

## JUNE 2023 COMMERCIAL VEHICLE MARKET UPDATE

### CLASS 8 AUCTION UPDATE

Sales volume in May 2023 was similar to April 2023, and the number of trucks with extremely high mileage for their model year continues to increase.

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

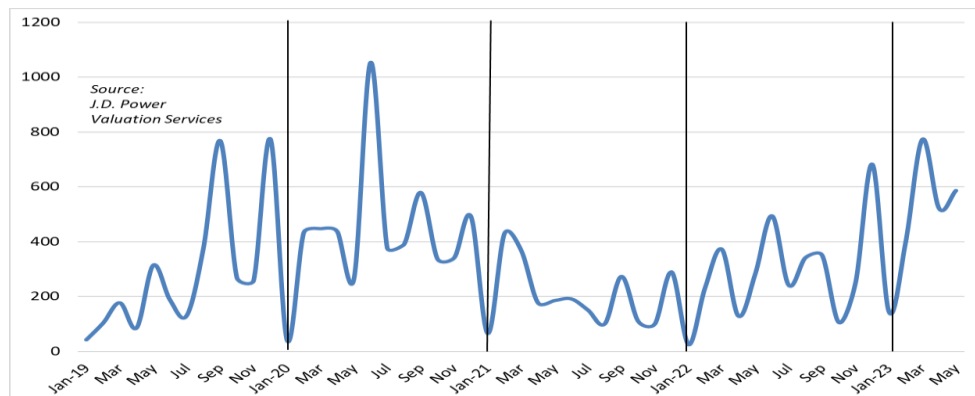
- Model year 2021: \$79,800; \$22,200 (21.8%) lower than April
- Model year 2020: \$59,024; \$705 (1.2%) lower than April
- Model year 2019: \$42,492; \$4,489 (9.6%) lower than April
- Model year 2018: \$29,584; \$2,787 (8.6%) lower than April
- Model year 2017: \$21,844; \$3,080 (12.4%) lower than April

We've been saying for a few months to expect substantial swings in the model-year 2021 average due to very low volume, and May's result was no exception. Most three-year-old trucks sold this month had extremely high mileage—170,000 per year of service—which affected their selling price. Trucks with more typical mileage brought somewhat stronger money, although pricing across the board continues to decline.

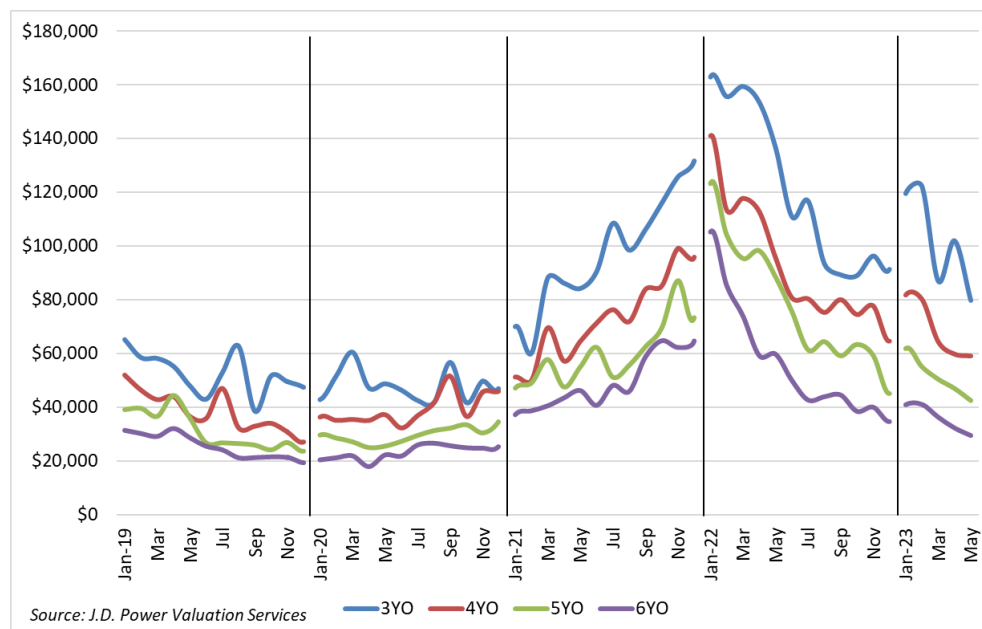
With that in mind, late-model trucks averaged 5.7% less money in May than in April, and 46.3% less money than May 2022. In the first five months of 2023, late-model sleepers brought 46.9% less money than the same period of 2022. Monthly depreciation in 2023 is currently averaging 6.5%. The newest model years available in the marketplace are bringing just under 20% more money than the strong pre-pandemic period of 2018 in nominal figures, or roughly comparable money if adjusted for inflation.

