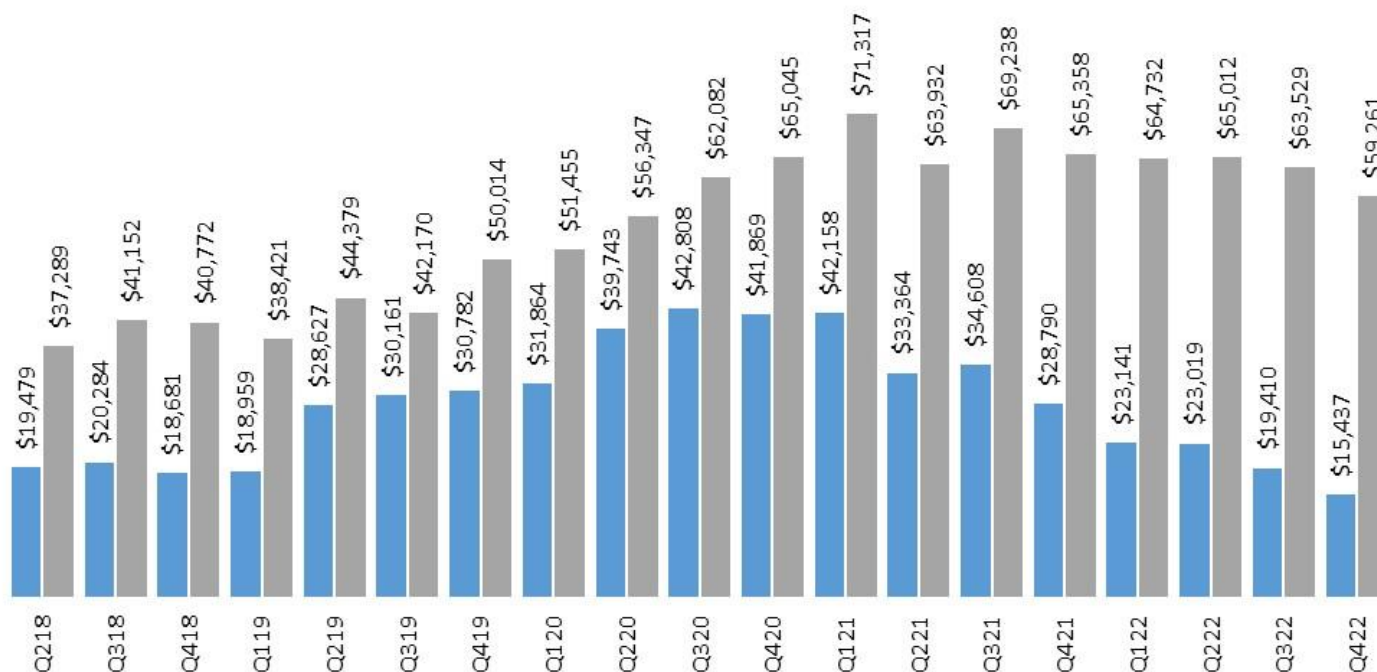


### Chart of the Week: February 17, 2023

#### Warehouse Lenders' Average Outstandings and Facility Limits per Active Client

■ Average Outstandings (\$000s) per Active Client    ■ Average Facility Limit (\$000s) per Active Client



Source: [MBA's Warehouse Lending Survey](#)

According to MBA's latest [Warehouse Lending Survey](#), warehouse lenders – as of the end of fourth-quarter 2022 – reported an average outstanding balance of \$15.4 million per active client on their warehouse lines for first mortgages held for sale. This marks the fifth consecutive quarterly decline in per-client outstandings and the lowest quarter-end balance on record since the inception of the survey in the second quarter of 2018. With quarterly mortgage origination volume ([per MBA estimates](#)) decreasing over 70% from its peak in the fourth quarter of 2020, demand for warehouse credit has fallen by 63% over the same time period.

The supply of warehouse credit – measured as warehouse lenders' average facility limits for first mortgages – also decreased to \$59.3 million per active client, the lowest level since the second quarter of 2020. Notably, the decline in the facility limits per client was less pronounced. While warehouse lenders' gross facility limits for first mortgages last quarter reached its lowest level since mid-2019, gross outstandings dropped by proportionately more, resulting in a record-low weighted average usage level of 29 percent.

For both measurements – outstandings and facility limits – it should be noted that the number of active clients was not constant. The average number of active clients – in which "active" is defined as having a quarter-end outstanding balance – fell from a peak of 84 clients per warehouse lender in third-quarter 2021 to 68 clients in fourth-quarter 2022.

Based on [MBA's forecast](#), first mortgage volume is expected to pick-up in the second quarter of 2023, which signals a likely reversal in the near future of these trends for warehouse lenders.

Survey Notes:

- Though debt facilities for other purposes – second mortgages, MSR financing, GNMA buyouts, construction lending, reverse mortgages, HELOCs, loan repurchases, and servicing advances – are tracked as part of the survey, they are excluded from this week’s chart.
- Results for the fourth-quarter 2022 are based on a sample of 29 participating warehouse lenders, including community, regional, and national banks.

If you are a warehouse lender and MBA member that is interested in participating in the first-quarter 2023 survey, [please contact](#) us directly.