

**To:** Warden Aitcheson and Members of Council  
**Meeting Date:** October 20, 2022  
**Prepared By:** Sally McMullen, Manager of Planning Services  
**Subject:** Update on Municipal Comprehensive Review - Watson and Associates

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**Recommended Action:**

THAT County Council receives the “Update on Municipal Comprehensive Review - Watson and Associates” report; and

THAT County Council receive a presentation from Watson and Associates regarding growth projections and next steps.

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**Executive Summary:**

Evaluating long term (25 year) development potential is a fundamental aspect of planning for growth and understanding the community's projected needs for housing and employment space. Watson and Associates have analyzed:

- Census data released in 2022,
- Building permit data from 2017 to 2021;
- Ministry of Finance 2022 Population Projections for Ontario and Perth County; and
- Economic trends impacting Perth County.

Their analysis provides the amount of residential and employment growth that is expected between now and 2051. It is the foundation for Watson and Associates to continue their analysis and determine the amount of land that should be designated in the New OP to accommodate residential and employment growth that is anticipated over the next 25 years. Land needs calculations are expected later this fall.

The interim memo from Watson and Associates is attached to this report and provides that the expected annual population growth rate is 1.5%, which translates to a projected population of 60,400 people by 2051 - an increase of

18,300 or 732 annually. Demand for new housing units annually is estimated to be 290 versus 150 annually in the 2020 Comprehensive Review (CR).

A slight rebound is projected for employment growth with an estimated 9,500 additional jobs between now and 2051, which is an annual growth of 380. About 66% of the jobs are anticipated to require a space for the associated business while the remaining 34% are anticipated to be jobs with no fixed work place or work from home types of employment.

### **Background Information:**

In 2018 Council commissioned a CR analysis and report, which Watson and Associates finalized in April 2020. The CR provided growth projections for housing and employment including a breakdown of housing types and the amount of land needed to accommodate the expected growth.

In June 2021, Council initiated an update of the comprehensive review in light of increases at the time in building permit activity, the upcoming census results and changes in economic trends resulting from the Covid 19 Pandemic.

### **Comments:**

1. Building staff from each lower tier and planning staff at the County worked together to provide data to Watson and Associates for building permits and development applications/approvals between 2017 and 2021.
2. Additionally, a new inventory of vacant land within serviced settlement areas was provided by County Planning staff.
3. The projections, housing breakdowns and land needs (still to come) will be used to finalize growth areas for new employment, and residential designations in the New Official Plan.
4. Staff are considering the need for a similar analysis of the commercial land needs and is in the process of consulting with Watson and Associates about associated scope and costs.
5. Section 1.1.2 of the Provincial Policy Statement requires that sufficient land be made available to accommodate an appropriate range and mix of land uses to meet projected needs for a time horizon up to 25 years.
6. Understanding fully the growth projections, inventory of vacant land and the additional space needed helps municipalities to plan for growth and corresponding services so that both land and investment in infrastructure are used as efficiently as possible.
7. Results from Perth County's BR&E report in December 2021 identify that a primary concern of business owners in the County is the availability of attainable housing for the workforce.

**Public Engagement:**

When Watson and Associates have completed the land needs assessment a final report can be reviewed by Council and incorporated into the Growth Plan section of the New Official Plan. A fulsome public consultation will be conducted for the New Official Plan.

**Financial Implications:**

None at this time - the scope of work is currently within an approved budget item for 2022.

