

Commercial Lending Market Insight - Q1 2025

Will new economic uncertainties stall momentum in C&I loan growth?

March 25, 2025

Executive Summary:

Demand for commercial and industrial loans climbed steadily and sharply throughout the last three quarters of 2024, driven by a combination of rate cuts and improving economic sentiment. The question facing companies and banks today is: Can this momentum withstand simmering uncertainty about the business environment in 2025? After a significant drop in Q1 2024, C&I loan volumes either increased or were flat month over month for the rest of the year. The start of that climb can probably be traced to expectations for a rate cut from the Federal Reserve sometime in the second half of the year. When those cuts actually arrived in the form of a surprise 50 basis point cut in September, loan volumes surged, before returning to a more moderate pace of growth for the remainder of the year.

Methodology:

CLA is a unique offering, backed by our market-leading data set of commercial loan transactions used to help measure a bank's relative performance compared to independent, third-party metrics. Our experience in cleansing and standardizing commercial loan data, combined with our strong business knowledge and analytical methods, enables us to understand detailed pricing levels and trends nationwide. Our clients are principally top 40 U.S. commercial banks by asset size, with Crisil Coalition Greenwich collecting data on nearly 1.7 million loans on a monthly basis, accounting for \$1.9 trillion in commitments.

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