

Monthly Warehouse Insights

2025

MONTHLY INSIGHTS

The effective cost of warehouse rose 18 basis points to 6.60% in July, driven by a slight uptick in interest rates. Overnight SOFR inched up to 4.34%, while the effective spread widened to 2.26%, up 16 basis points. The average note rate dipped 3 basis points to 6.73%, contributing to a modest increase in refinance activity compared to June. Carry slipped to 0.13%, down 21 basis points. Dwell time shortened to 18 days, and net warehouse spread per loan fell sharply to \$23, a \$40 decline month-over-month.

At its July meeting, the Federal Reserve kept rates unchanged at 4.25%–4.50%, marking the fifth consecutive hold. Markets now see a strong chance of a cut at the next meeting on September 16–17, with some expecting up to 50 bps of easing by year-end. Two key reports, the August jobs report and CPI, will be closely watched, as they could shape the Fed's decision on whether to begin cutting rates.

Warehouse Lending Trends

	June 2025	July 2025
Effective Cost of Warehouse	6.42%	6.60% 0.18%
Average Overnight SOFR	4.32%	4.34% +0.02%
Effective Spread to Overnight SOFR	2.10%	2.26% 0.16%
Average Note Rate	6.76%	6.73% -0.03%
Warehouse Carry	0.34%	0.13% -0.21%
Average Dwell Time	19	18 -1
Net Warehouse Spread (per loan)	\$63	\$23 -\$40

Even as warehouse costs climb and carry compressed in July, there's reason for cautious optimism. A slight dip in average note rates fueled a modest uptick in refinance activity, showing borrower demand remains sensitive to small rate moves. In a heavy refinance month or when anticipating rate changes, automation is key—eliminating manual bottlenecks and enabling originators to scale efficiently without adding headcount. OptiFunder's platform delivers real-time visibility into warehouse costs, carry, margins, and loan mix, empowering originators to stay agile and make fast, data-driven decisions. When every basis point counts, automation is essential for managing volume swings and rate shifts smoothly. [Let's talk about how OptiFunder can help you plan for what's ahead.](#)