**Connection to Strategic Plan:**

Goal 1 – Growth & Economic Development

Goal 4 – Community Development & Planning

**Attachments:**

[Perth County CR - Perth County Growth Forecast Update Memorandum](#)

**Reviewed By:**

Lori Wolfe, CAO

# Memorandum

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|-------------|---|
| <b>To</b>   | Sally McMullen, Manager of Planning                           |
| <b>From</b> | Jamie Cook, Managing Partner, Adam Fischer, Senior Consultant |
| <b>Date</b> | September 29, 2022  |
| <b>Re:</b>  | Perth County Comprehensive Review Growth Forecast Update      |

Fax

Courier

Mail

Email

## 1. Background

As part of its Official Plan update, Perth County retained WSP, in association with Watson & Associates Economists Ltd. (Watson) in 2018, to undertake an assessment of the County's long-term development potential and associated urban land needs to the year 2046. On April 21, 2020, Watson provided an updated report for Perth County titled, *Official Plan Update – Comprehensive Review (2020 C.R.)*. This 2020 C.R. provided the following:

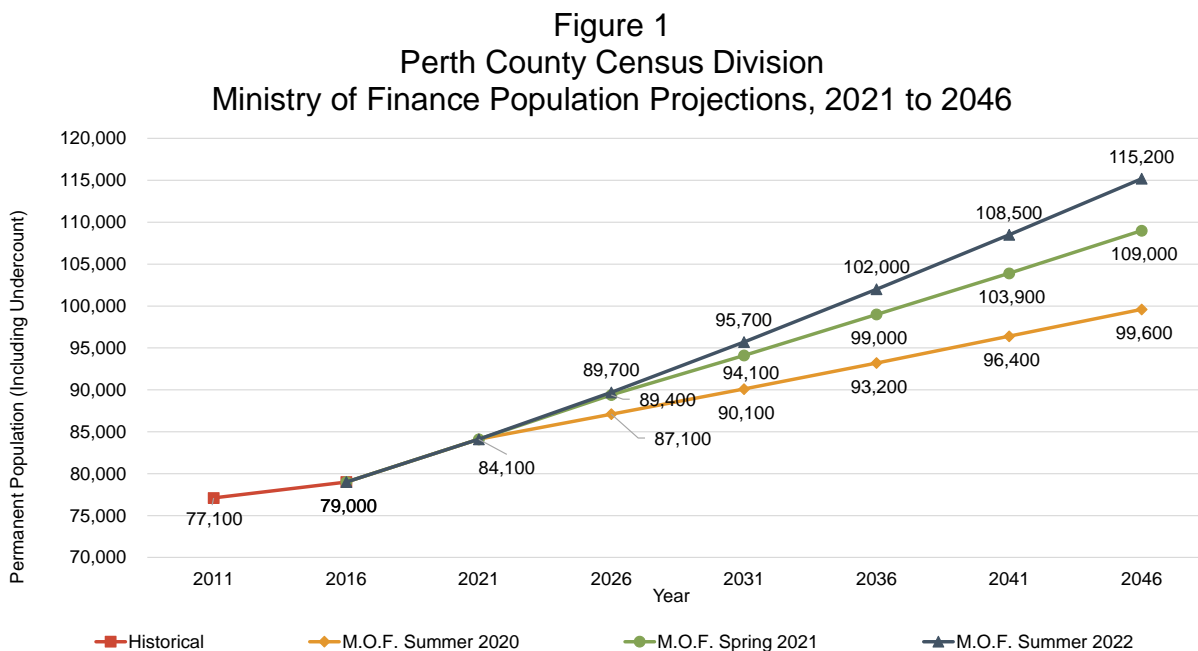
- A brief overview of macro-economic and regional development conditions influencing future development trends within Perth County;
- An assessment of demographic and housing trends within Perth County and its local municipalities;
- Forecast long-term housing, population and employment change in Perth County by urban serviced settlement area as well as by remaining urban and rural area to the year 2046; and
- An assessment of the County's residential and Employment Area needs by urban serviced settlement area over the next 25 years.

Since the release of this report, the County has been experiencing stronger than anticipated urban growth pressures. As a result of these recent growth pressures, as well as broader macro-economic shifts brought about by the COVID-19 pandemic, Watson has prepared the following memorandum which summarizes the updated residential and non-residential forecast for Perth County.



