JULY 2023 COMMERCIAL VEHICLE MARKET UPDATE

CLASS 8 AUCTION UPDATE

As is typical for the month of June, Class 8 sales volume was substantial in June 2023. Despite this increased volume, pricing was surprisingly stable, actually ticking up a bit from May 2023.

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

- Model year 2021: $76,394; $3,406 (4.3%) lower than May
- Model year 2020: $61,025; $2,001 (3.4%) higher than May
- Model year 2019: $43,738; $1,246 (2.9%) higher than May
- Model year 2018: $30,242; $658 (2.2%) lower than May
- Model year 2017: $21,661; $183 (0.8%) lower than May

As we've mentioned before, trucks put into service during the pandemic have led a tough life since the new-truck shortage of that period essentially required them to do the work of more than one truck. As such, these units have entered the used market with extremely high mileage for their age. We adjust our averages for mileage, but that factor nonetheless depresses selling prices, particularly for the 2021 model year. Trucks with average mileage for their age have not depreciated as heavily.

Despite this situation, late-model trucks brought 3.0% *more* money in June than in May, but 34.6% less money than June 2022. In the first six months of 2023, late-model sleepers brought 45.4% less money than the same period of 2022. June's stable pricing caused the year-to-date monthly depreciation average to relax to 5.6%. The newest model years available in the marketplace have settled in at just under 20% more money than the strong pre-pandemic period of 2018 in nominal figures, or roughly comparable money if adjusted for inflation.

We expected pricing to fall below the 2018 peak before leveling out, so June's flat month-over-month result is an upside surprise. The influx of off-lease units continues, but it's possible continued strength in contract rates combined with the recent bump in spot rates has been enough to curtail depreciation for the time being. 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
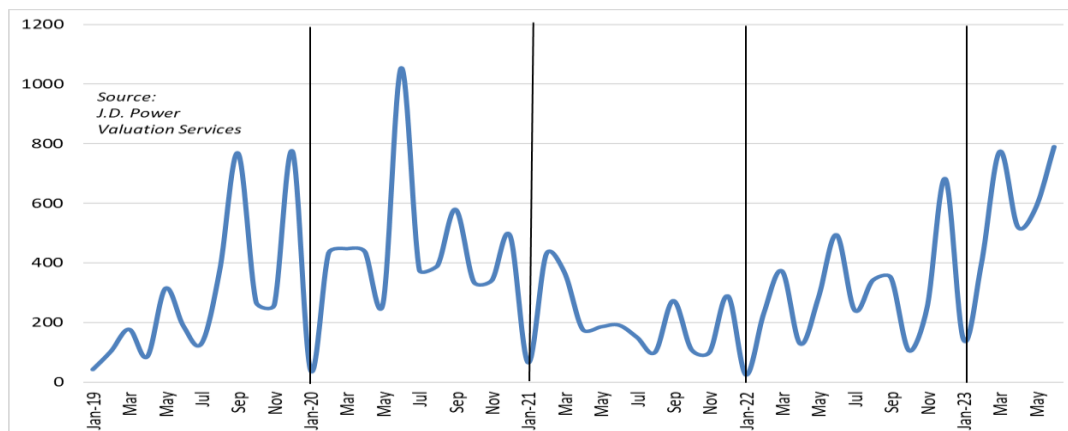
Average Auction Hammer Price: 3- to 6-Year-Old Benchmark Sleeper Tractor (Nominal Numbers)

