

Monthly Warehouse Insights

2025

MONTHLY INSIGHTS

The effective cost of warehouse declined 35 basis points to 6.30%, supported by a slight dip in the Overnight SOFR. Average Outstanding Balances increased significantly, resulting in non-use fees being replaced by rebate incentives. The effective spread to SOFR narrowed to 2.00%, while the average note rate decreased to 6.56%, resulting in an increase in warehouse carry to 0.26%. Average dwell time rose slightly to 16 days but remained within a typical range. Overall, net warehouse spread increased to \$40 per loan, reflecting a healthier funding environment.

At its most recent meeting, the Federal Reserve maintained the federal funds rate at 4.25%–4.5%, citing heightened economic uncertainty. The Fed's statement emphasized a cautious, data-dependent approach, noting that while the economy remains solid, the full impact of the trade policies is still unfolding. Markets now anticipate that any rate adjustments are unlikely before July.

Warehouse Lending Trends

	March 2025	April 2025
Effective Cost of Warehouse	6.65%	6.30% -0.35%
Average Overnight SOFR	4.33%	4.30% -0.03%
Effective Spread to Overnight SOFR	2.32%	2.00% -0.32%
Average Note Rate	6.66%	6.56% -0.10%
Warehouse Carry	0.01%	0.26% +0.25%
Average Dwell Time	15	16 +1
Net Warehouse Spread (per loan)	\$2	\$40 +\$38

Scaling mortgage operations isn't just about keeping up with demand—it's about working smarter. As rates drop and loan volume picks up, seamless connections between originators, warehouse lenders, and partners create a more efficient workflow. Better integrations mean faster funding, smoother paydowns, and real-time insights that keep things running efficiently. With the right automation and data, lenders can handle more volume without the usual headaches. A connected, streamlined process makes scaling easier and more sustainable. Ready to optimize for growth? Let's connect.