More than 108,000 people moved into the Region between 2016 and 2021
- Almost 40% of those aged 25 to 34 were new arrivals
- Internally, people are predominantly from Toronto.

Who is leaving

- Almost 63,000 people left Waterloo Region for elsewhere in Canada over the 5 years (up 23% from 2016 when about 51,000 left)
- Young adults (18 to 30) are most likely to leave, but this has not increased in the most recent census
- On the other hand, those aged 30 to 39, their children, and those aged 55+ saw very large relative increases in leaving



Waterloo Region had both the second highest in-migration rate and out-migration rate between 2016 and 2021.

International students and population growth



Population growth would be 40% of current levels without non-permanent residents over recent years, who are mostly students and their families.

International enrolment at major local post-secondary institutions tripled from about 7,000 in 2014/2015 to almost 23,000 in 2021/2022.

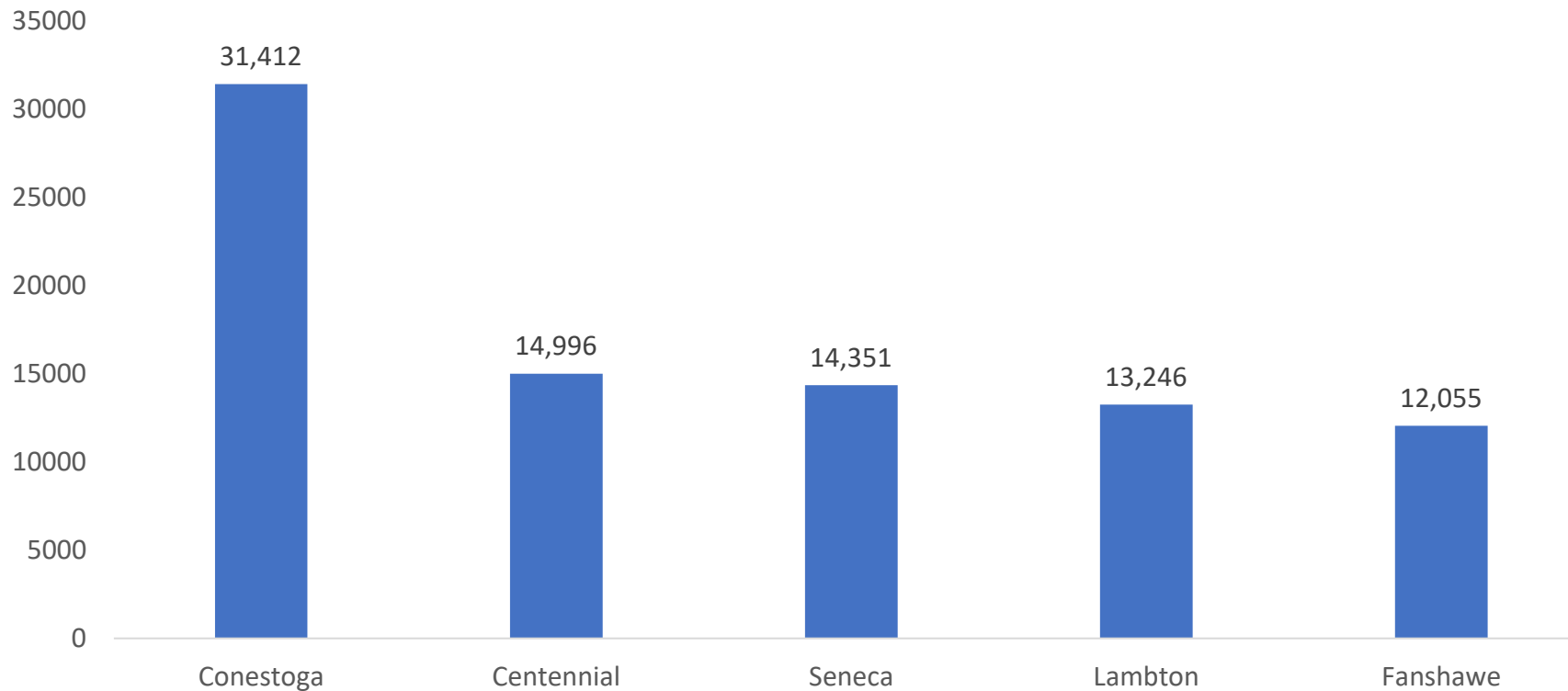
Conestoga College has grown faster than any college or University in Ontario, particularly due to international students. Less than 1,000 international students attended in 2014/15, which increased to more than 12,000 in 2021/2022.



