

**J.D. POWER**

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# COMMERCIAL TRUCK GUIDELINES

**INDUSTRY REVIEW**

June 2021

J.D. Power Valuation Services

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## SUMMARY

### Hot Start to Summer for Used Trucks

Most segments of the used truck market are performing extremely well, with price appreciation widespread. Fundamentals support continued strength in the short term and possibly longer.

## CLASS 8 AUCTION UPDATE

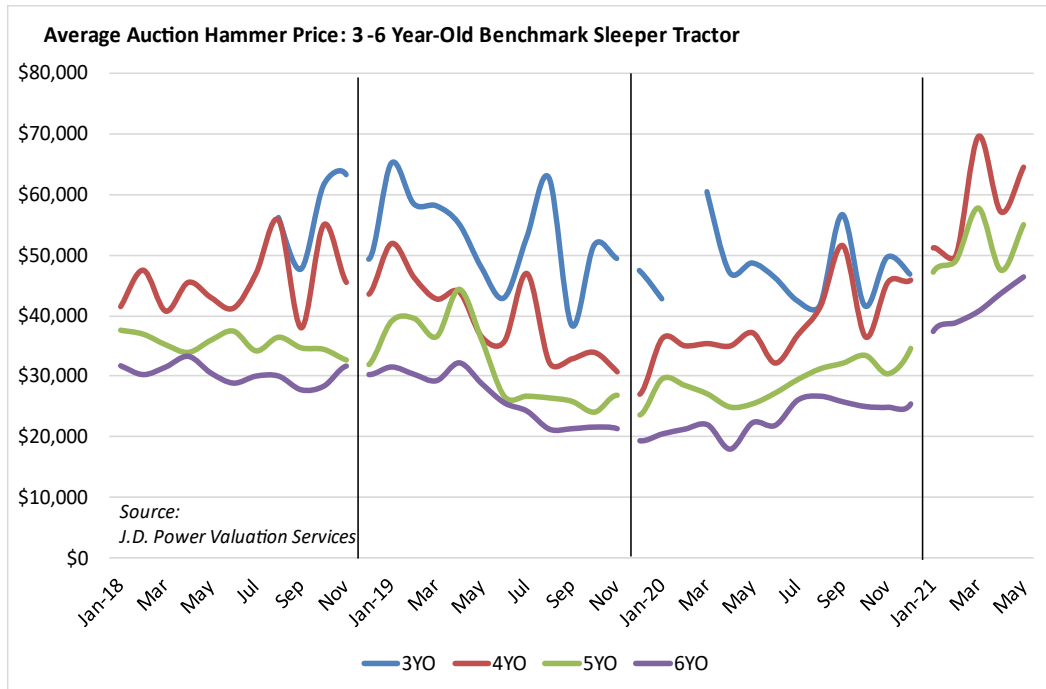
After a full year of recovery in the freight markets, late-model sleeper tractors remain in tight supply and pricing continues to impress. See the chart below for May results:

- Model year 2018: \$64,490 average; \$7,375 (12.9%) higher than April
- Model year 2017: \$55,026 average; \$7,506 (15.8%) higher than April
- Model year 2016: \$46,297 average; \$2,702 (6.2%) higher than April
- Model year 2015: \$36,963 average; \$306 (0.8%) lower than April
- Model year 2014: \$26,536 average; \$1,078 (4.2%) higher than April

