

APRIL 2023 COMMERCIAL VEHICLE MARKET UPDATE

CLASS 8 AUCTION UPDATE

Sales volume increased notably in March 2023, with most trucks sold showing higher-than-average mileage. As a result, depreciation accelerated.

Looking at three- to seven-year-old trucks, average pricing for our benchmark truck in March was:

- Model year 2021: \$87,000; \$35,200 (28.8%) lower than February
- Model year 2020: \$64,317; \$15,783 (19.7%) lower than February
- Model year 2019: \$50,411; \$4,607 (8.4%) lower than February
- Model year 2018: \$36,368; \$4,771 (11.6%) lower than February
- Model year 2017: \$25,456; \$3,759 (12.9%) lower than February

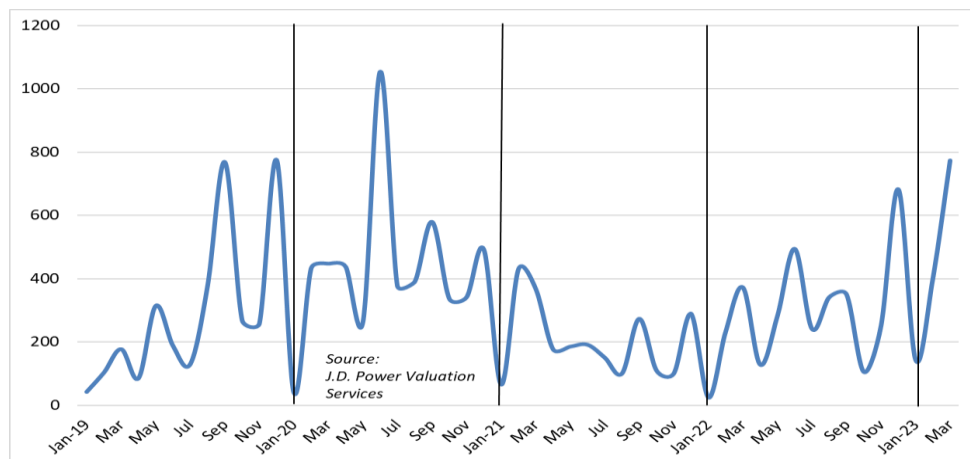
The extreme drop in our average for model-year 2021 trucks may be exaggerated due to very low volume. Three-year-old trucks are certainly depreciating, but a more detailed assessment will not be possible until more of these trucks cycle through the used market.

With that in mind, late-model trucks averaged 14.3% less money in March than February, and 47.4% less money than March 2022. In Q1 2023, late-model sleepers brought in 46.6% less money than the same period of 2022. Monthly depreciation in 2023 is currently averaging 8.1%. The newest model years available in the marketplace are bringing about 25% more money than the strong pre-pandemic period of 2018, assuming average mileage per year. If we adjust values over time to 2023 dollars, that difference drops to about 5%.

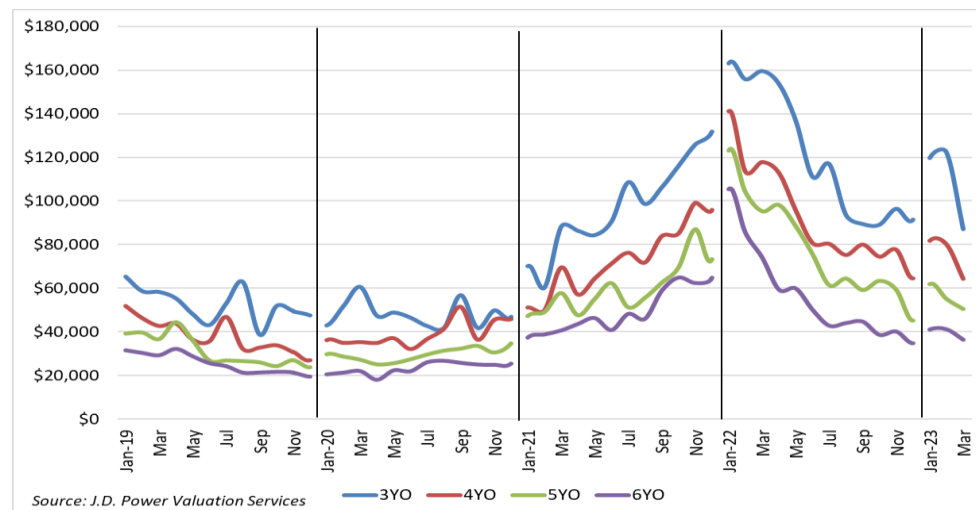
The definition of “low mileage” is narrowing, with a notable price premium given only to trucks with less than 300,000 miles. With new trucks more readily available, demand for lower mileage used units has diminished. Also, fleets and owner-operators continue to offload their highest-mileage equipment, as excess capacity is no longer needed.