Source: J.D. Power Valuation Services   —3YO —4YO —5YO —6YO
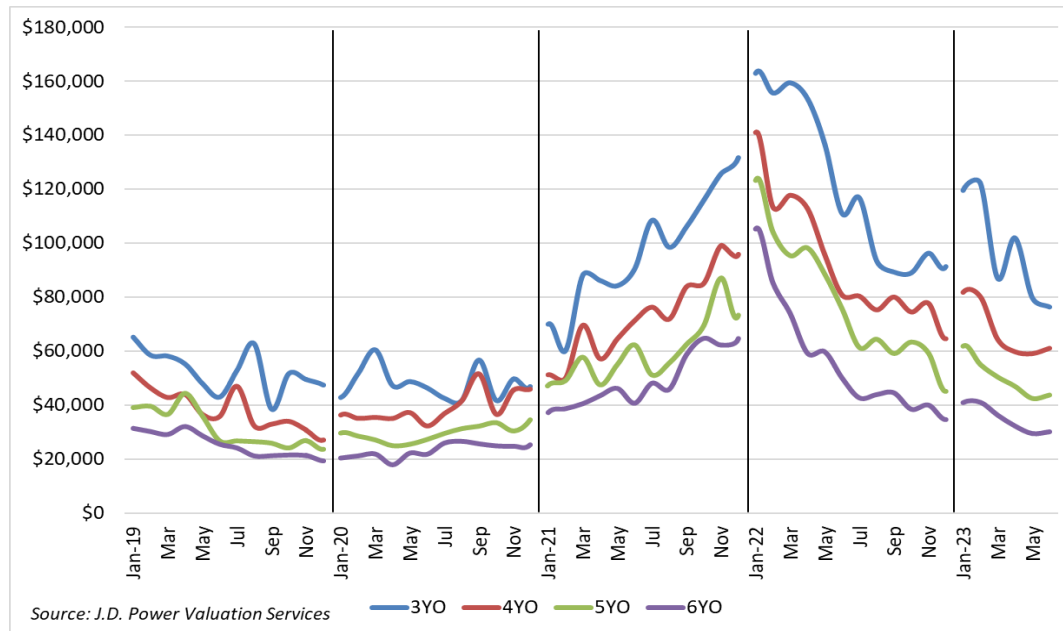
CLASS 8 RETAIL UPDATE

The average sleeper tractor retailed in June 2023 was 72 months old, had 460,160 miles and brought $68,598. Compared with May, this average sleeper was identical in age, had 11,072 (2.3%) more miles and brought $3,466 (4.8%) less money. Compared with June 2022, this average sleeper was three months older, had 4,195 (0.9%) fewer miles and brought $40,043 (36.9%) less money.

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

- Model year 2022: $123,621; $19,900 (13.3%) lower than May
- Model year 2021: $110,916; $1,388 (1.2%) lower than May
- Model year 2020: $76,190; $7,144 (8.6%) lower than May
- Model year 2019: $61,805; $6,440 (9.4%) lower than May
- Model year 2018: $58,189; $4,299 (8.0%) higher than May

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 two-year-old trucks.

Otherwise, three- to five-year-old trucks brought an average of 5.7% less money than May, and 33.4% less than June 2022. The first six months of 2023 averaged 30.0% less money than the same period of 2022. Monthly depreciation in 2023 is currently averaging 3.4%. Late-model sleepers are bringing about 16% more money than the last strong pre-pandemic period of 2018 in nominal dollars, or about 4% less 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)
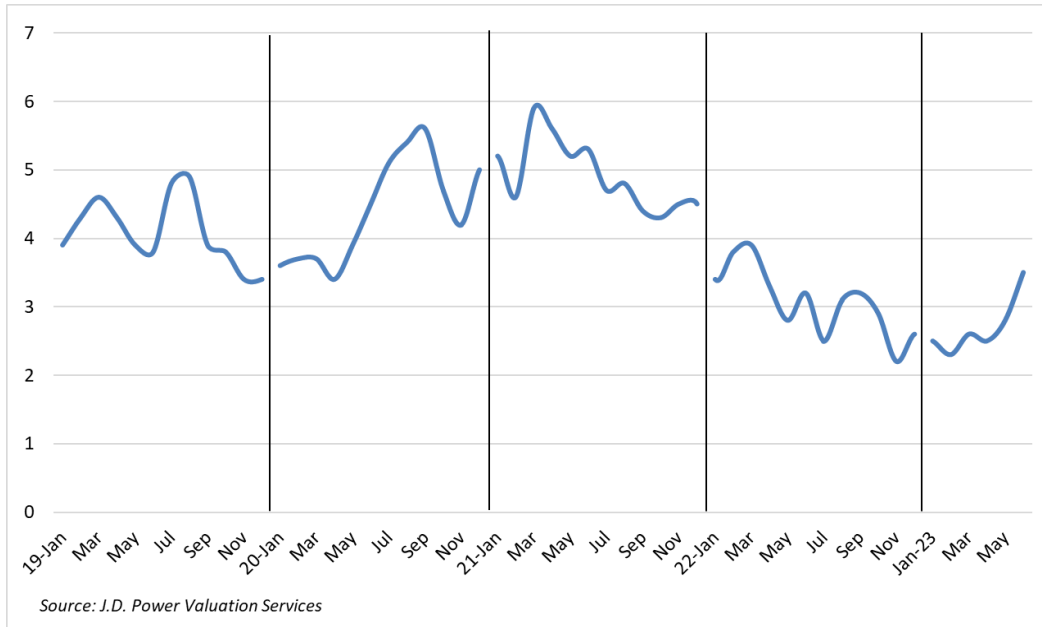

