

J.D. POWER



COMMERCIAL TRUCK GUIDELINES

INDUSTRY REVIEW

September 2021

J.D. Power Valuation Services

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SUMMARY

Summer Closes Out Hot for Used Trucks

August's Class 8 auction pricing was stable at a high level, and retail pricing set records once again. The medium duty market was generally strong, particularly for conventionals.

CLASS 8 AUCTION UPDATE

August was a low-volume month for the Class 8 auctions, with a combination of fewer auctions on the calendar and fewer trucks sold. As such, there wasn't much data to get a read on. There is no change in market conditions underlying the mixed results below:

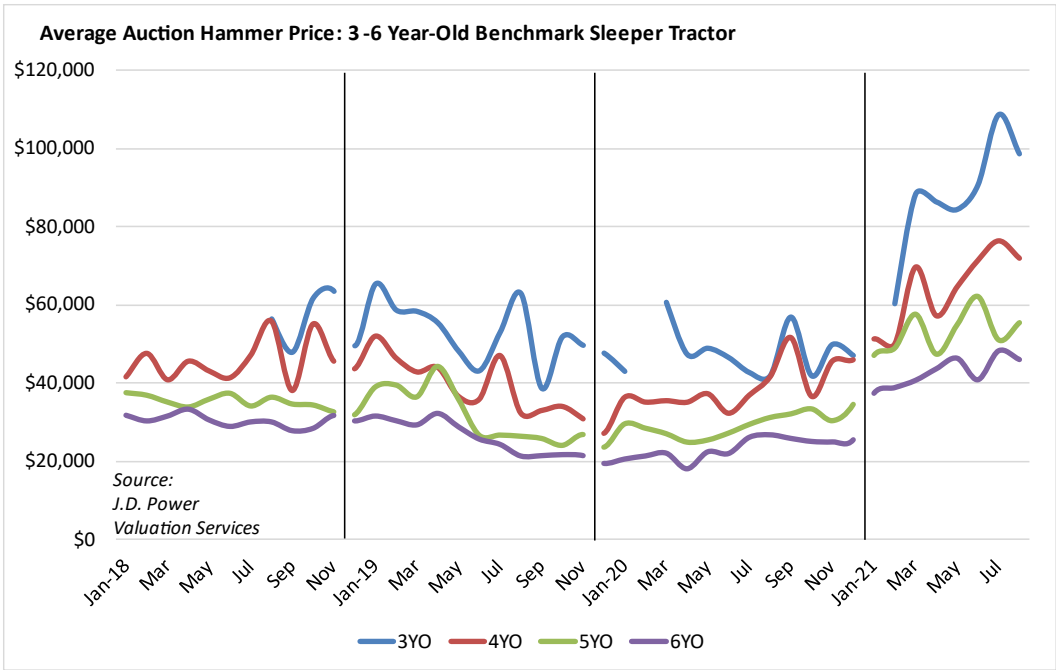
- Model year 2018: \$71,825 average; \$4,440 (5.8%) lower than July
- Model year 2017: \$55,581 average; \$4,413 (8.6%) higher than July
- Model year 2016: \$45,957 average; \$2,249 (4.7%) lower than July
- Model year 2015: \$40,985 average; \$228 (0.6%) higher than July
- Model year 2014: \$34,374 average; \$4,947 (16.8%) higher than July

Month-over-month, our benchmark group of 4-6 year-old trucks brought 1.3% less money. Compared to the first 8 months of 2020, this group is running 84.7% ahead, and compared to the same period of 2019, 53.1% ahead. Late-model trucks have appreciated 3.4% per month on average in 2021 to date.