See the graphs on the next page and the Forecast section at the end of this document for additional analysis.

Volume of the Three Most Common Sleeper Tractors (3- to 7-Year-Old) Sold Through the Two Largest Nationwide No-Reserve Auctions



Average Auction Hammer Price: 3- to 6-Year-Old Benchmark Sleeper Tractor (Nominal Numbers)



CLASS 8 RETAIL UPDATE

The average sleeper tractor retailed in March 2023 was 67 months old, had 455,506 miles and brought \$76,102. Compared with February, this average sleeper was six months newer, had 15,115 (3.2%) fewer miles and brought \$8,022 (3.9%) less money. Compared with March 2022, this average sleeper was one month newer, had 5,869 (1.3%) fewer miles and brought \$41,473 (35.3%) less money.

March's average pricing for two- to six-year-old trucks was as follows:

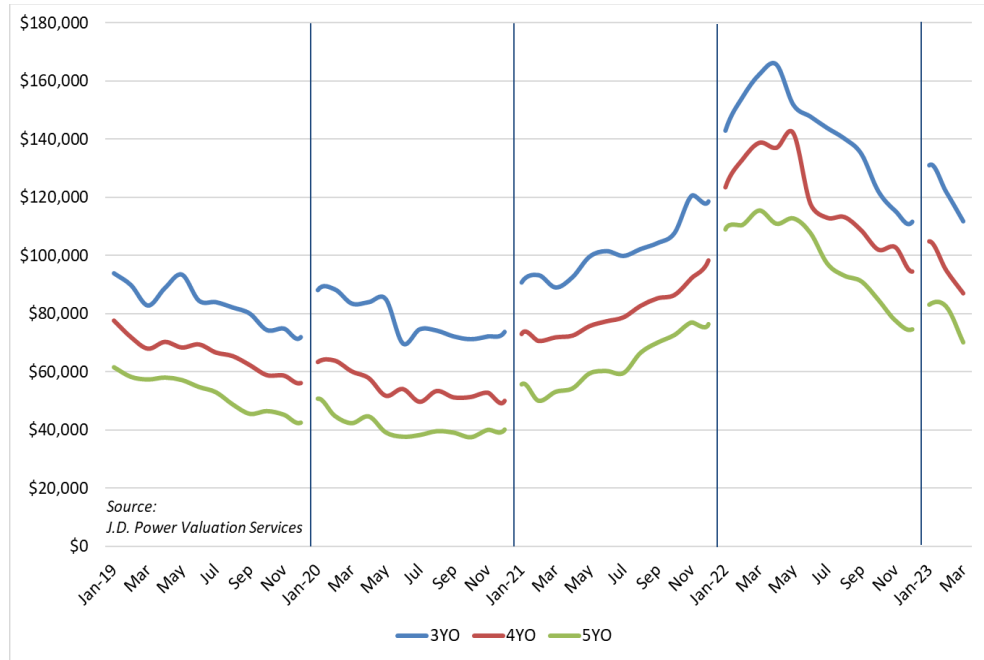
- Model year 2022: \$135,771; \$26,897 (16.5%) lower than February
- Model year 2021: \$111,765; \$10,051 (8.3%) lower than February
- Model year 2020: \$86,985; \$7,878 (8.3%) lower than February
- Model year 2019: \$70,137; \$12,322 (14.9%) lower than February
- Model year 2018: \$61,627; \$2,120 (3.3%) lower than February

Three- to five-year-old trucks brought an average of 10.1% less money than February, and 35.5% less than March 2022. The first quarter of 2023 averaged 25.5% less money than the same period of 2022. Monthly depreciation in 2023 is currently averaging 5.0%. Late-model sleepers are bringing about 20% more money than the last strong pre-pandemic period of 2018, assuming average mileage per year. If we adjust values over time to 2023 dollars, that difference is now at parity.