One side effect of the 2020-2022 new truck shortage is trucks that were obtained accumulated extremely high mileage due to very little downtime. In addition to the aforementioned average of 170,000 miles per year for 2021s, the 2022s sold in May averaged 180,000 miles per year, and 2020s (technically not part of the shortage, but still affected by it since they were only a year old when it began) averaged a whopping 185,000 miles per year. This dynamic represents a headwind to selling prices going forward. 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 May 2023 was 72 months old, had 471,232 miles and brought \$72,064. Compared with April, this average sleeper was four months older, had 29,828 (6.8%) more miles and brought \$2,503 (3.4%) less money. Compared with May 2022, this average sleeper was one month older, had 26,971 (6.1%) more miles and brought \$47,166 (40.0%) less money.

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

- Model year 2022: \$142,621; \$29,900 (26.5%) higher than April
- Model year 2021: \$112,304; \$1,863 (1.6%) lower than April
- Model year 2020: \$83,334; \$1,414 (1.7%) lower than April
- Model year 2019: \$68,245; \$1,091 (1.6%) lower than April
- Model year 2018: \$53,890; \$1,161 (2.1%) lower than April

Don't read too much into the monthly swings in our average for the 2022 model year. Low volume of sales combined with a shifting mix of trucks sold means a multi-month trend is a more reliable indicator of market performance for the newest used trucks.

Otherwise, three- to five-year-old trucks brought an average of 1.6% less money than April, and 35.1% less than May 2022. The first five months of 2023 averaged 29.4% less money than the same period of 2022. Monthly depreciation in 2023 is currently averaging 3.8%. Late-model sleepers are still bringing about 20% more money than the last strong pre-pandemic period of 2018 in nominal dollars, or roughly the same money when adjusted for inflation.

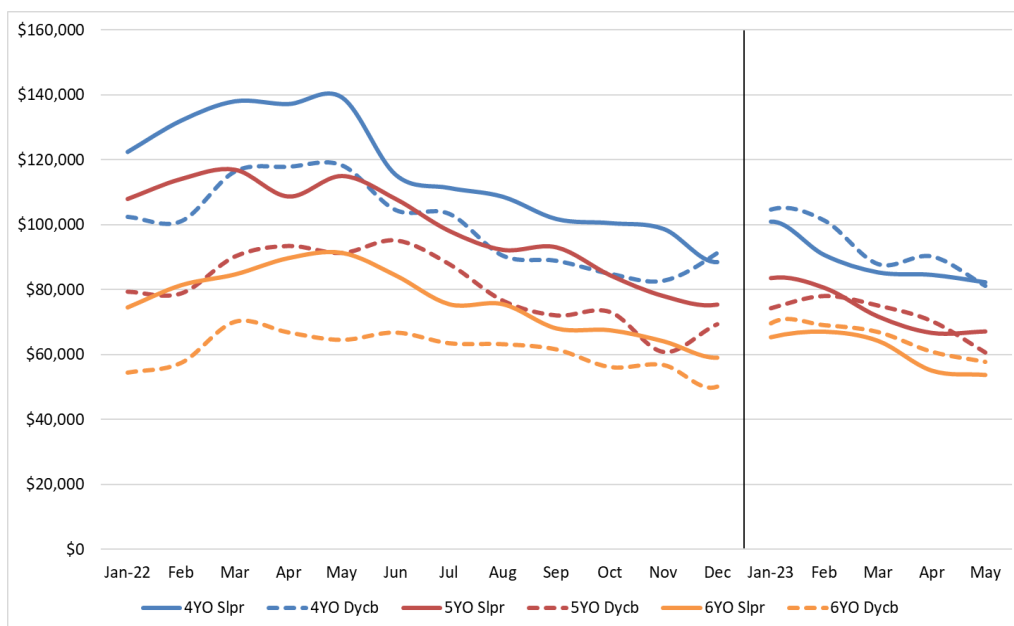
Daycabs continue to hold their value substantially better than aerodynamic sleepers in 2023. Since late in 2022, late-model daycabs have brought roughly the same money as sleepers of similar age and mileage.