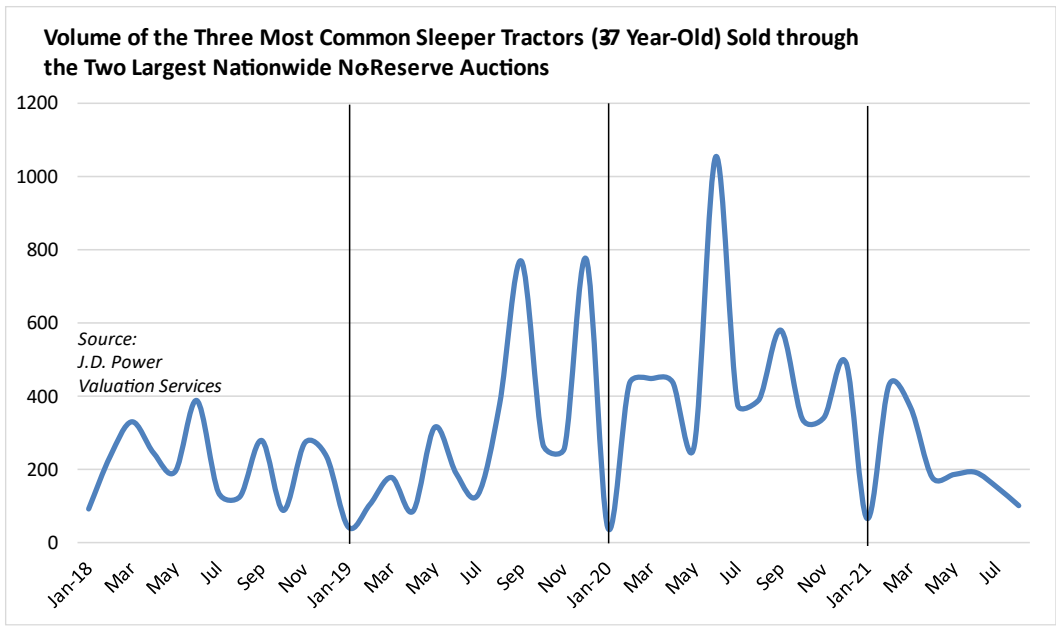
Late-model trucks remain in tight supply, and those that are available continue to bring sky-high prices. With freight rates still extremely strong and supply of new trucks curtailed, market fundamentals still favor the seller.

See the "Average Auction Hammer Price..." and "Volume of the Three Most Common Sleeper Tractors..." graphs for detail.

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CLASS 8 RETAIL UPDATE

After plateauing a bit in July, retail selling prices resumed their record-breaking trajectory in August.

The average sleeper tractor retailed in August was 73 months old, had 452,890 miles, and brought \$74,499. Compared to July, this average sleeper was identical in age, essentially equal in miles, and brought \$4,899 (7.0%) more money. Compared to August 2020, this average sleeper was 5 months older, had 7,596 (1.6%) fewer miles, and brought \$32,409 (77.0%) more money.

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

- Model year 2020: \$119,552; \$2,047 (1.7%) lower than July
- Model year 2019: \$102,209; \$2,348 (2.4%) higher than July
- Model year 2018: \$82,643; \$3,933 (5.0%) higher than July
- Model year 2017: \$66,539; \$6,984 (11.7%) higher than July
- Model year 2016: \$52,182; \$2,898 (5.9%) higher than July

