

Monthly Warehouse Insights

2025

MONTHLY INSIGHTS

In December, the effective cost of warehouse declined to 6.08% as overnight SOFR fell to 3.78%, widening the spread to 2.30%.

Note rates ticked up slightly, while dwell time improved to 17 days. Warehouse carry also improved, and net warehouse spread increased to about \$28 per loan. Overall, the decline in rates, along with improved carry and dwell times, strengthened earnings and set an optimistic tone for originators moving into the new year.

Following the Fed's third consecutive rate cut in December, long-term borrowing costs continued to ease, with 30-year fixed mortgages and warehouse costs hitting their lowest levels in months. Mortgage rates averaged in the low-6% range, supported by softer Treasury yields and cooling inflation as 2026 approached. The January meeting is expected to be a pivotal moment as policymakers navigate economic and political challenges. Experts anticipate the Fed will ease interest rates by 50 basis points in 2026.

Warehouse Lending Trends

	November 2025	December 2025
Effective Cost of Warehouse	6.24%	6.08% -0.16%
Average Overnight SOFR	4.00%	3.78% -0.22%
Effective Spread to Overnight SOFR	2.24%	2.30% 0.06%
Average Note Rate	6.24%	6.25% 0.01%
Warehouse Carry	0.00%	0.17% +0.17%
Average Dwell Time	18	17 -1
Net Warehouse Spread (per loan)	-\$0.70	\$28.10 +\$28.80

Driving Growth in 2026

As the market enters a period of renewed optimism, efficiency and agility will define success. Lenders who leverage intelligent automation can turn favorable conditions into measurable gains. OptiFunder empowers teams to optimize funding allocations, minimize operational friction, and unlock real-time insights that protect margins. By streamlining processes from decisioning to reconciliation, originators can scale confidently and respond quickly to evolving market dynamics—positioning themselves for stronger performance and sustainable growth throughout 2026.