A huge portion of Waterloo's population growth is coming from international students in 2023



International student visa approvals by Ontario Institution – Top 5 –
January 2022 to April 2023 (15 months)



Expanding households, shrinking spaces



Large households are growing twice as fast as in the rest of the country

Large – and more complex – households driving growth:

Extended households, including multi-generational households, roommates, and other shared households, grew faster in Waterloo Region than anywhere else in Canada.

Countering the national trend: Households of three, four, and five people grew at least twice as fast as the national rate between 2016 and 2021. Smaller households grew at a rate more similar to the national rate.

Waterloo Region is not alone in its surge in household size:

This trend is echoed in high-growth housing markets in Southwestern Ontario and major markets in BC.

Rental stock failing to meet needs: Three in ten new households have four or more people, but only one in twenty new rental units have three or more bedrooms

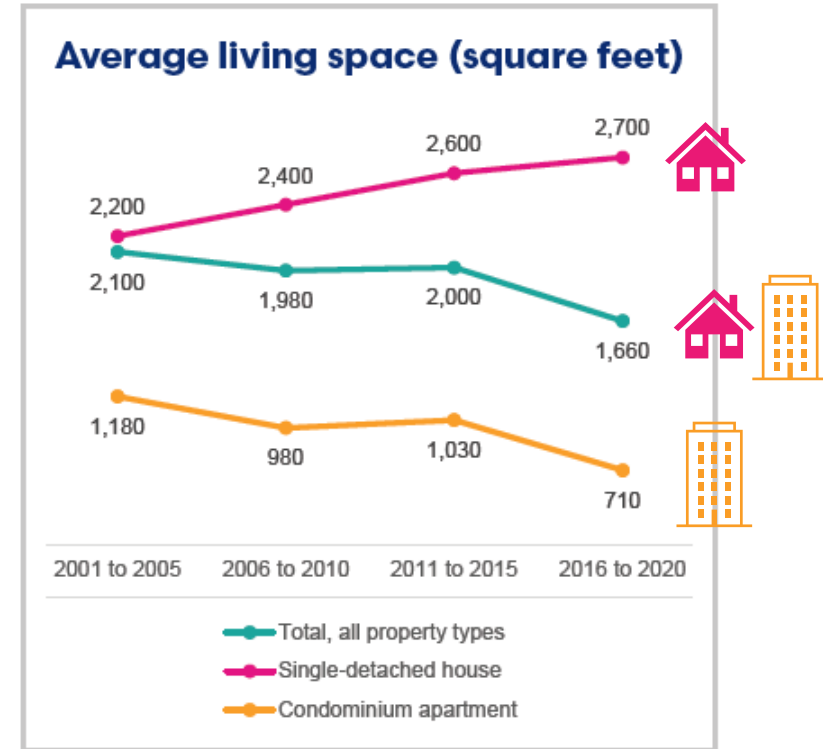
New condos in Waterloo Region are among the smallest in the country



Less houses and more condos: Condos accounted for 9% of housing starts in 2005, but 40% in 2022.

Condos are getting smaller: Since 2005, the average condo size has decreased by 40%.