## 2. Long-term Population and Housing Forecast, 2021 to 2051

A review of the Ministry of Finance (M.O.F.) population growth trends for the Perth County Census Division (C.D.) was undertaken.<sup>1</sup> Figure 1 highlights the change in population growth outlook anticipated by the M.O.F. between the 2020 and the most recent 2022 projections. As shown, the 2046 population as per the Spring 2022 projections for Perth County are higher by 15,600 people than reported in the 2020 M.O.F. projections. The 2022 M.O.F. projections represent an annual population growth rate of 1%, which is an increase from 0.6% annually in the 2020 M.O.F. projections. This shift by the M.O.F. signifies an increasing long-term growth outlook for Perth County and the broader regional market area. Outward growth pressure from nearby markets is anticipated to continue to drive population and employment growth within the County. This increased outlook is anticipated to result in greater forecast population growth for each area municipality within the County.



Source: Historical from Statistics Canada Census 2011, adjusted for net undercount. 2016 to 2046 data from Ministry of Finance Population Projections for Ontario, Summer 2019, Summer 2020, and Spring 2021 Releases.

### 2.1.1 Population Forecast Comparison, 2021 to 2051

Figure 2 displays the Perth County population forecast established in the 2020 Comprehensive Review (C.R.) compared to the updated population forecast provided

<sup>1</sup> The Perth County Census Division includes St. Mary's and Stratford.



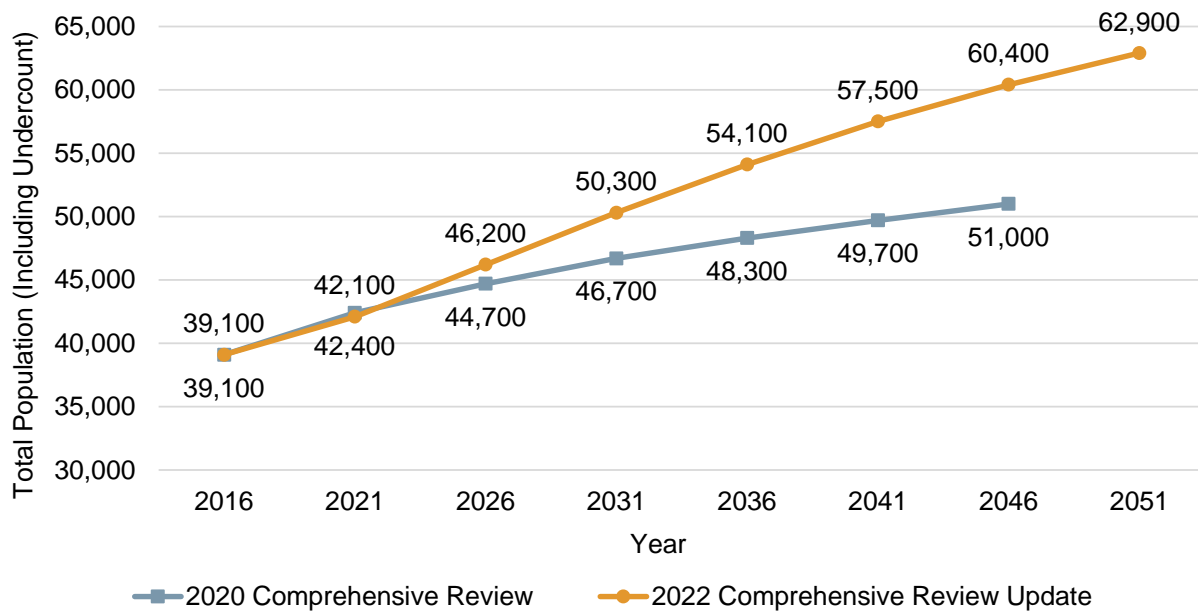
herein. Similar to the significant shift in growth outlook presented by the M.O.F., the population forecast prepared for the updated 2022 C.R. is substantially higher than reported in 2020. The 2046 population forecast for Perth County has been increased from 51,000 to 60,400, representing an additional 9,400 persons compared to the 2020 C.R. forecast. This updated forecast also extends the forecast an additional five years, with a projected 2051 population of 62,900. The increased growth outlook for the County is reasonable considering the following reasons:

