

JANUARY 2024 COMMERCIAL VEHICLE MARKET UPDATE

SUMMARY

Auction volume was up substantially in December 2023, but pricing was surprisingly stable. Retail sales volume remains depressed, and pricing is now comparable with the weak period of 2019. Conditions should remain similar in the first two quarters of 2024.

CLASS 8 AUCTION UPDATE

December saw the highest volume of sleeper tractors sold at auction since the June 2020 spike. The ongoing capacity adjustment combined with year-end liquidations were the main factors behind this jump. Somewhat surprisingly, hammer prices remained relatively stable for most trucks. Depreciation for the benchmark trucks we track was essentially nonexistent in the fourth quarter.

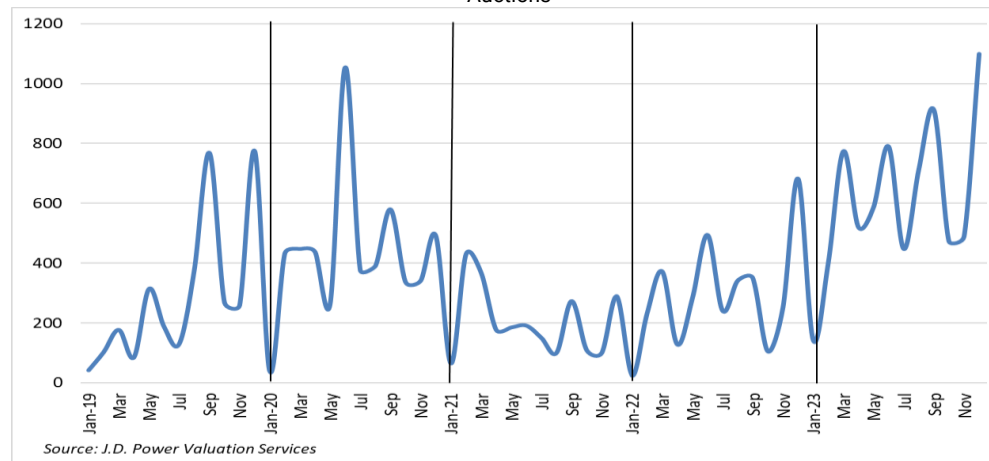
Looking at three- to seven-year-old trucks, average pricing for our benchmark truck in December was:

- Model year 2021: \$62,810; \$1,295 (2.0%) lower than November
- Model year 2020: \$50,119; \$3,208 (6.8%) higher than November
- Model year 2019: \$32,030; \$1,290 (4.2%) higher than November
- Model year 2018: \$23,973; \$4,263 (15.1%) lower than November
- Model year 2017: \$15,008; \$4,181 (21.8%) lower than November

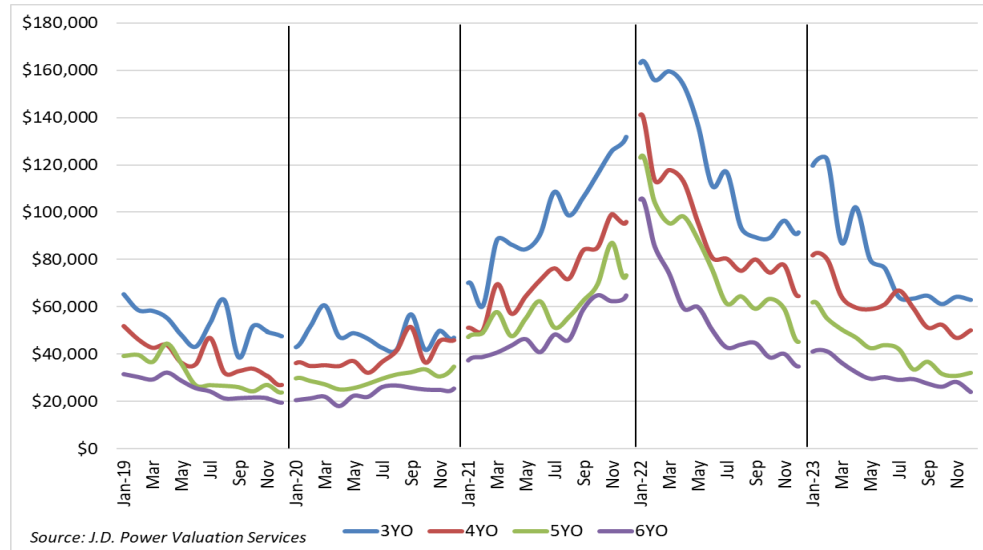
Four- to six-year-old trucks brought 0.2% more money than in November, and 26.5% less money than December 2022. In calendar-year 2023, late-model sleepers brought 40.8% less money than 2022. Monthly depreciation in 2023 averaged 3.9%, with the heaviest depreciation occurring in the first half of the year. Values for the newest model years available in the marketplace remain just under the strong pre-pandemic period of 2018 in nominal figures, or about 15% less if adjusted for inflation. Current pricing is about 34% higher than the last market nadir in late 2019, or about 12% higher if adjusted for inflation.