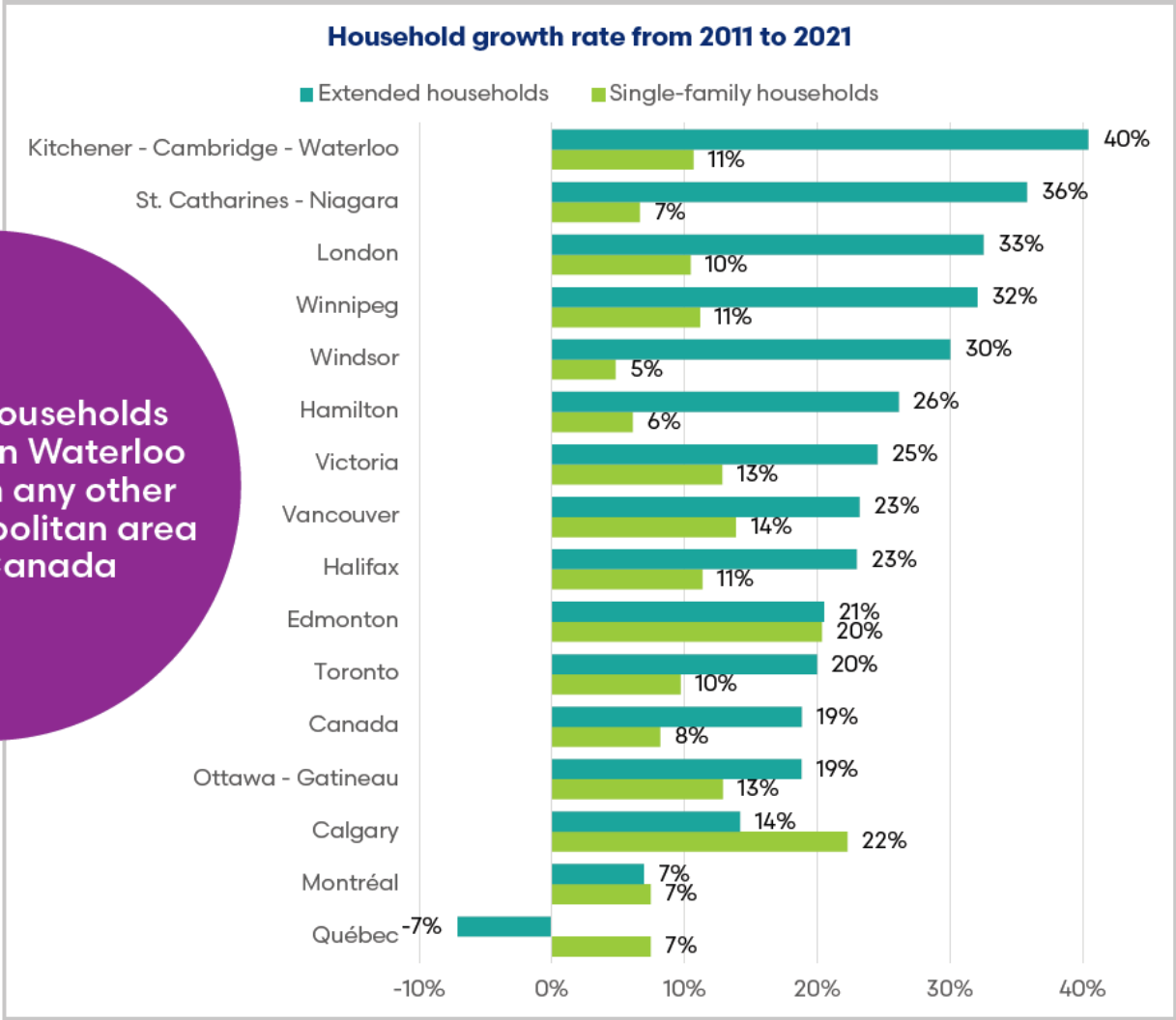
New condos in Waterloo Region are among the smallest in the country: New condos from 2016 to 2020 averaged only 710 square feet. The decrease from the previous five years was bigger in Waterloo Region than anywhere else in the country by a wide margin.



A growing shift to extended households is changing faster in Waterloo Region than anywhere else in Canada

(extended households include roommates, renting a bedroom, multigenerational households, house sharing, etc.)

Extended households grew faster in Waterloo Region than any other major metropolitan area across Canada



Kitchener-Cambridge-Waterloo CMA. All data in charts represents CMAs. Note: This table shows growth in households and the previous growth in population, so growth rates are not directly comparable. For other notes, see the previous chart. Source: 2011 and 2021 Census of Canada.⁶¹



