

# Monthly Warehouse Insights

**2025**

## MONTHLY INSIGHTS

The cost of warehouse funding dropped significantly this month, driven largely by a decline in interest expense. Despite a slight uptick in the average Overnight SOFR, the effective spread narrowed notably. The average note rate increased, further strengthening warehouse carry, which rose to 0.90%. Meanwhile, average dwell time decreased to 17 days, improving loan turnover. As a result, net warehouse spread surged to \$148 per loan—up \$98 from last month.

In February, the Fed maintained its cautious stance, noting inflation is easing but still above target. Economic growth is stable, and unemployment remains near 4.2%. While markets expect rate cuts later in 2025, recent data has added uncertainty. The March 18-19 FOMC meeting will be key for insights into future policy moves.

## Warehouse Lending Trends

	Jan 2025	Feb 2025
Effective Cost of Warehouse	6.52%	5.92% -0.60%
Average Overnight SOFR	4.32%	4.34% +0.02%
Effective Spread to Overnight SOFR	2.20%	1.58% -0.62%
Average Note Rate	6.77%	6.82% +0.05%
Warehouse Carry	0.25%	0.90% +0.65%
Average Dwell Time	21	17 -4
Net Warehouse Spread (per loan)	\$50.00	\$148 +\$98

Originators and warehouse lenders can strengthen their relationships with seamless integrations, real-time connectivity, and transparent reporting. By improving data flow and visibility, both parties can optimize funding through paydown processes, reduce inefficiencies, and enhance trust. Better connectivity ensures faster funding approvals and smoother transactions for all, while enhanced reporting provides actionable insights into cost drivers and loan performance. With a more integrated approach, originators and warehouse lenders can align strategies for greater efficiency and profitability. Ready to strengthen your warehouse relationships? Let's connect.