- Historically, the County accounted for 51% of C.D. growth between 2006 and 2021, increasing to 60% of C.D. population growth between 2016 and 2021. The 2022 C.R. forecast assumes that the County's share of forecast growth will remain strong over the forecast horizon, accounting for 55% of C.D. growth established in the most recent M.O.F. population projections to 2046;
- Looking forward, the County is anticipated to face continued development pressures due to the relative affordability of housing when compared to locations within the Greater Toronto Hamilton Area (G.T.H.A.) and Greater Golden Horseshoe (G.G.H.) Outer Ring. Enabled by a shift towards work-at-home employment, the County offers a more competitively priced housing market across a range of grade-related housing products, which are particularly attractive to families;
- Over the past decade, housing demand across the County steadily increased. Recent building permit activity and units in the planning approvals process suggests that housing growth will remain relatively strong in the County over the near-term planning horizon;
- Regional employment growth is expected to continue to steadily increase over the forecast period across a broad range of export-based and population-related sectors. Work-at-home employment is also anticipated to continue to steadily increase over the long-term planning horizon (refer to section 3);
- The quality of life offered in Perth County is also a key factor influencing the residential location decisions of individuals and families to this area and can also be a factor considered by both employers and residents in their respective relocation decisions. Perth County's vibrant communities and surrounding rural landscapes form the "quality of place" that continues to attract new residents to the County; and
- In general, the long-term growth outlook for the County is very positive. However, it is important to note that there are a number of macro-economic and



geo-political headwinds which can have a downward impact on the long-term population and employment growth potential for the County. These factors may reduce near-term immigration levels and provincial economic growth as well as continue to soften the regional housing market over the near term.

Figure 2  
Perth County  
Long-Term Population Forecast Comparison, 2021 to 2051



Source: 2016 and 2021 from Statistics Canada Census. 2021 to 2051 2020 Comprehensive Review Forecast by Watson & Associates Economists Ltd, 2021. 2021 to 2051 2022 Comprehensive Review Update Forecast by Watson & Associates Economists Ltd, 2022.

| Forecasts                        | 2021 Population | 2046 Population | 2021 to 2046 Population Growth | Annual Population Growth | Annual Population Growth Rate |
|----------------------------------|-----------------|-----------------|--------------------------------|--------------------------|-------------------------------|
| 2020 Comprehensive Review        | 42,400          | 51,000          | 8,600                          | 344                      | 0.7%                          |
| 2022 Comprehensive Review Update | 42,100          | 60,400          | 18,300                         | 732                      | 1.5%                          |