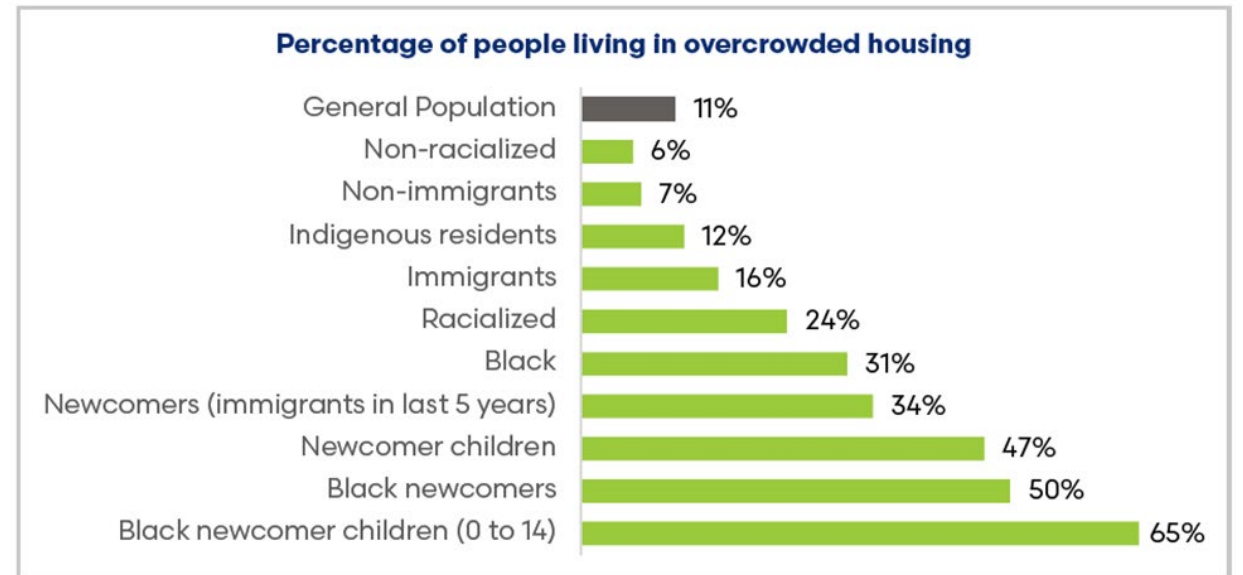
Severe overcrowding is growing fast

Between 2016 and 2021...

Suitably housed households grew by 8% (i.e., non-overcrowded)

Overcrowded households grew by 46% (six times faster than suitable households)

- 1-bedroom shortfall: 37%
- 2-bedroom shortfall: 81%
- 3-bedroom shortfall: 104%



Source: Statistics Canada, 2021 Census of Population. Kitchener-Cambridge-Waterloo CMA. **Note:** Overcrowded housing is what Statics Canada refers to as unsuitable housing, or having too many people in a dwelling to live together comfortably, according to the National Occupancy Standard.

Blueprints of belonging: Seeking community in our changing communities



Low sense of belonging and neighbourhood satisfaction

Community disconnection amidst growth: Waterloo Region residents' sense of belonging and satisfaction with neighborhoods is 5 to 7 percentage points below the national average.

Renters vs. owners divide: Renters have a significantly lower sense of belonging (9 percentage points lower) and neighborhood satisfaction (22 percentage points lower).