Avg. Retail Selling Price: 4- to 6-Year-Old Aerodynamic Sleepers and Daycabs, Adj. for Mileage (Nominal Numbers)
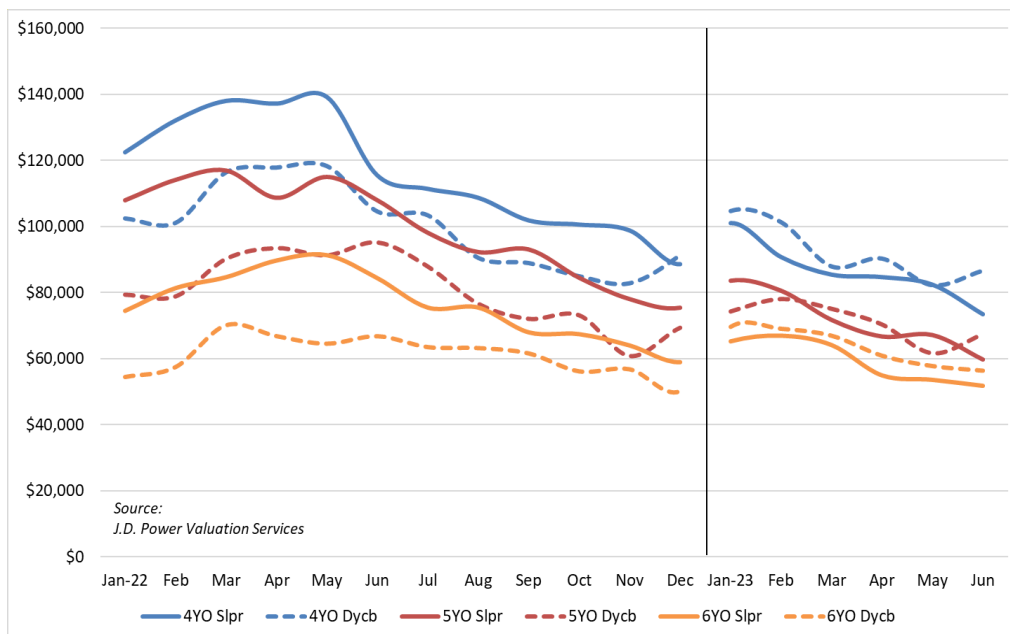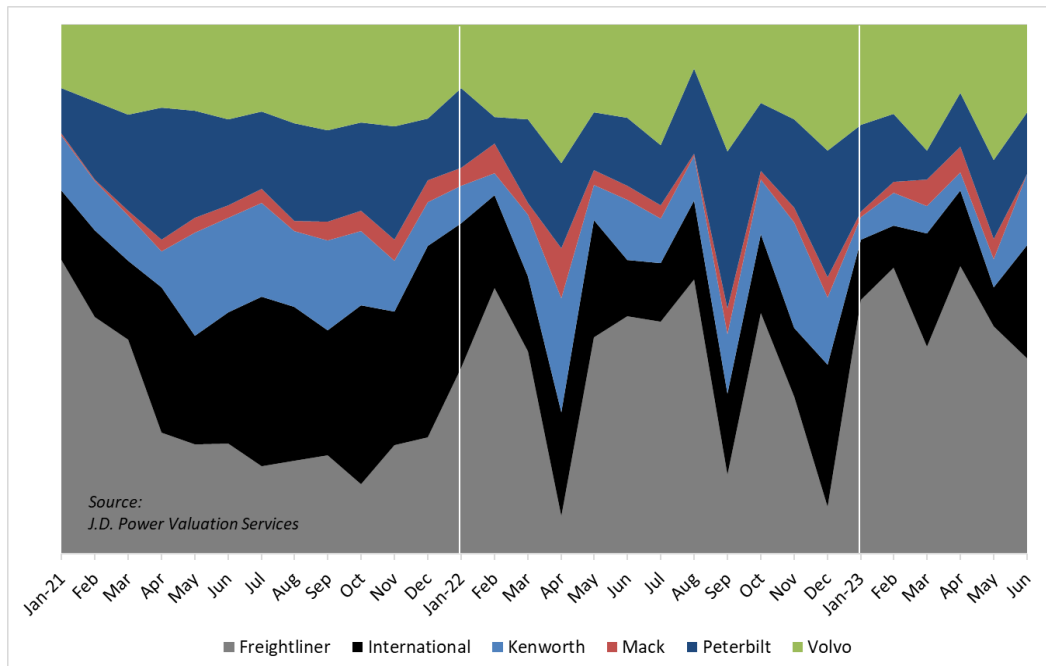
June's retail sales per rooftop averaged 3.5 trucks, a 0.7 jump from May and the best result in 16 months. Retail pricing did not stabilize like auction pricing, but more buyers were writing checks for trucks in June.