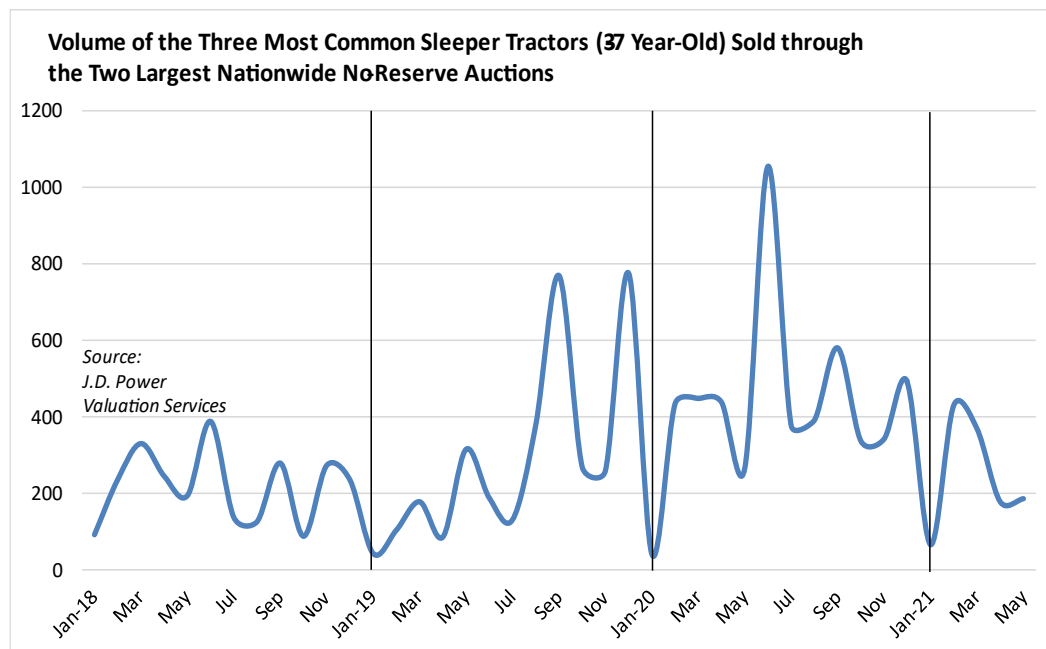
Month-over-month, our benchmark group of 4-6 year-old trucks brought 11.9% more money, undoing last month's decline (which was due to a very small sample size, not market conditions). Low volume continues to result in moderate swings in the averages each month, so to be clear, we have not seen any letup in actual pricing since the runup began last year. Compared to the first 5 months of 2020, this group is running - wait for it - 80.3% ahead. It's no surprise that 2021 would perform much better than 2020, but our benchmark group is also bringing by far the highest pricing in the 6 years we've been tracking it. Supply of off-lease trucks should gradually ramp up later this year, but we don't see much impact to used truck pricing this summer.

After a full year of recovery in the freight markets, late-model sleeper tractors remain in tight supply and pricing continues to impress.

See the "Average Selling Price: Benchmark Sleeper Tractor..." and "Volume of the Three Most Common Sleeper Tractors..." graphs for detail.



Compared to the first 5 months of 2020, this group is running – wait for it – 80.3% ahead.



## CLASS 8 RETAIL UPDATE

Retail selling prices continue to accelerate. The newest available sleeper tractors are bringing pricing at or above the highest peak months in the post-Great Recession period.

The average sleeper tractor retailed in May was 71 months old, had 416,232 miles, and brought \$63,518. Compared to April, this average sleeper was 3 months older, had essentially equal miles, and brought \$1,079 (1.7%) more money. Compared to May 2020, this average sleeper was 4 months older, had 45,606 (9.9%) fewer miles, and brought \$23,285 (57.9%) more money.

Looking at trucks two to six years of age, May's average pricing was as follows:

- Model year 2020: \$123,844; \$11,944 (9.6%) higher than April
- Model year 2019: \$99,602; \$7,023 (7.1%) higher than April
- Model year 2018: \$75,682; \$3,276 (4.3%) higher than April
- Model year 2017: \$59,611; \$5,352 (9.0%) higher than April
- Model year 2016: \$47,846; \$2,094 (4.4%) higher than April