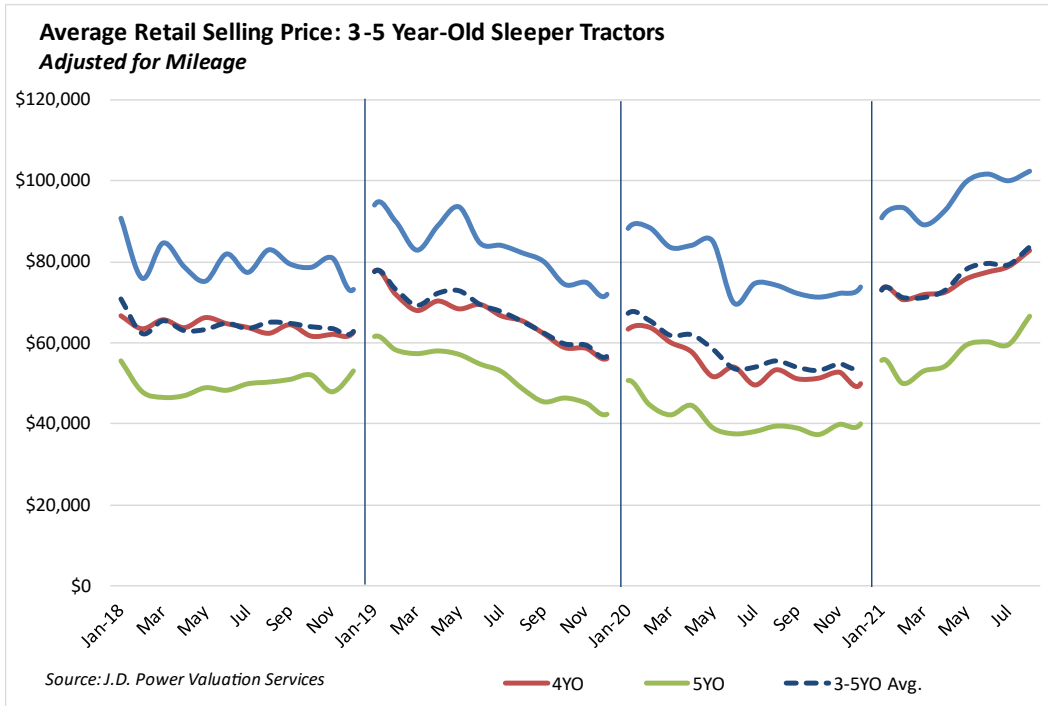
Month-over-month, late-model trucks brought 5.6% more money. In the first 8 months of 2021, late-model trucks were 27.2% ahead of the same period of 2020, and 7.3% ahead of the same period of 2019. On average, late-model trucks have appreciated 2.2% per month in 2021.

The overall average retail selling price of every sleeper tractor reported sold set a record for the third month in a row. We still don't see much downside for retail pricing in upcoming months, assuming economic conditions remain stable. See the Forecast at the end of this document for additional thoughts.

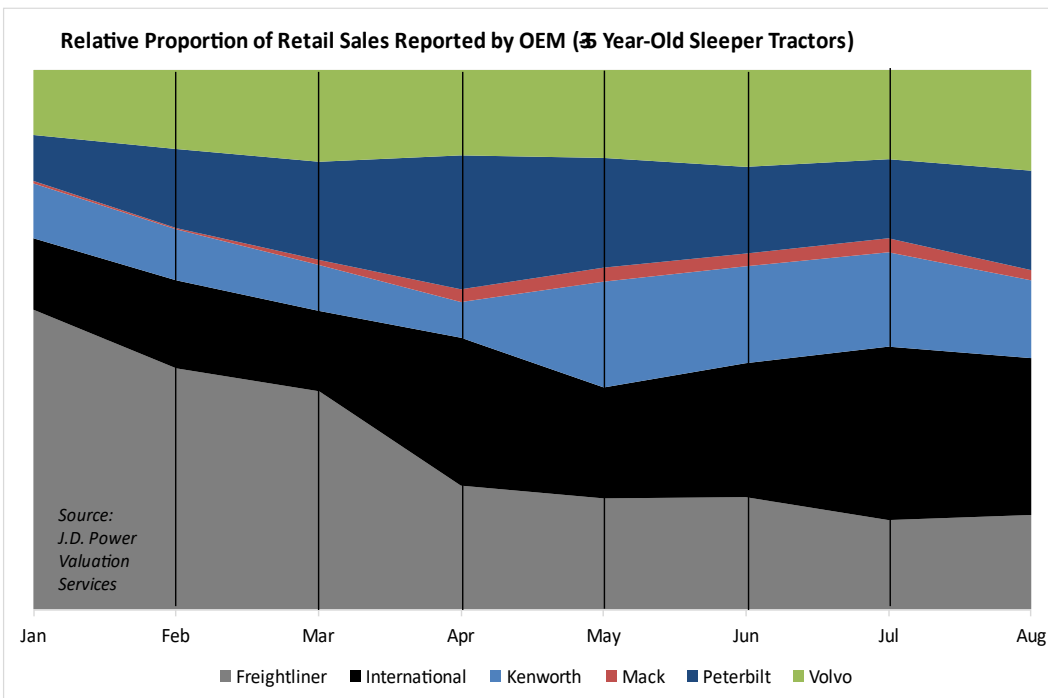
Retail traffic was essentially identical to last month, as dealers still struggle to find desirable trucks to sell. Dealers retailed an average of 4.8 trucks per rooftop in August, 0.1 truck higher than July. Year-over-year, the first 8 months of 2021 are running 0.6 truck ahead of the same period of 2020, and 0.5 truck higher than the same period of 2019.