Source: Canadian Housing Survey, 2021



Unified action needed:
From national to local
solutions to the housing crisis



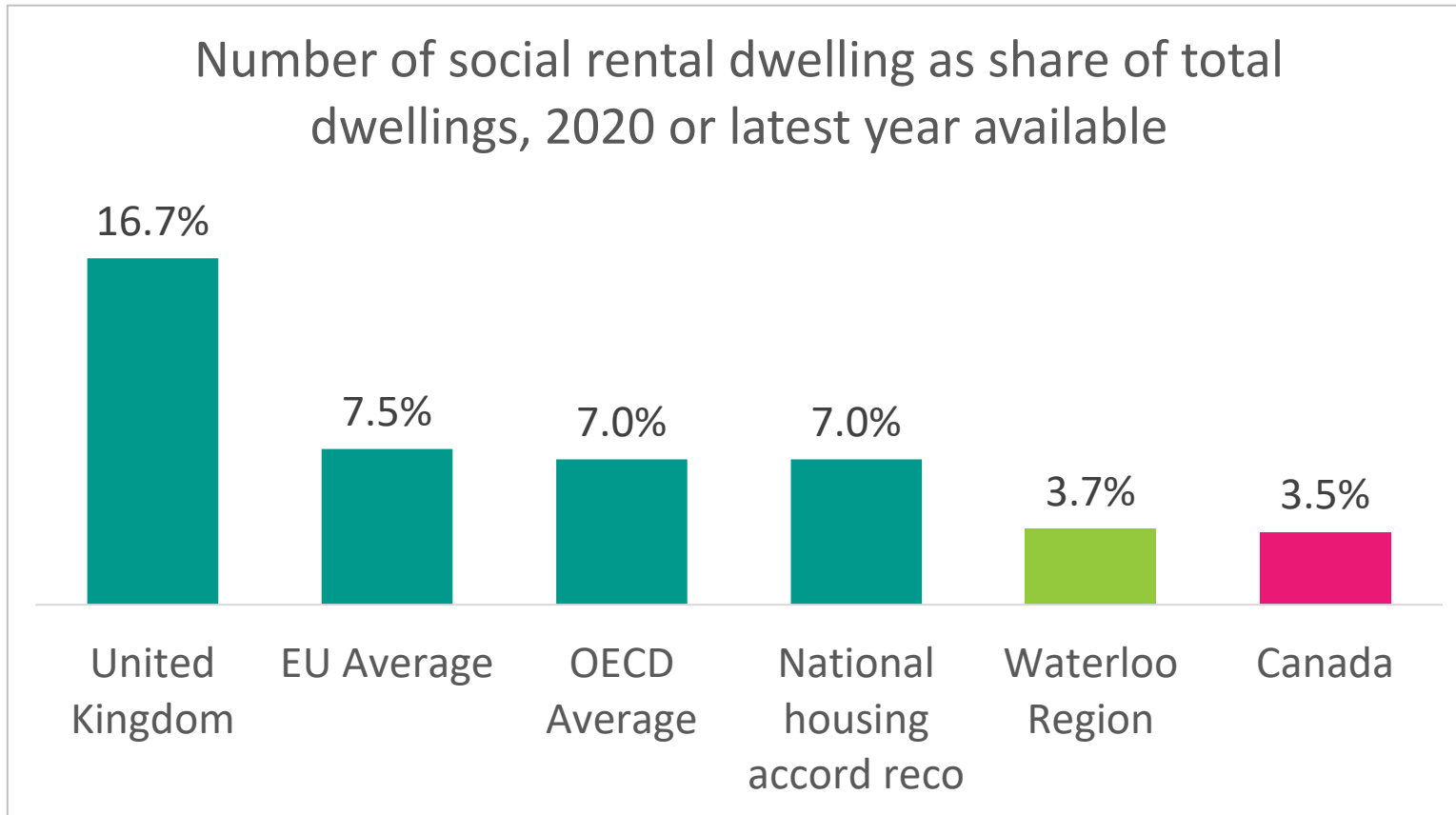
Incredible public support for action on housing and the need for coordinated solutions at entirely new scales

Some conclusions and thoughts from the report

- There is widespread approval among Canadians for many types of strategies to improve affordability (from development incentives, to income supports, to rent control).
- A coordinated plan with all levels of government is needed.
- More housing of all types is needed locally.
- Preserving existing affordable housing needs to be central part of any strategy.
 - The recent "National Housing Accord" report recommends implementing a property acquisition program to help nonprofits buy existing rental properties, ensuring their long-term affordability.
- Eviction prevention strategies and targeted supports for marginalized people can be effective at preventing affordable units from disappearing.
- The scale of the crisis demands more intervention by all levels of government; one of the authors of the National Housing Accord report calls for a “war-time effort” to improve affordability.



Many more community housing units are needed



Even with the 2,500 units being built, almost 10,000 more social housing units would be needed to hit a 7% target by 2031, an impossible goal without huge additional investments from everyone



**Let's talk about local
actions that can be taken**





Key local solutions discussed in our report

Development	Nonprofits	Homeowners	Investors and donors
Collaboration w/ nonprofits	Redevelop and repurpose space	Some unused space may be suitable for rentals	Many local investment options (social impact, GICs, co-ops)
Larger and accessible units	Many need support to scale current solutions		
Student housing	Many ways to support belonging and marginalized groups	Be vocal about support for more housing	Numerous nonprofits working in this space
Pre-fabricated and modular housing			
Policies to speed and scale development			



Our challenges aren't just housing – they are connection, belonging, mental health, wellbeing, financial security, good jobs, food security, and beyond. And everyone and every institution plays a role in each of these.