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 difference in retail selling prices between individual makes and models continues to grow. The universal and model-year averages below depict overall market movement, but don't show nuance between models. Our published values and consulting products provide model-versus-model detail.

With that in mind, the average sleeper tractor retailed was 72 months old, had 427,560 miles and brought \$56,883. Compared with November 2023, this average sleeper was one month older, had 1,683 (0.4%) fewer miles and brought \$5,369 (8.6%) less money. Compared with December 2022, this average sleeper was one month newer, had 11,951 (2.7%) fewer miles and brought \$32,840 (36.6%) less money. Average price in calendar-year 2023 was 33.5% lower than calendar-year 2022.

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

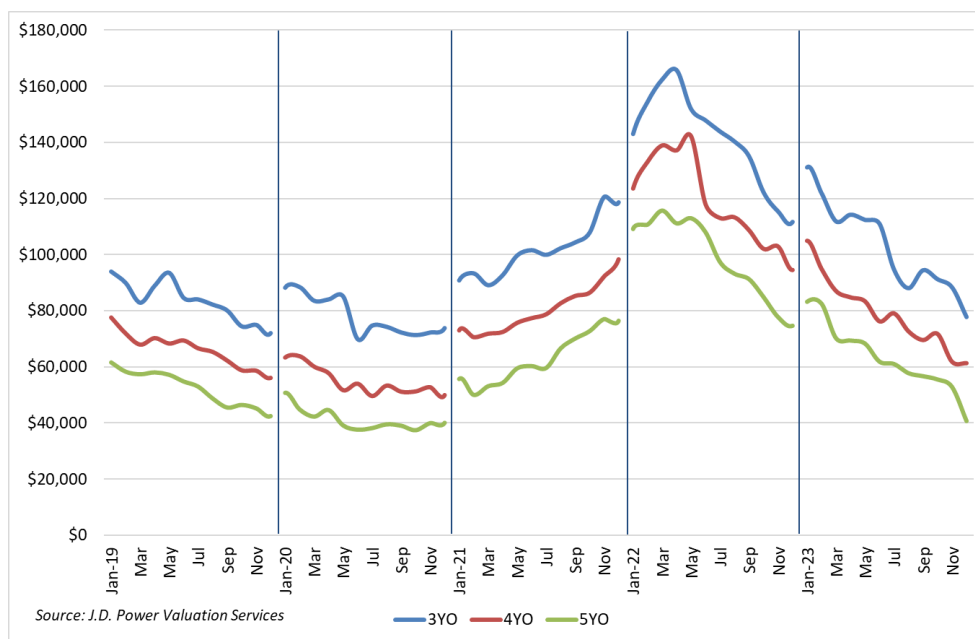
- Model year 2022: \$103,983; \$5,979 (5.4%) lower than November
- Model year 2021: \$77,699; \$10,565 (12.0%) lower than November
- Model year 2020: \$61,298; \$494 (0.8%) lower than November
- Model year 2019: \$40,686; \$12,125 (23.0%) lower than November
- Model year 2018: \$35,075; \$5,468 (13.5%) lower than November

Three- to five-year-old trucks brought an average of 11.4% less money than November, and 36.0% less than December 2022. Calendar-year 2023 averaged 31.7% less money than calendar-year 2022. Monthly depreciation in 2023 averaged 3.2%. Late-model sleepers are roughly 11% under the last strong pre-pandemic period of late 2018 in nominal dollars, or about 28% less when adjusted for inflation. Pricing is now equal to the last weak pre-pandemic period of late 2019 in nominal dollars, or about 17% below when adjusted for inflation.

