

Monthly Warehouse Insights

2025

MONTHLY INSIGHTS

In September, the effective cost of warehouse eased notably to 6.33%, down 31 bps as SOFR dipped to 4.30%. The spread to SOFR narrowed to 2.03%, while average note rates fell to 6.50%. Dwell time remained at 18 days.

Warehouse carry rebounded to 0.17%, and net warehouse spread per loan surged to \$30—up \$26 from September—offering a meaningful relief in originator margins.

At the September FOMC meeting, the Fed cut its target federal funds rate by 25 basis points to 4.00–4.25%, citing slower job gains and elevated uncertainty. Mortgage rates responded modestly: the average 30-year fixed dipped, reflecting declining Treasury yields. The next Fed meeting is scheduled for late October, where markets widely expect another cut with continued easing in December.

Warehouse Lending Trends

	August 2025	September 2025
Effective Cost of Warehouse	6.64%	6.33% -0.31%
Average Overnight SOFR	4.35%	4.30% -0.05%
Effective Spread to Overnight SOFR	2.29%	2.03% -0.26%
Average Note Rate	6.66%	6.50% -0.16%
Warehouse Carry	0.02%	0.17% 0.15%
Average Dwell Time	18	18 +/-
Net Warehouse Spread (per loan)	\$4	\$30 \$26

Automation to Sustain Scale, Margin, & Efficiency

With margin swings like these, manual staffing models become vulnerable. Rather than adding headcount in funding, post-closing, or treasury, originators should embrace automation. Platforms like OptiFunder deliver end-to-end automation for originators at a cost typically less than a single employee.

As carry rebounds and spreads shift, automation ensures originators can scale without adding overhead. For warehouse lenders, this means smoother integrations, fewer errors, and tighter alignment with originator workflows—helping both sides stay efficient and agile.