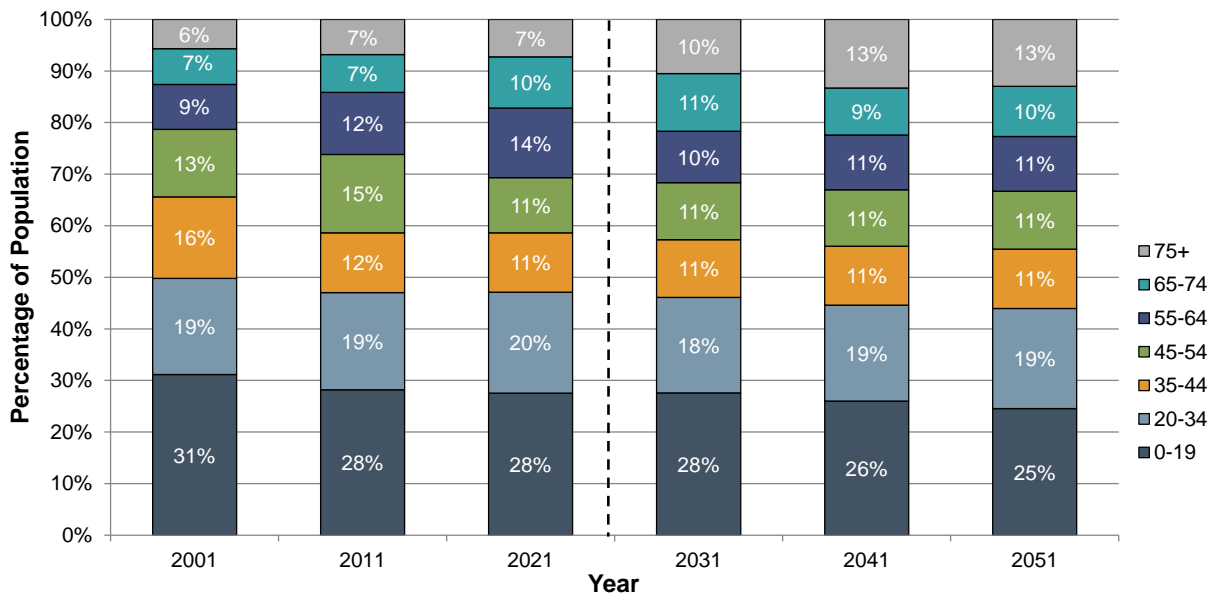
Note: Population includes net Census undercount estimated at 2.8%  
Source: 2021 from Statistics Canada Census, forecast by Watson & Associates Economists Ltd., 2022. The 2021 population established in the 2020 Comprehensive Review was an estimate before the release of the 2021 Census.

Figure 3 summarizes the population growth forecast by major age group over the 2021 to 2051 forecast period for Perth County.



- Over the forecast period, the Town's population base is expected to steadily age. Most notably, the percentage of population in the 75+ age group is forecast to almost double over the forecast period, from 7% in 2021 to 13% in 2051;
- The aging of the population and declining population growth resulting from natural increase (i.e. births less deaths) is anticipated to place downward pressure on the rate of population and labour force growth within the County, and subsequently the regional labour force participation rate;
- Similar to the Province as a whole, the County will increasingly become more reliant on net migration as a source of population growth as a result of these demographic conditions; and
- The 2022 C.R. forecast update estimates a slightly younger population than that reported in the 2020 C.R.

Figure 3  
Perth County  
Population by Age Forecast, 2021 to 2051



Note: Population includes net Census undercount estimated at approximately 2.8%.

Source: Population forecast by age derived from 2001 to 2021 Statistics Canada Census by Watson & Associates Economists Ltd., 2022. 2021 to 2051 population forecast by age prepared by Watson & Associates Economists Ltd., 2022.