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)

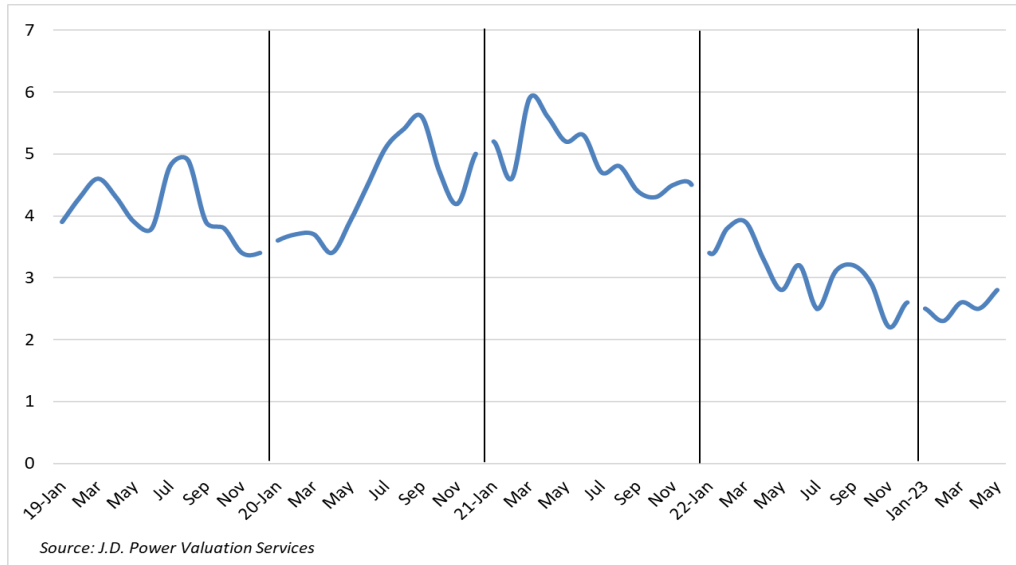


Avg. Retail Selling Price: 4- to 6-Year-Old Aerodynamic Sleepers and Daycabs, Adj. for Mileage (Nominal Numbers)

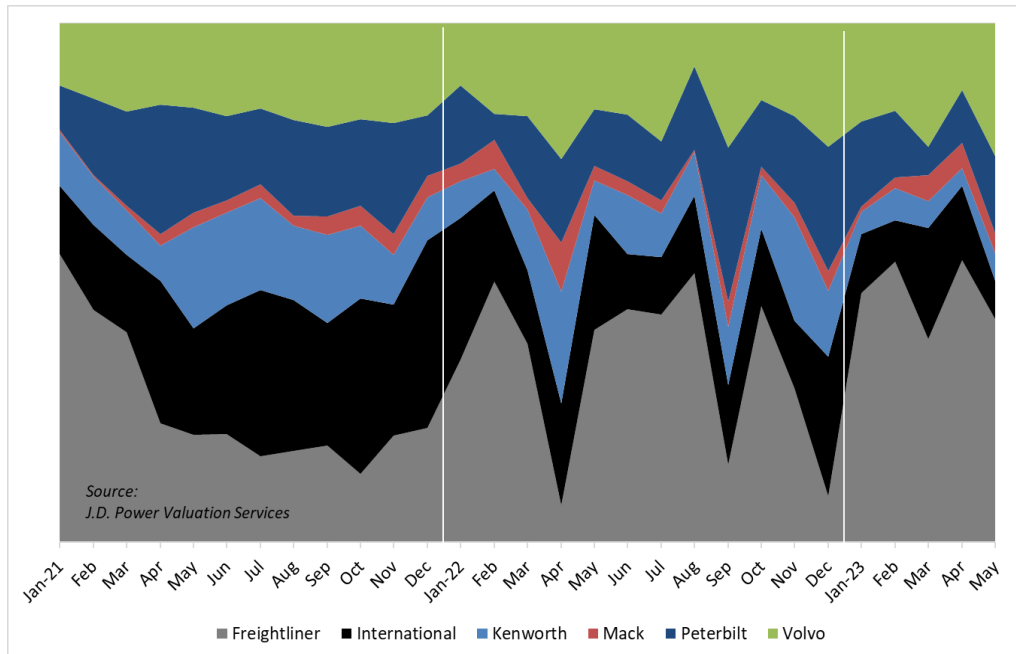


May's retail sales per rooftop averaged 2.8 trucks, 0.3 truck more than April. Any uptick in retail sales is welcome, but demand remains weak.

