

Monthly Warehouse Insights

2024

ANOTHER DAY, ANOTHER DOLLAR

The effective cost of warehouse increased slightly from last month primarily due to higher per loan fees, while the average Overnight SOFR continues to decline. As a result, the effective spread has widened. The average note rate increased, contributing to improved warehouse carry. Average dwell time remains steady at 20 days. The net warehouse CPL was positive for the first time in over 12 months.

Relief on the Horizon?

In December, the Fed's Summary of Economic Projections revised GDP growth upward to 2.5% for 2024, with unemployment at 4.2% and core PCE inflation at 2.8%. The federal funds rate is expected to be 3.9% in 2025. The next FOMC meeting is on January 28-29, 2025, where a cautious approach to rate adjustments is anticipated following a strong jobs report.

Warehouse Lending Trends

	Nov 2024	Dec 2024
Effective Cost of Warehouse	6.57%	6.65% +0.08%
Average Overnight SOFR	4.67%	4.52% -0.15%
Effective Spread to Overnight SOFR	1.90%	2.13% +0.23%
Average Note Rate	6.45%	6.67% +0.22%
Warehouse Carry	-0.12%	-0.02% +0.14%
Average Dwell Time	20	20 +/-
Net Warehouse CPL	-\$23.53	\$3.00 +\$26.64

Driving Profitability, Efficiency, and Resilience in 2025

Looking ahead into 2025, mortgage originators and warehouse lenders will continue to face an evolving market. Leveraging advanced technology is key to staying competitive. By optimizing warehouse operations and automating processes—both originators and lenders can reduce costs and improve efficiency. With interest rates fluctuating and economic conditions shifting, integrating real-time data and advanced platforms will be crucial. These tools provide actionable insights, streamline processes, and enhance financial resilience, enabling businesses to navigate market volatility effectively and capitalize on new opportunities. To unlock full potential, drive efficiency, and stay ahead in the evolving market, embrace advanced technology and create seamless connections with all participants in the funding lifecycle.