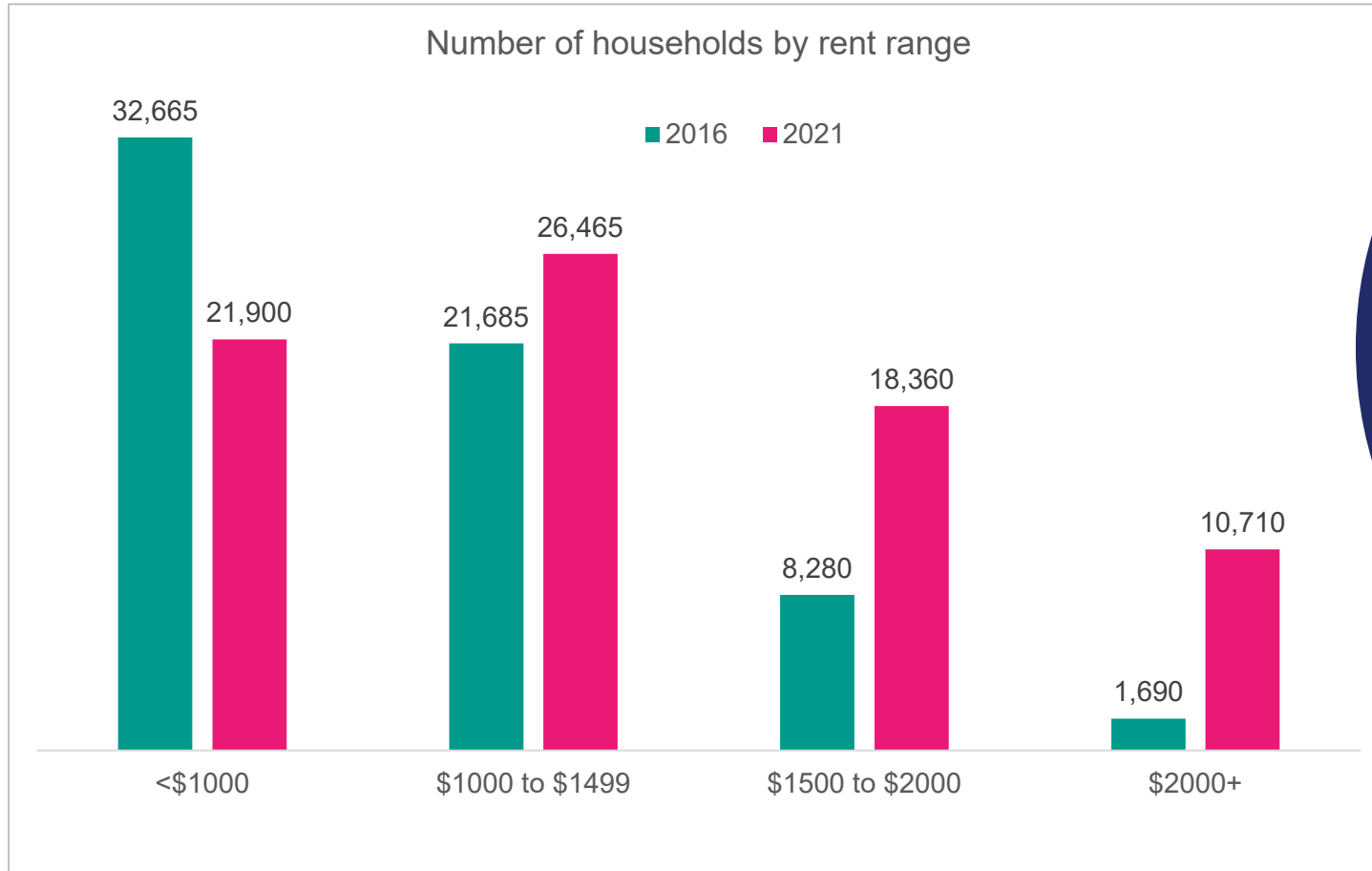
Thank you for listening!



Appendix



Affordable units are quickly disappearing



Waterloo Region lost more than 10,000 units renting for less than \$1,000 between 2016 and 2021 (2,100 a year).

It gained 19,000 units renting for more than \$1,500 over the same time.