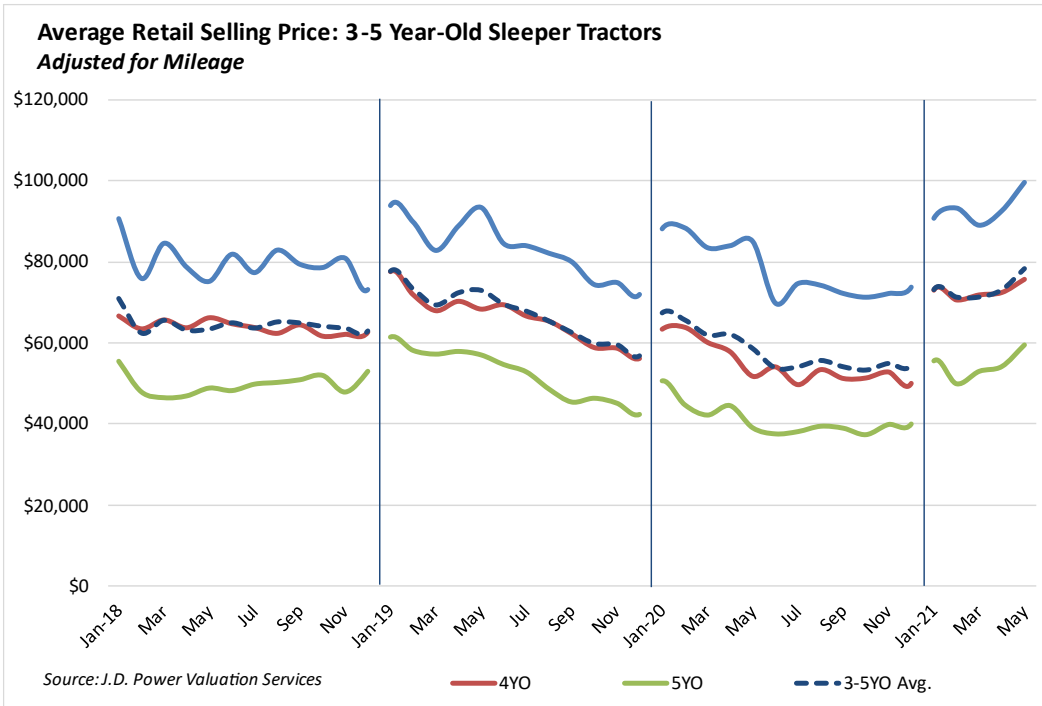
Month-over-month, late-model trucks brought 7.1% more money. In the first 5 months of 2021, late-model trucks are running 16.3% ahead of the same period of 2020. We expect late-model pricing in June to clearly surpass the highest months in post-Great Recession period.

Retail traffic pulled back again this month, as inventory remains a challenge. Dealers retailed an average of 5.2 trucks per rooftop in May, 0.4 trucks lower than April. Year-over-year, the first 5 months of 2021 are running a healthy 1.6 trucks ahead of the same period of 2020. We expect traffic to remain relatively solid in the summer.

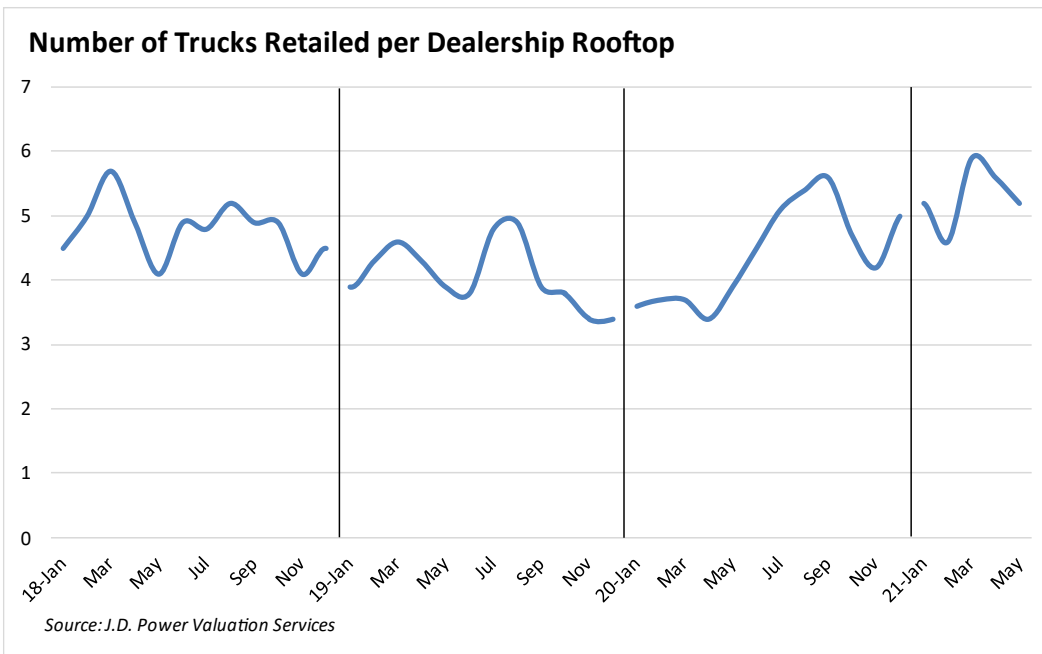
Looking forward, most trucks should see mild to moderate retail appreciation into the 3<sup>rd</sup> quarter. Later in the year, economic factors should start moving back towards trend and truck availability should expand, limiting price appreciation.