Number of Trucks Retailed per Dealership Rooftop

Source: J.D. Power Valuation Services

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

Source:
J.D. Power Valuation Services

■ Freightliner   ■ International   ■ Kenworth   ■ Mack   ■ Peterbilt   ■ Volvo

MEDIUM DUTY UPDATE

June's medium duty market moved mostly downward, with only lighter-GVW conventionals performing well.

Our Class 3-4 cabover figure dipped notably from May, mainly due to a more typical age mix of trucks in our sample. In June, our benchmark group averaged $22,423. This figure is $6,752 (23.1%) lower than May, and $7,653 (25.4%) lower than June 2022. Trucks sold in the first six months of 2023 brought 19.9% less money than the same period of 2022. Depreciation is still averaging less than 1% per month in 2023, which we consider reflective of actual market movement.

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 $36,938 in June, $1,742 (4.9%) higher than May, and $3,381 (8.4%) lower than June 2022. Trucks sold in the first six months of 2023 brought 8.0% less than the same period of 2022, but if we eliminate April 2022's outlier result, that difference drops to 4.5%. Depreciation in 2023 remains 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 $32,480 in June, $4,587 (12.4%) lower than May, and $13,748 (29.7%) lower than June 2022. Trucks sold in the first six months of 2023 brought 24.3% less than the same period of 2022. June's lackluster result pushed our monthly depreciation average to 3.2%. Sales volume was substantial for the third month in a row, and it is possible the market is exhibiting some saturation. We'll wait to see where July's data lands before making a judgment.

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

Source: J.D. Power Valuation Services

FORECAST

June's stabilization of pricing at auctions combined with the increase in retail sales volume suggest the market may be shifting to a less drastic depreciation environment. July's sales data will provide more guidance as to whether the supply of trucks on the ground is becoming somewhat better matched to the volume of freight the nation needs to move.

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.