Q1 2025 Snapshot

For Independent Mortgage Bankers

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PRETAX NET INCOME: -20 Basis Points

In Q1 2025, approximately half of the lenders in the Retail peer group reported positive pretax net income. However, aggregate losses exceeded gains, resulting in an average pretax loss of 12 basis points. This represents a decline of 20 basis points from Q4 and a 40 basis point drop compared to Q1 2024. The primary driver of this decline was MSR portfolio adjustments, which were a negative 30 basis points (on origination volume) in Q1 2025, compared to positive impacts to the bottom line in Q4 and Q1 of 2024 of 7 basis points and 13 basis points, respectively.

CHANGE IN NET PRODUCTION INCOME: -12 BASIS POINTS

Net production income declined by 12 basis points quarter over quarter but improved by 29 basis points compared to Q1 2024. Although net production income remained negative overall, we are seeing continued signs of improvement. One-third of lenders posted positive net production income, an encouraging increase from Q4 when only one in four lenders achieved positive results.

CHANGE IN PRODUCTION VOLUME: -16%

Following an unusually strong Q4, production volume declined 16% in Q1, in line with typical seasonal trends. However, volume was up 21% compared to Q1 2024 and marked the highest Q1 production level in the past three years. From a mix perspective, purchase activity increased 4% quarter over quarter and was just 2% below the purchase share observed in Q1 2024.

CHANGE IN COSTS TO ORIGINATE: +$1,127 per Loan

Origination costs rose by $1,127 per loan in Q1, bringing the average total cost to $13,670—only slightly above the $13,610 level in Q1 2024. The quarter-over-quarter increase was primarily driven by a 15% decline in units. Notably, despite originating 8% more units in Q1 2024, lenders did not see a corresponding reduction in per-loan costs, suggesting modest reinvestment in the cost structure.

CHANGE IN SECONDARY GAIN ON SALE: +30 Basis Points

Excluding pipeline-related gains and losses, secondary gain on sale increased by 30 basis points in Q1, reaching an average of 321 basis points which is the highest its been since Q2 of 2022. However, much of this improvement was offset by the 16% drop in volume which led to decreases in net production income. As lenders begin preparing for the summer purchase market, pipeline-related gains reached approximately 15 basis points—an increase of 23 basis points compared to the end of 2024.