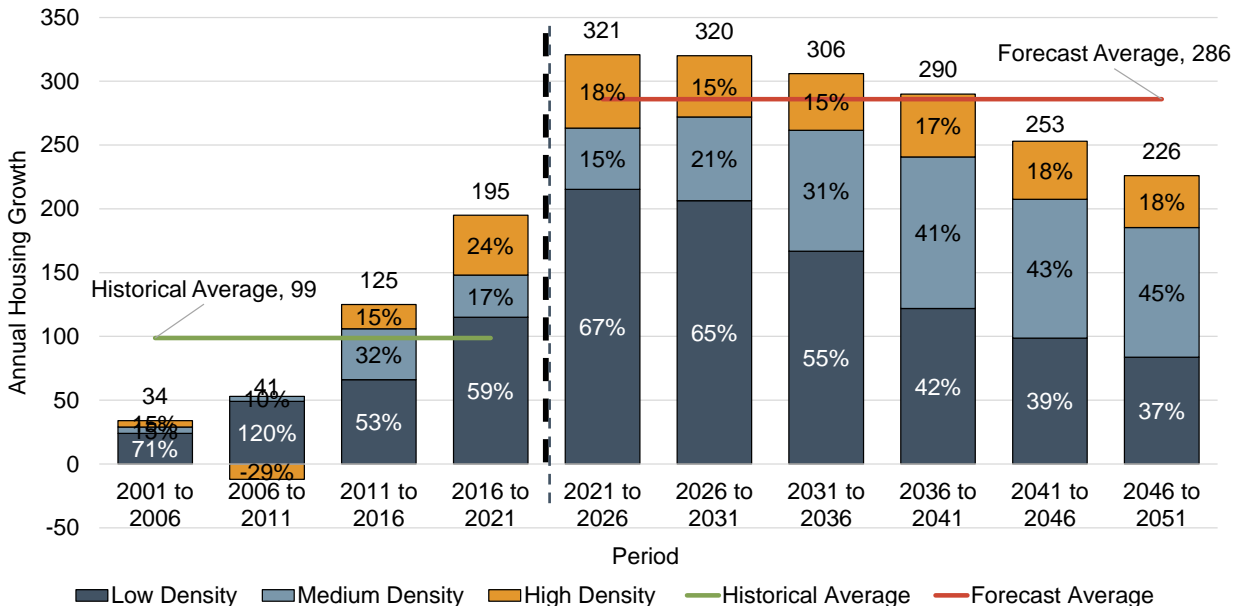
### **2.1.2 Housing Forecast, 2021 to 2051**

Figure 4 summarizes the County's household annual forecast from 2021 to 2051 in five-year growth increments and by structure type. Housing trends between 2001 and 2021 are also provided for historical context. Key observations are as follows:

- A review of recent residential building permits issued for new dwellings since 2016, as well as the results of the 2021 Statistics Canada Census, indicates that recent housing demand was significantly higher over the past five-years, compared to the 2011 to 2016 Census period;
- Over the 2021 to 2051 forecast period, new housing is forecast to comprise 52% low-density (singles and semi-detached), 31% medium-density (townhouses) and 17% high-density (apartments) units. A steady increase in the share of medium- and high-density housing forms is anticipated, largely driven by the housing needs associated with the 65+ age group (including seniors' housing) as well as continued upward pressure on local housing prices and declining housing affordability. This trend is further reflected in recent building activity and development applications;
- The 2022 C.R. Forecast Update estimates that approximately 290 units will be constructed across the County annually, compared to 150 units forecast annually in the 2020 C.R; and
- As previously discussed, while there is potential for the near-term housing market to “cool” in the near term, the long-term housing outlook for Perth County remains very positive given the strong long-term population growth outlook for Southern Ontario as a whole. As such, average annual new housing construction activity over the next two to three decades is anticipated to remain well above historical levels experienced over the past 15 years.



Figure 4  
Perth County  
Five-Year Incremental Housing Growth – Historical and Forecast, 2001 to 2051



Low density includes singles and semi-detached units.

Medium density includes townhouses and apartments in duplexes.

High density includes bachelor, 1-bedroom, 2-bedroom+ apartments.

Note: Figures may not add due to rounding.

Source: Historical 2001 to 2021 figures from Statistics Canada Census Profiles. Forecast prepared by Watson & Associates Economists Ltd., 2022.

### 3. Long-Term Employment Forecast, 2021 to 2051

As previously discussed, the long-term economic outlook for the County and surrounding economic region is very positive, which supports a steady increase in local employment across a range of industrial, commercial and institutional sectors. Opportunities for remote work have also increased as COVID-19 accelerated work-from-home trends which were already starting to emerge before the pandemic.