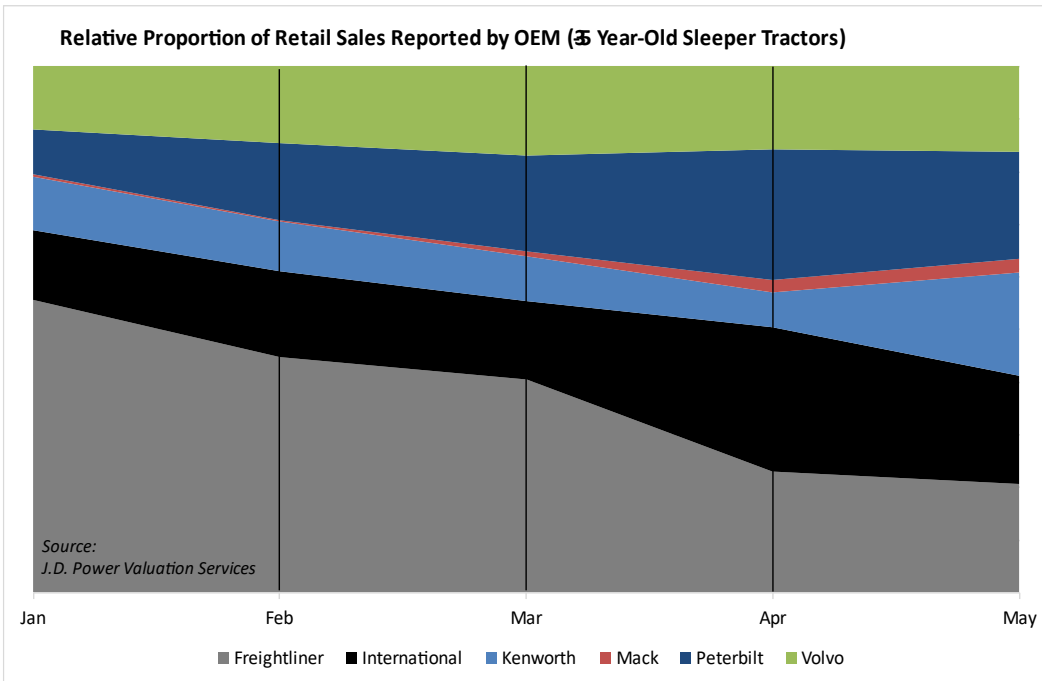
*See graphs below for detail.*

The newest available sleeper tractors are bringing pricing at or above the highest peak months in the post-Great Recession period.



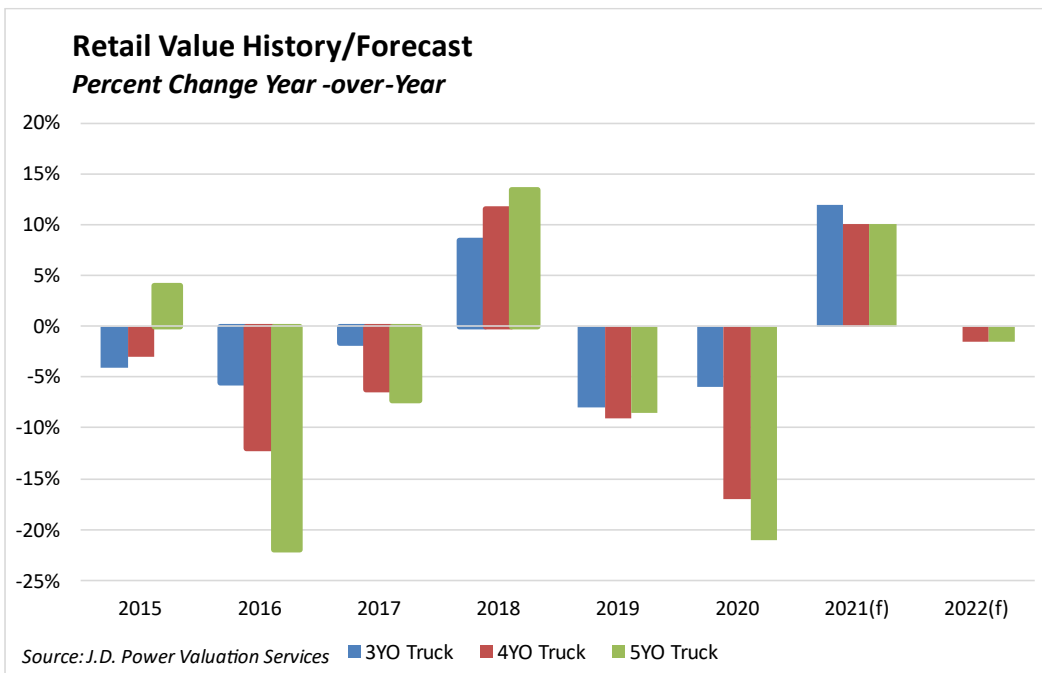
We expect traffic to remain relatively solid in the summer.





