

Monthly Warehouse Insights

2025

MONTHLY INSIGHTS

In November, the effective cost of warehouse declined to 6.24% as overnight SOFR fell to 4.00%, widening the spread to 2.24%. Note rates ticked down slightly, while dwell time rose to 18 days. Warehouse carry improved back to neutral, and net warehouse spread per loan narrowed sharply to just -\$0.70. Overall, lower rates and improved carry helped offset efficiency pressure from longer dwell times, signaling modest relief for originators heading into year-end.

Following the Fed's October rate cut, long-term borrowing costs eased, with 30-year fixed mortgages and warehouse costs reaching their lowest levels in months. In November, mortgage rates averaged in the low-6% range, supported by softer long-term Treasury yields and improving market sentiment. Attention turns to the December Fed meeting, where markets widely anticipate another cut amid slowing labor markets and moderating inflation. While mortgage rates aren't tied directly to Fed moves, the expected cut could further ease borrowing costs and improve year-end affordability.

Warehouse Lending Trends

	October 2025	November 2025
Effective Cost of Warehouse	6.41%	6.24% -0.17%
Average Overnight SOFR	4.20%	4.00% -0.20%
Effective Spread to Overnight SOFR	2.21%	2.24% 0.03%
Average Note Rate	6.28%	6.24% -0.04%
Warehouse Carry	-0.13%	0.00% +0.13%
Average Dwell Time	16	18 +2
Net Warehouse Spread (per loan)	-\$20.22	-\$0.70 +\$19.52

Preparing for Year-End and 2026 Success

As 2025 winds down, originators and warehouse lenders face the dual challenge of closing out the year efficiently while positioning for 2026. Fluctuating rates, evolving funding costs, and longer dwell times can impact margins if processes aren't optimized.

OptiFunder's automation centralizes funding decisions, monitors warehouse carry, and streamlines post-closing and reconciliation activities—allowing teams to close year-end loans smoothly and enter the new year with actionable insights. By reducing manual friction, teams can protect margins and start 2026 ready to scale.