Compared to the 2020 C.R. employment forecast, the current job forecast for the County has been reduced in the short-term. While employment data from the Statistics Canada Census has not been released yet, recent employment data from Emsi Analyst suggests that Perth County has not experienced significant job gains over the last five



years.<sup>1</sup> This lack of growth can largely be attributed to the COVID-19 pandemic. Employment growth is expected to rebound between 2021 and 2026 as most sectors of regional economy have recovered from the impacts of COVID-19. Stronger regional population combined with a strengthening export-based economy across southern Ontario is anticipated to support higher long-term employment growth for the County. It is also important to temper local growth outlook based on broader global and national inflationary pressures and a looming recession. With this being said, by 2046, Perth County is forecast to reach 27,900 jobs compared to 25,600 forecast in the 2020 C.R. Adding an additional five years to the forecast horizon, the County is expected to reach 29,200 jobs by 2051.

Figure 5  
Perth County  
Long-Term Total Employment Forecast Scenarios, 2016 to 2051



Source: 2001 to 2016 data from Statistics Canada Demography Division. Forecast by Watson & Associates Economists Ltd., 2022.  
Note: Population figures have been rounded.

Note: Employment includes work at home and no fixed place of work (N.F.P.O.W.).  
Figures have been rounded.

Source: Historical 2001 to 2016 data from Statistics Canada Place of Work data. 2021 to 2051 forecast prepared by Watson & Associates Economists Ltd., 2022.

<sup>1</sup> EMSI analyst is a database that monitors employment and labour trends on an annual basis.



| Scenarios        | 2021 Employment | 2046 Employment | 2021 to 2051 Employment Growth | Annual Employment Growth | Annual Employment Growth Rate |
|------------------|-----------------|-----------------|--------------------------------|--------------------------|-------------------------------|
| 2020 C.R.        | 20,300          | 25,600          | 5,300                          | 212                      | 0.9%                          |
| 2022 C.R. Update | 18,400          | 29,200          | 9,500                          | 380                      | 1.7%                          |

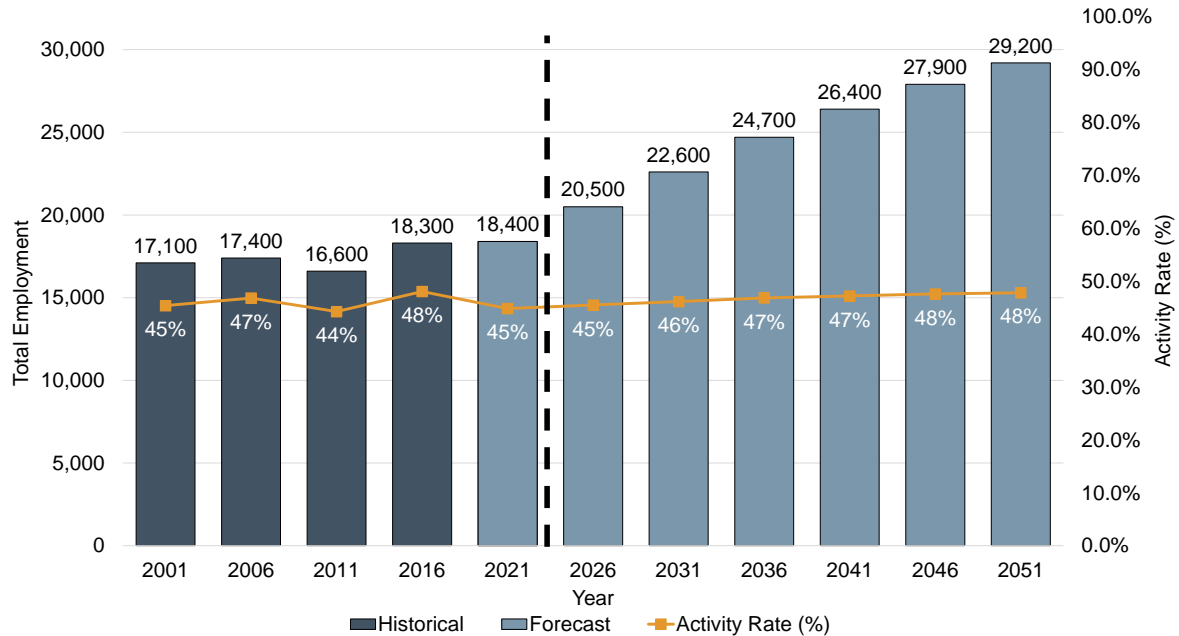
Note: Employment includes work at home and no fixed place of work. Figures have been rounded.

