

Monthly Warehouse Insights

2024

ANOTHER DAY, ANOTHER DOLLAR

Cost of Warehouse declined as outstanding balances increased and triggered rebate incentives. Average Dwell continues to rise, up 2 days from last month. Warehouse Carry still negative; Net Warehouse Cost Per Loan is more than \$60 on a \$350K loan.

Relief on the Horizon?

At the June meeting, The Federal Reserve announced it was keeping its benchmark lending rate at its current level for the seventh time in a row. Officials penciled in just one rate cut for 2024 compared to the three they forecast in March. Inflation remains above the Fed's 2% target, with a slight increase last month.

Warehouse Lending Trends

	May 2024	June 2024
Effective Cost of Warehouse	7.61%	7.31% -0.30%
Average Overnight SOFR	5.31%	5.33% +0.02%
Effective Spread to Overnight SOFR	2.30%	1.98% -0.32%
Average Note Rate	7.02%	6.98% -0.04%
Warehouse Carry	-0.59%	-0.33% +0.26%
Average Dwell Time	17	19 +2 days
Net Warehouse CPL	-\$97.51	-\$60.96 +\$36.56

Improve Margins and Drive Revenue with Rebates

With high costs, low inventory, and tight margins, leveraging rebates and incentives is vital to keeping costs down. As Dwell continues to rise and rates remain steady, optimizing rebate incentives can help drive revenue. To fully leverage rebates, use a software that can tell you which incentives will maximize warehouse spread.