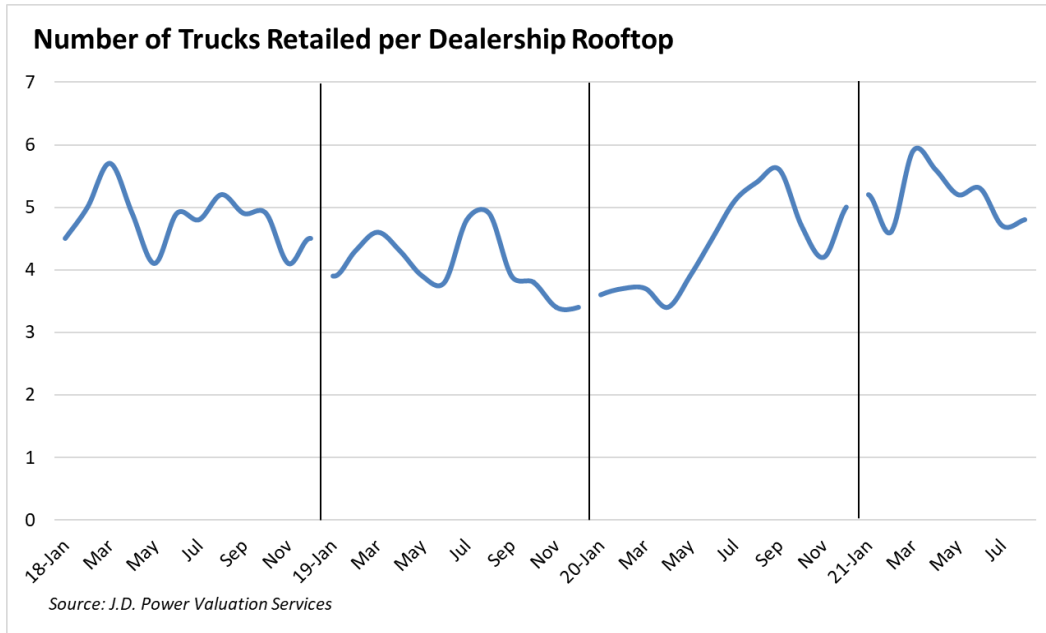
See graphs on next page for detail.