As shown in Figure 6, the County's employment activity rate reduced from 48% in 2016 to 45% in 2021. This activity rate reduction is a result of increased housing growth in the County without stable employment growth to maintain or increase the activity rate. The activity rate is forecast to rebound to 2016 levels of 48% by 2051, representing a return to pre-pandemic population and employment ratios within the County.

Within the local economy, opportunities exist across a range of export-based employment sectors (e.g. transportation, wholesale trade, construction, small-scale manufacturing) as well as population-related employment sectors such as retail, accommodation and food, professional, scientific and technical services, and health care. At present, there are growing employment opportunities within agri-related industries and manufacturing. Forecast job growth is also anticipated to be accommodated through home occupations, home-based businesses, and off-site employment such as construction.



Figure 6  
Perth County  
Historical and Forecast Employment Forecast, 2001 to 2051

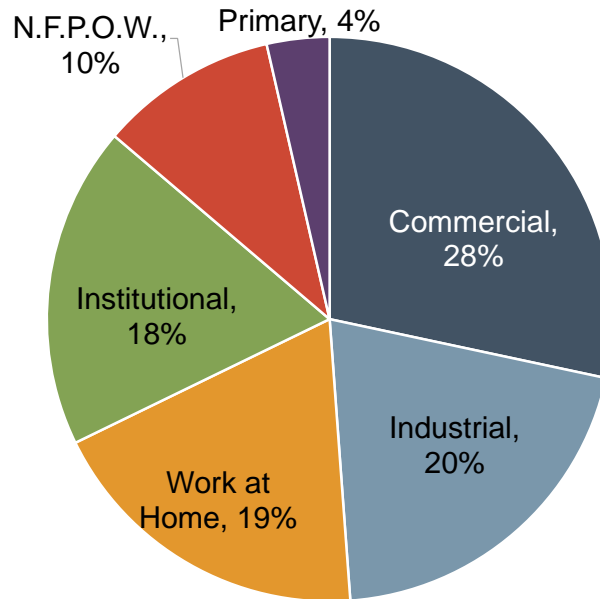


Source: 2001 to 2016 from Statistics Canada Place of Work data. Forecast (2021 to 2051) is estimated by Watson & Associates Economists Ltd., 2022.  
Note: employment figures include work at home and no fixed place of work. Figures have been rounded.

Figure 7 summarizes the share of employment growth by sector during the 2021 to 2051 forecast period. Employment sectors which generate a floor area requirement, including commercial, industrial and institutional are anticipated to account for 66% of employment growth over the forecast period. Primary, no fixed place of work (N.F.P.O.W.) and work at home employment categories are forecast to comprise the remaining 34% of employment growth.



Figure 7  
Perth County  
Share of Employment Growth, 2021 to 2051



Source: Watson & Associates Economists Ltd., 2022.

#### 4. Observations

Residential and non-residential development pressures within Perth County have significantly increased since the release of the 2020 C.R. In accordance with these recent growth pressures, the M.O.F. continues to increase its growth outlook for the Perth County Census Division. Accordingly, Watson has identified a relative increase in the population, housing and employment growth outlook for Perth County. It is important to recognize that this continued upwards shift in growth outlook for both the County and Province generally will continue to be tempered by the macro-economic and geo-political indicators of a recession.

Following the endorsement of the updated County-wide C.R. forecast, Watson will conduct a revised growth allocation and urban land needs analysis by area municipal and settlement area level.