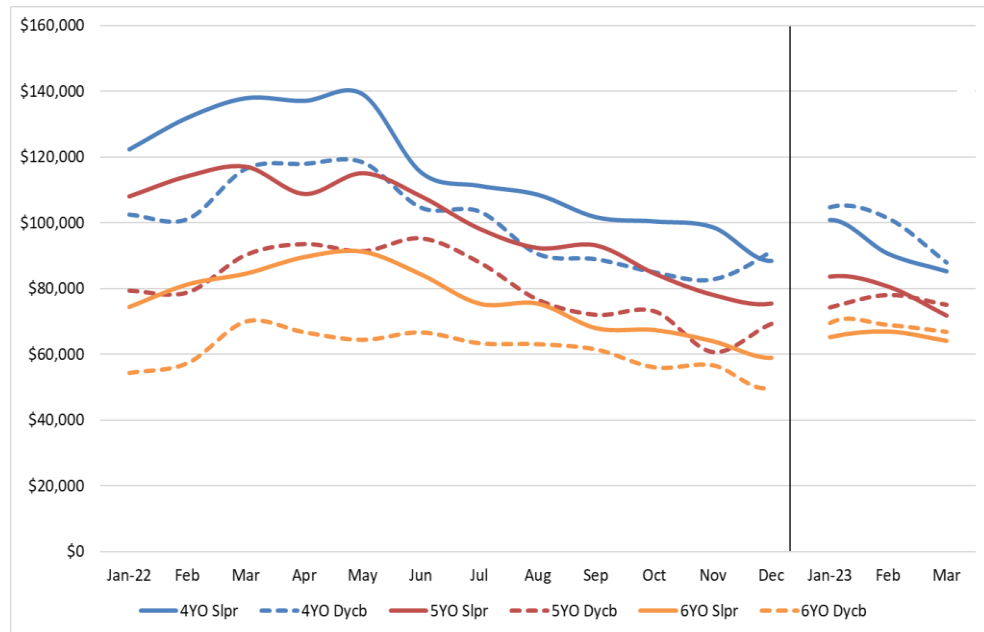
We focus primarily on sleepers since they are the 800-pound gorilla of the used-truck market, but daycabs are also an important segment, a segment which is performing substantially better than sleepers so far in 2023. Depreciation in the second half of 2022 was comparable—2.8% per month for daycabs vs. 3.1% per month for sleepers—but in the first quarter of 2023, pricing for the two configurations is essentially at parity. This means the typical late-model sleeper is currently bringing roughly the same money as the typical late-model daycab, all else being equal.

See the graphs on the next page and the Forecast section at the end of this document for additional analysis.

Average Retail Selling Price: 3- to 5-Year-Old Sleeper Tractors, Adjusted for Mileage (Nominal Numbers)

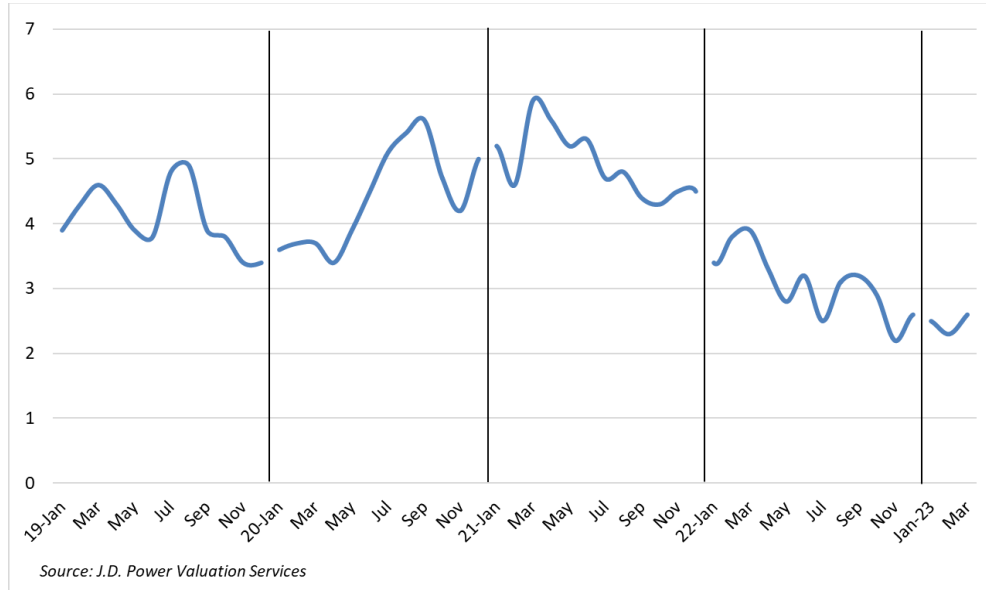


Avg. Retail Selling Price: 4- to 6-Year-Old Aerodynamic Sleepers and Daycabs, Adj. for Mileage (Nominal Numbers)