Note our residual value forecasts (available by subscription, not included here) provide a much more detailed analysis of future pricing.

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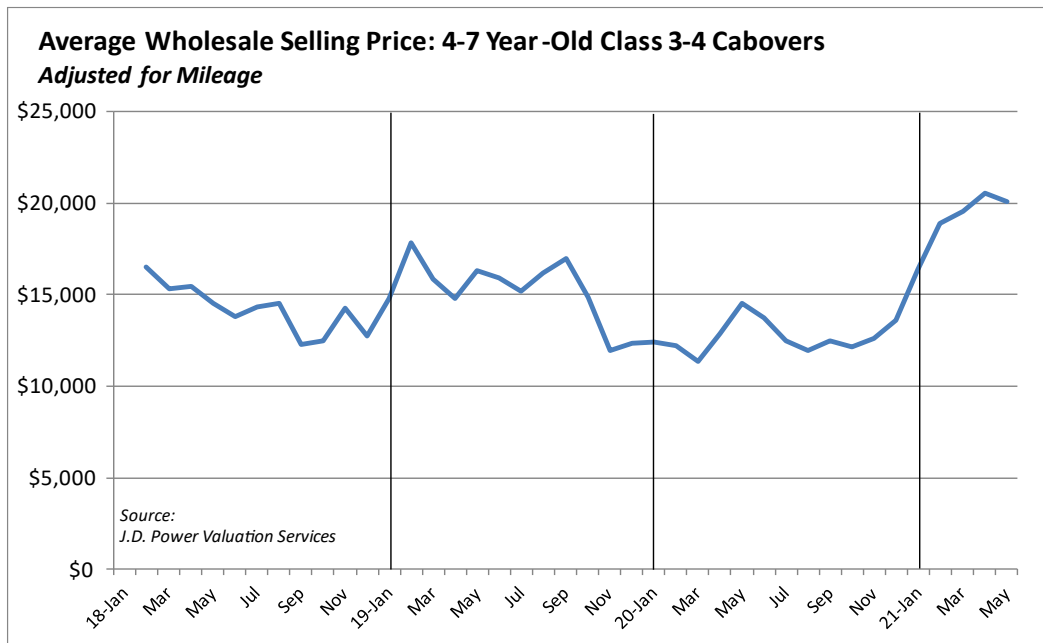


**MEDIUM DUTY TRUCKS**

May was another strong month for conventionals, while cabovers pulled back somewhat. Fundamentals remains solid, so the downward movement in the cabover segment was most likely just due to a changing mix of trucks that our mileage and age corrections didn't completely address. Year-over-year comparisons in all segments were extremely strong once again, as they should be through the end of the year.

Starting with Class 3-4 cabovers, May's average for our benchmark group was \$19,134, \$1,886 (9.0%) lower than April, and \$5,226 (37.6%) higher than May 2020. The first 5 months of 2021 are running 52.8% higher than the same period of 2020. Despite this month's pullback, trucks in this segment have still appreciated an average of 1.1% per month so far in 2021.

See the "Average Wholesale Selling Price: 4-7 Year-Old Class 3-4 Cabovers" graph for detail.

