

Monthly Warehouse Insights

2025

MONTHLY INSIGHTS

Warehouse funding conditions returned closer to normal in March following February's unusual environment. The effective cost of warehouse funding rose 72 basis points to 6.65%, reflecting reversion to previously levels rather than a new spike. The Overnight SOFR held steady at 4.33%, while the effective spread to SOFR widened to 2.32%, aligning more closely with prior norms. The average note rate dipped slightly to 6.66%, resulting in a steep decline in warehouse carry from 0.90% to 0.01%. Average dwell time improved from 17 to 15 days. As a result, net warehouse spread dropped to just \$2 per loan, echoing earlier patterns.

The Federal Reserve remains cautious amid persistent inflation, holding interest rates steady at 4.25%-4.5%.

While markets expect potential rate cuts in 2025, the Fed's focus on inflation and economic stability will influence mortgage rates. The next FOMC meeting in April will be closely watched for any shifts in policy or signals on the path ahead.

Warehouse Lending Trends

	Feb 2025	Mar 2025
Effective Cost of Warehouse	5.92%	6.65% +0.72%
Average Overnight SOFR	4.34%	4.33% -0.01%
Effective Spread to Overnight SOFR	1.58%	2.32% +0.73%
Average Note Rate	6.82%	6.66% -0.16%
Warehouse Carry	0.90%	0.01% -0.88%
Average Dwell Time	17	15 -2
Net Warehouse Spread (per loan)	\$148	\$2 -\$146

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.