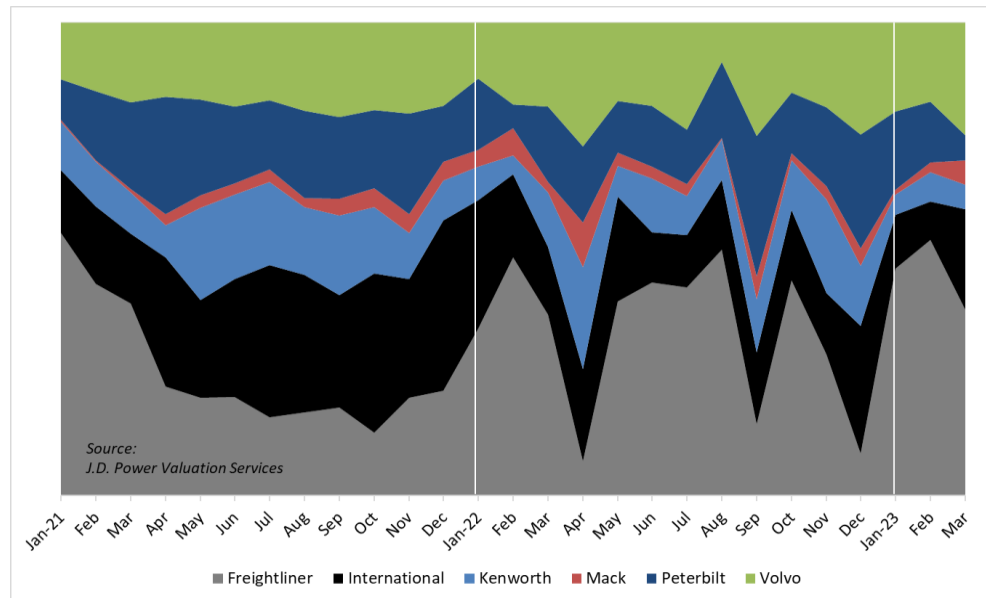


March's retail sales per rooftop averaged 2.6 trucks, 0.3 truck more than February and comparable to the disappointing fourth quarter of 2022. Potential buyers continue to contend with the cooler freight environment, declining equity and tougher credit conditions.

Number of Trucks Retailed per Dealership Rooftop



Relative Proportion of Retail Sales Reported by OEM (3- to 5-Year-Old Sleeper Tractors)

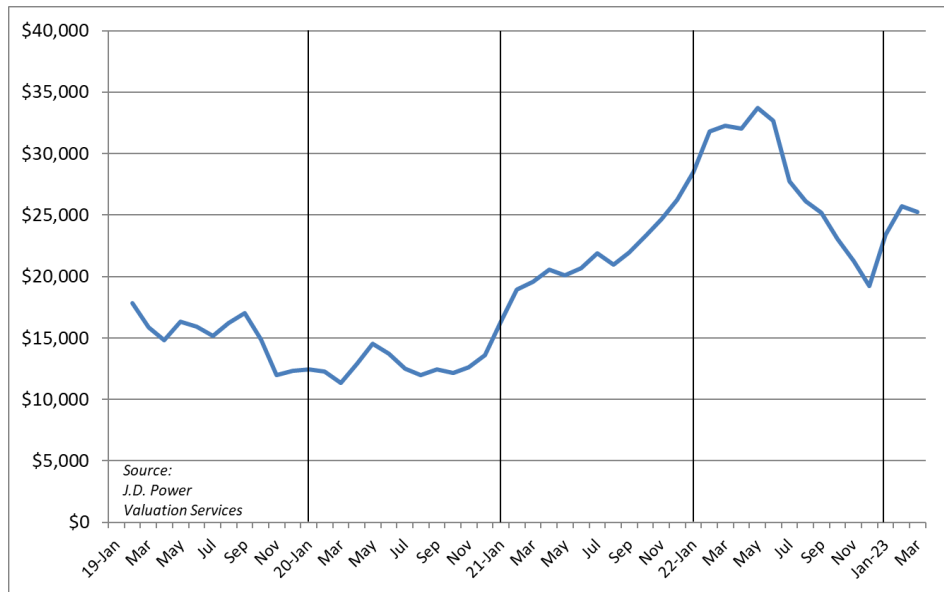


MEDIUM DUTY UPDATE

Entering spring, all segments of the medium duty market are bringing stable to upward pricing.

