

# Monthly Warehouse Insights

2025

## MONTHLY INSIGHTS

The cost of warehouse funding dipped slightly this month, mainly due to a decrease in interest yield, while the average Overnight SOFR continued its downward trend. This led to a wider effective spread. The average note rate rose, further improving warehouse carry. Meanwhile, average dwell time increased to 21 days. Positive carry resulted in a \$50 per loan profit—up \$47 from last month.

In January, the Fed maintained its cautious stance on rate policy, signaling that while inflation is easing, it remains above target. GDP growth projections remain steady, and unemployment is holding near 4.2%. The federal funds rate is expected to decline gradually, with markets anticipating potential cuts later in 2025. The next FOMC meeting on March 18-19 will provide further insights into the Fed's approach, especially as economic data continues to shape expectations.

## Warehouse Lending Trends

|                                    | Dec 2024 | Jan 2025         |
|------------------------------------|----------|------------------|
| Effective Cost of Warehouse        | 6.65%    | 6.52%<br>-0.13%  |
| Average Overnight SOFR             | 4.52%    | 4.32%<br>-0.20%  |
| Effective Spread to Overnight SOFR | 2.13%    | 2.20%<br>+0.07%  |
| Average Note Rate                  | 6.67%    | 6.77%<br>+0.10%  |
| Warehouse Carry                    | 0.02%    | 0.25%<br>+0.23%  |
| Average Dwell Time                 | 20       | 21<br>+1         |
| Net Warehouse CPL                  | \$3.00   | \$50.00<br>+\$47 |

OptiFunder sits at the center of the mortgage funding lifecycle, providing a dataset that offers unique insight into warehouse and loan performance. By analyzing key metrics—such as the effective cost of warehouse funding, reference rates, spreads, note rates, warehouse carry, and dwell time—we deliver a comprehensive view of market dynamics. Our data goes beyond the basics, tracking warehouse cost per loan, funding efficiency, and even which warehouses return Fed references the fastest. Interested in learning more about our data? Let's chat.