Number of Trucks Retailed per Dealership Rooftop



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

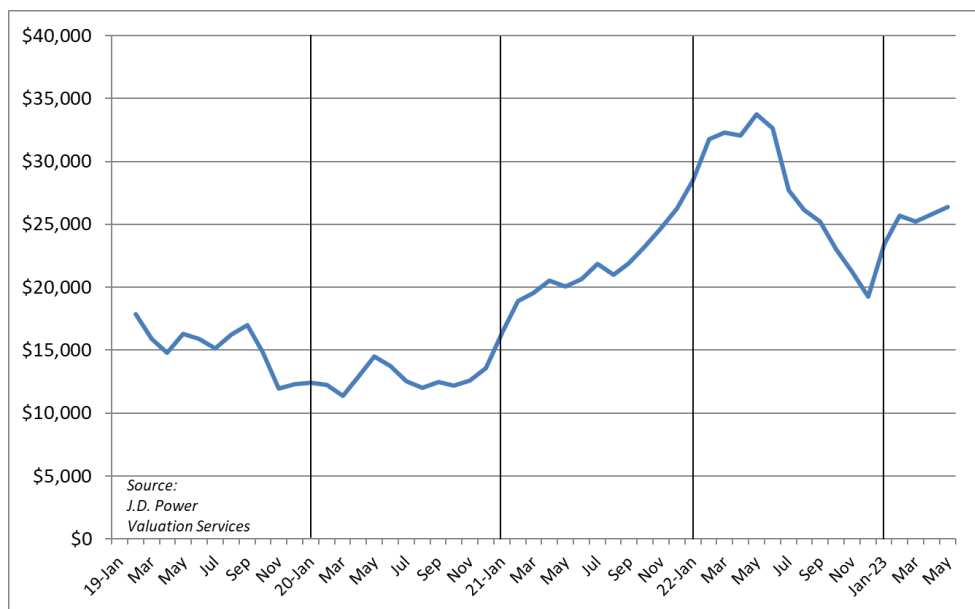


## MEDIUM DUTY UPDATE

A changing mix of trucks sold resulted in month-over-month changes in our averages, but market conditions in May were generally stable.

Our Class 3-4 cabover figure increased in May due to a newer mix of trucks sold, with our benchmark group averaging \$28,610. This figure is \$4,406 (18.2%) higher than April, and \$6,609 (18.8%) lower than May 2022. Trucks sold in the first five months of 2023 brought 19.3% less money than the same period of 2022. Thanks to this month's increase in the average, the depreciation calculation is back to zero for the year to date. However, reality is probably closer to 1.5% per month.

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 \$35,196 in May, \$3,009 (7.9%) lower than April, and \$4,456 (11.2%) lower than May 2022. Trucks sold in the first five months of 2023 brought 7.9% less than the same period of 2022, but if we eliminate April 2022's outlier result, that difference drops to 3.5%. Depreciation in 2023 to date has been essentially nonexistent. Ongoing demand from a wide variety of end users combined with high price of new trucks are contributing to market strength.

Class 6 conventionals averaged \$37,067 in May, \$496 (1.4%) higher than April, and \$13,401 (26.6%) lower than May 2022. Trucks sold in the first five months of 2023 brought 23.3% less than the same period of 2022. Depreciation in 2023 is averaging 2.4% per month. Sales volume was substantial for a second consecutive month, and pricing is holding up well in that context.

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



## FORECAST

Much has been made about the bottoming out of spot rates, but contract rates have decreased much more gradually and are still higher than the last strong pre-pandemic period of 2018. This strength in the contract sector is why fleets continue to order and take delivery of new trucks. That said, the relationship between trucks on the ground and volume of freight to move remains imbalanced toward trucks. The market still has a few months more of excess supply to absorb before depreciation will start to level out.

***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](mailto:chris.visser@jdpa.com).***