Class 3-4 cabover pricing in March recovered most of February's outsized dip, with our benchmark group averaging \$27,361. This figure is \$4,242 (17.9%) higher than February, and \$4,508 (14.1%) lower than March 2022. Trucks sold in the first three months of 2023 brought 17.5% less money than the same period of 2022. Depreciation in 2023 is currently averaging about 1.5% per month. The lowest-mileage trucks available continue to bring extremely strong money.

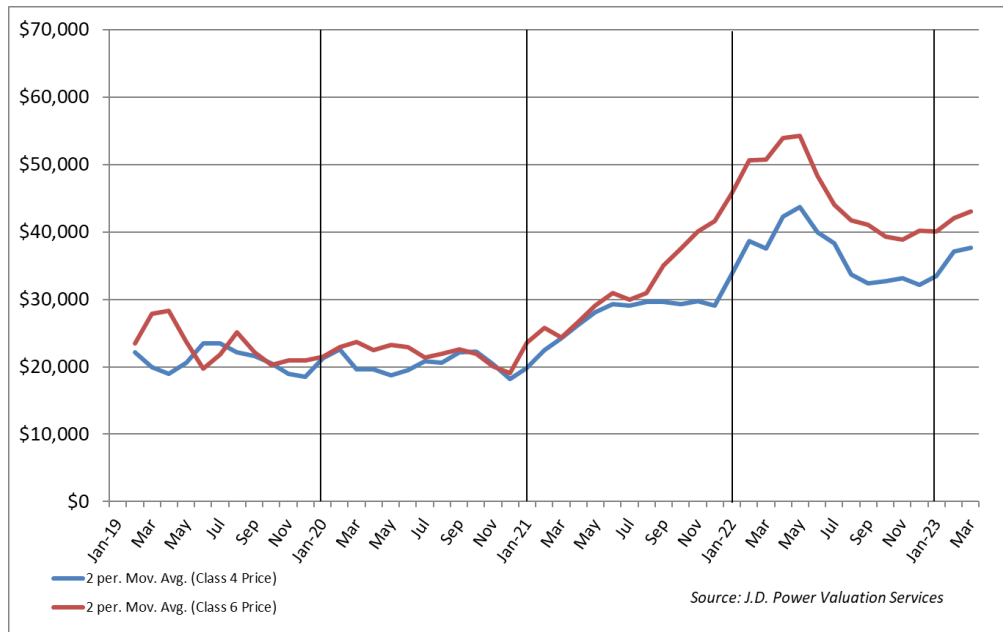
Average Wholesale Selling Price: 4- to 7-Year-Old Class 3-4 Cabovers, Adjusted for Mileage (Nominal Numbers)



Average pricing for our benchmark group of Class 4 conventionals was \$38,115 in March, \$936 (2.5%) higher than February, and \$1,344 (3.6%) higher than March 2022. Trucks sold in the first three months of 2023 brought 1.7% less than the same period of 2022. After depreciating in the second half of 2022, this segment is showing strength in 2023.

Class 6 conventionals averaged \$41,510 in March, \$3,168 (7.1%) lower than February, and \$8,261 (16.6%) lower than March 2022. Trucks sold in the first three months of 2023 brought 16.8% less than the same period of 2022. This segment is showing stability so far in 2023, with pricing essentially unchanged from mid-2022.

Average Wholesale Selling Price: 4- to 7-Year-Old Conventionals by GVW Class, Adjusted for Mileage (Nominal Numbers)



FORECAST

The freight market continues to cool as an increasing number of trades enters the market. It is now apparent that pricing will dip below 2018 levels, at least on an inflation-adjusted basis. The excess capacity created in 2020-2021 will need to cycle out before pricing will stabilize.

Our residual forecast products incorporate all possible scenarios and provide a detailed look at how we see the market unfolding in the next five years. For further information about J.D. Power residual forecasting, make and model benchmarking, raw data products and other services, contact Chris Visser at chris.visser@jdpa.com.