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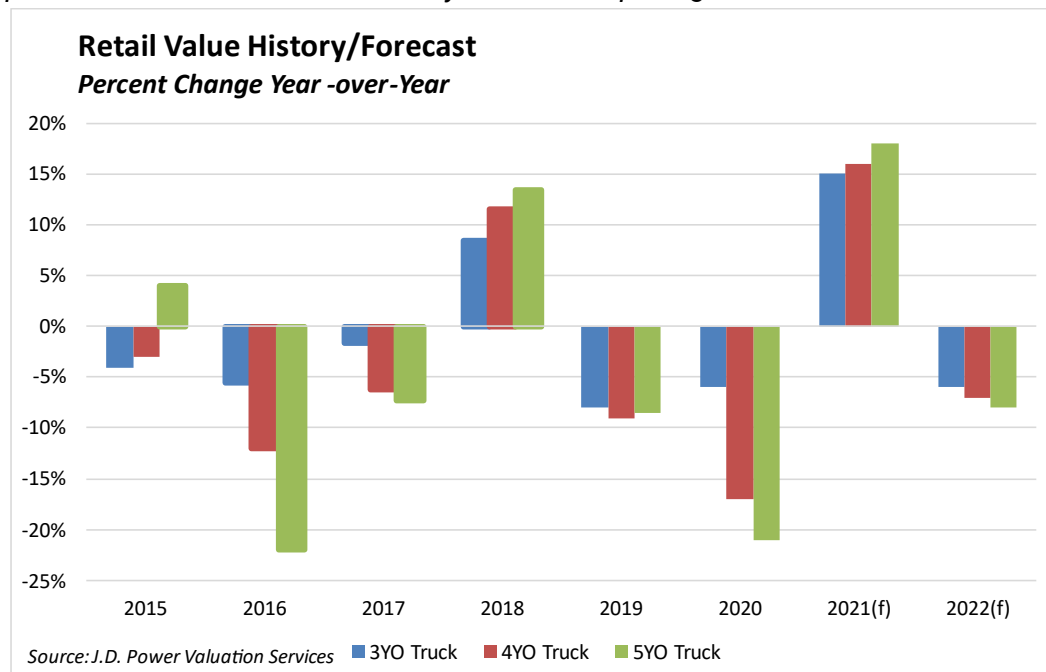




... dealers still struggle to find desirable trucks to sell.

Looking forward, the semiconductor and parts shortage shows no sign of resolution, which means new truck supply should remain tight into 2022. As such, used truck pricing should stay strong as well, assuming economic conditions stay the course.

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

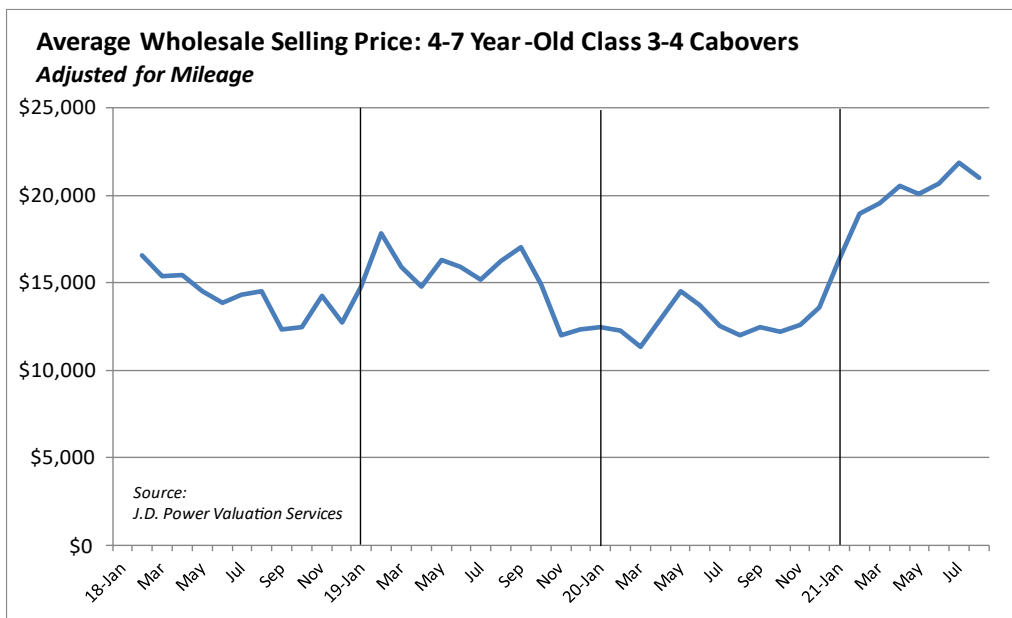


MEDIUM DUTY TRUCKS

The medium duty market was generally strong this month, with conventionals up notably but cabovers pulling back a bit. Trucks continue to appreciate, and comparisons vs. 2020 and 2019 remain extremely strong.

