

Monthly Warehouse Insights

2024

ANOTHER DAY, ANOTHER DOLLAR

Cost of warehouse is on the rise again, up .31% in May. The average note rate was above 7%.

With a negative warehouse carry of .59% and Dwell at 17 days (up two from last month), the net warehouse cost per loan was nearly \$100 on a \$350k loan.

Relief on the Horizon?

At the May 1st meeting, the Federal Reserve left interest rates unchanged for a sixth straight meeting and suggested that rates would stay high for longer, citing readings on inflation coming in above expectation.

Next meeting is scheduled for this week (June 11-12, 2024).

Warehouse Lending Trends

	April 2024	May 2024
Effective Cost of Warehouse	7.30%	7.61% +0.31%
Average Overnight SOFR	5.31%	5.31% +/-0.00%
Effective Spread to Overnight SOFR	1.99%	2.30% +0.31%
Average Note Rate	6.84%	7.02% +0.18%
Warehouse Carry	-0.46%	-0.59% -0.13%
Average Dwell Time	15	17 +2 days
Net Warehouse CPL	-\$67.08*	-\$97.51* -\$30.43

Don't Get Caught Unprepared

MBA's Mike Fratantoni reports on a "tight" job market, predicting the Fed will "continue to hold at its current level of rates." As employment increases, inflation is unlikely to drop back to target. With predictions of rate cuts still on the horizon, IMBs continue to get caught in the ebb and flow of staff management. Many of the top IMBs have leveraged automation software to steady their employment capacity. Implementing new programs early can help IMBs prepare for the uncertain market ahead.

*Increased Net Warehouse CPL calculations to \$350k average loan.