

# Monthly Warehouse Insights

2024

## ANOTHER DAY, ANOTHER DOLLAR

The average note rate is up .12% from last month. With the increase in rates and unchanged SOFR, effective cost of warehouse is up .38%. As rates remain high, the average net warehouse cost per loan is \$78.75, up over \$32 from last month.

### Industry Insights

At the March meeting, central bank policymakers decided to hold interest rates at their current target range of 5.25% to 5.50%. The Fed also stuck with its earlier prediction for three rate cuts before the year is out, the first forecasted for June.

## Warehouse Lending Trends

|                                    | February 2024 | March 2024            |
|------------------------------------|---------------|-----------------------|
| Effective Cost of Warehouse        | 7.03%         | 7.41%<br>+0.38%       |
| Average Overnight SOFR             | 5.31%         | 5.31%<br>+/-0.00%     |
| Effective Spread to Overnight SOFR | 1.72%         | 2.10%<br>+0.38%       |
| Average Note Rate                  | 6.66%         | 6.78%<br>+0.12%       |
| Warehouse Carry                    | -0.37%        | -0.63%<br>-0.26%      |
| Average Dwell Time                 | 15            | 15<br>+/-0.00%        |
| Net Warehouse CPL                  | -\$46.25      | -\$78.75<br>+ \$32.50 |

## 2 Ways to Cut Costs, Effective Immediately

- 1) **Optimize your warehouse decisions.** Optimizing warehouse decisions for best financial performance is proven to reduce warehouse expense by an average of 10% or more.
- 2) **Reduce dwell time.** Automating funding through loan sale activities like wire verification, collateral shipping, and paydown requests is proven to reduce dwell time by an average of 2 days or more.