Starting with Class 3-4 cabovers, our benchmark group pulled back for the second month in a row, averaging \$20,349, \$1,231 (5.7%) lower than July, but \$7,807 (62.2%) higher than August 2020. The first 8 months of 2021 are running 59.9% higher than the same period of 2020, and 25.5% higher than the same period of 2019. Trucks in this segment have gained an average of 1.3% per month in value so far in 2021.

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

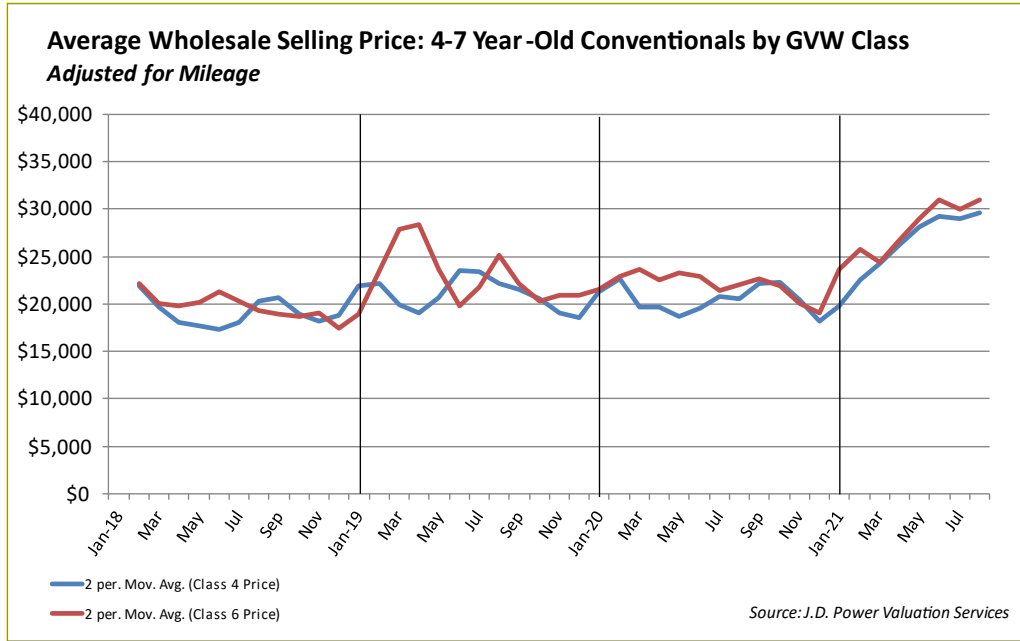


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Looking at Class 4 conventionals, average pricing for our benchmark group was \$30,341, \$1,383 (4.8%) higher than July, and \$8,849 (41.2%) higher than August 2020. The first 8 months of 2021 are now running 30.8% ahead of the same period of 2020, and 24.1% higher than the same period of 2019. Trucks in this segment have appreciated an average of 4.6% per month so far in 2021.

Class 6 conventional pricing averaged \$33,486 in August, \$5,820 (21.0%) higher than July, and \$11,353 (51.3%) higher than August 2020. The first 8 months of 2021 are running 28.9% ahead of the same period of 2020, and 18.1% higher than the same period of 2019. Trucks in this group have gained an average of 3.6% per month so far in 2021.

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



FORECAST

The new truck shortage is all but guaranteed to continue into 2022, assuming economic conditions remain on track. Freight rates could peak early in the year, but should not pull back notably for some time. As of this writing in mid-September, these are the two main factors supporting used truck pricing and governing our forecasts.

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For further information about J.D. Power’s residual forecasting, make and model benchmarking, raw data products, and other services, contact Chris Visser at chris.visser@jdpower.com.

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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