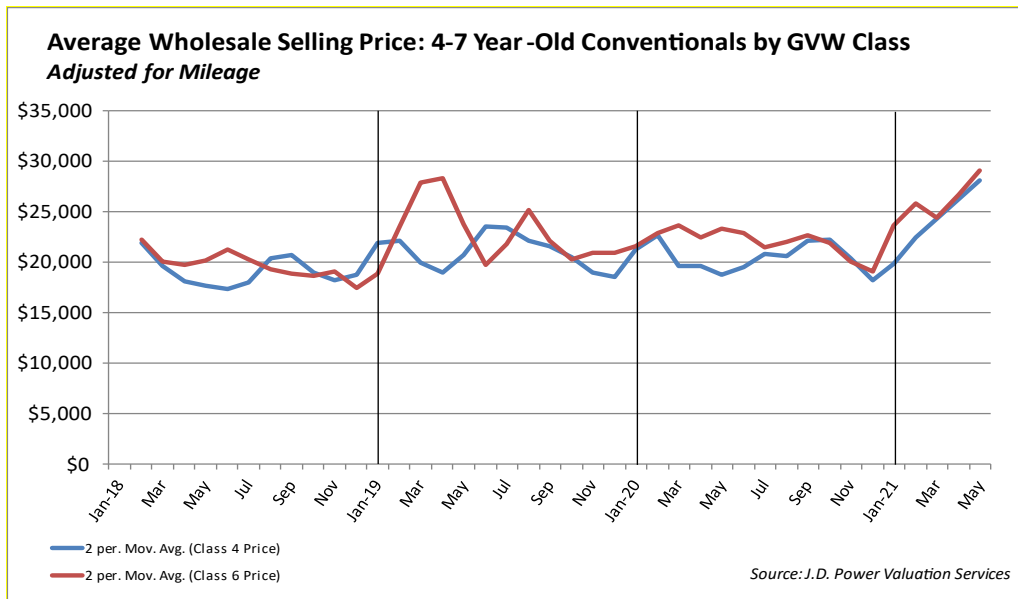


May was another strong month for conventionals, while cabovers pulled back somewhat.

Looking at Class 4 conventionals, average pricing for our benchmark group was \$29,444, \$2,721 (10.2%) higher than April, and \$12,337 (72.1%) higher than an unusually low May 2020. The first 5 months of 2021 are now running 24.9% ahead of the same period of 2020. Trucks in this segment have appreciated an average of 7.8% per month so far in 2021.

Class 6 conventional pricing averaged \$30,380 in May, \$2,678 (9.7%) higher than April, and \$9,360 (44.5%) higher than May 2020. The first 5 months of 2021 are running 20.6% ahead of the same period of 2020. This month's strong result pushed this segment back into appreciation, now averaging 3.1% per month so far in 2021.

See the "Average Wholesale Selling Price: 4-7 Year-Old Conventionals by GVW Class" graphs for detail.



## FORECAST

We are now more than a full year into the freight market recovery, with no letup in pressure as of this writing in mid-June. At this point, auction pricing for late-model sleepers is higher than any time in the 6 years we've been tracking our benchmark group, and retail pricing is at or above any period in the 12 years following the Great Recession. We expect June's retail results to more clearly set records.

We forecast returning supply of trades to increase mildly in the 3<sup>rd</sup> quarter, but it looks like the freight environment should remain strong enough to keep demand for late-model trucks healthy. For now, make hay while the sun shines. As the summer progresses, keep an eye on the volume and pricing of off-lease fleet units sold at the auctions. Any market shift will be seen there first.

As the summer progresses, keep an eye on the volume and pricing of off-lease fleet units sold at the auctions.



## About J.D. Power

J.D. Power is a global leader in consumer insights, advisory services, and data and analytics to help clients measure and improve the key performance metrics that drive growth and profitability. J.D. Power's industry benchmarks, robust proprietary data, advanced analytics capabilities, and reputation for independence and integrity has established the company as one of the world's most well-known and trusted providers of consumer and market insights for more than a dozen industries. Established in 1968, J.D. Power is headquartered in Troy, Michigan, and has 17 global locations serving North/South America, Asia Pacific, and Europe.

## About J.D. Power Valuation Services (formerly NADA Used Car Guide)

J.D. Power Valuation Services, formerly NADA Used Car Guide, is a leading provider of vehicle valuation products, services and information to businesses. Its team collects and analyzes over 1 million combined automotive and truck wholesale and retail transactions per month, and delivers a range of guidebooks, auction data, analysis and data solutions. J.D. Power acquired NADA Used Car Guide in 2015, forming a powerful combination that brings the automotive industry rich data sets, strong analytics and over 130 years of market experience.

## Commercial Truck Consulting Services

J.D. Power Valuation Services leverages its database of retail, wholesale, and auction transactions to provide residual value forecasting, inventory analysis, competitive model positioning, and other used truck market metrics. Consulting products are customized to each customer's specific needs. Contact Chris Visser to discuss J.D. Power's capabilities.

### Commercial Truck Market Analysis

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