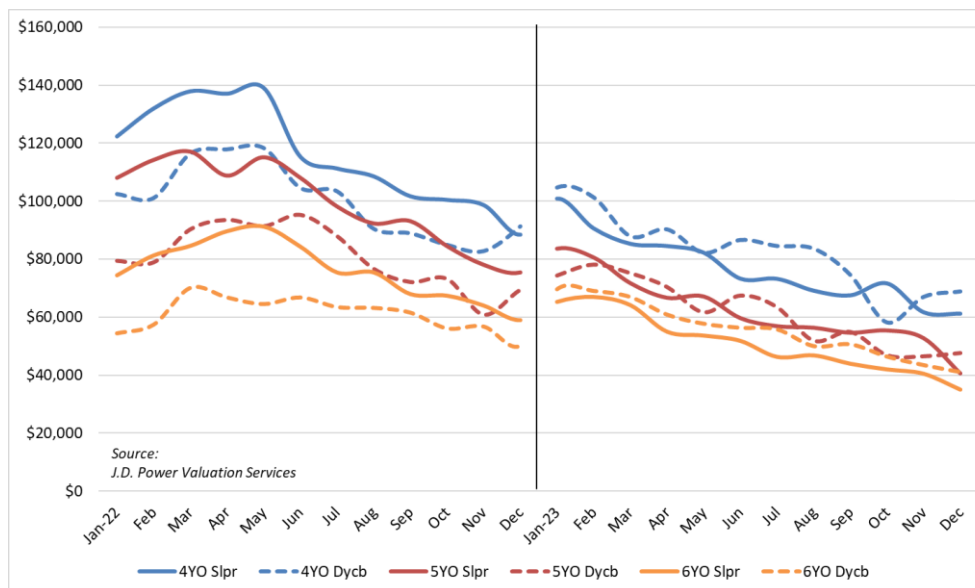
Daycabs brought equal or better money than sleepers after only 3-4 years of age in 2023, all else being equal. Daycab supply increased throughout 2023, but the supply-demand balance was much more favorable than with sleepers. In 2023, daycabs lost an average of 3.3% of their value per month, slightly on the high side of historic trend.

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 Aero 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)

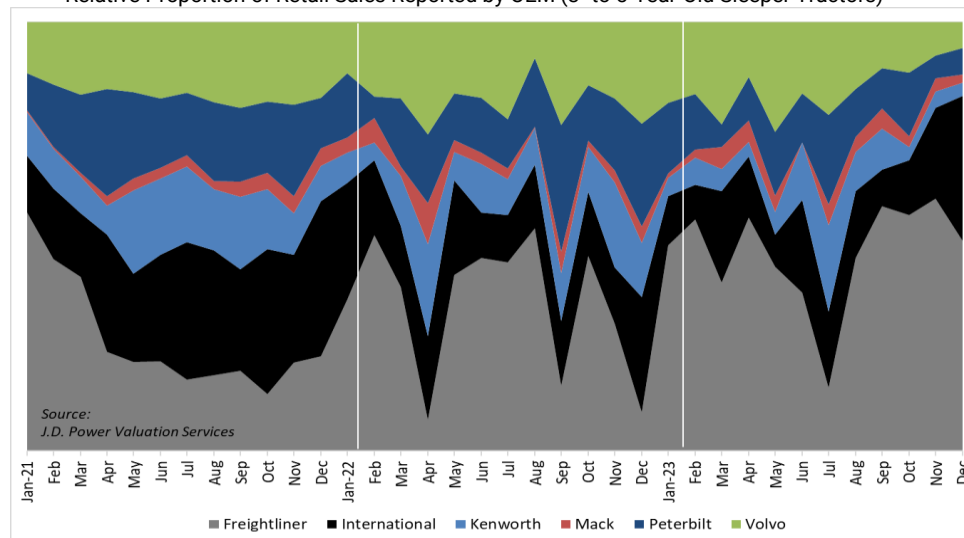


Retail sales per rooftop averaged 2.6 trucks in December, another lackluster result in a year with the lowest retail sales volume since the Great Recession. Equity, financing and supply will remain as headwinds in 2024.

Number of Trucks Retailed per Dealership Rooftop



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



FORECAST

In terms of depreciation, the auction channel is performing better than the retail channel. The post-pandemic price correction has largely played out in the auction lanes, while it's still fully underway on retail lots. Auction prices have settled in comfortably above the last pre-pandemic market bottom, but retail prices have surpassed that point when adjusted for inflation. Potential retail buyers will continue to contend with negative equity, difficult finance terms and a weak spot freight environment in 2024—although those conditions should start to improve in the second half of the year, assuming economic conditions remain relatively stable.

This monthly update is a broad and general sample of J.D. Power analytical capabilities. For information about our valuation products, residual forecasting, make and model benchmarking, raw data, and other services, contact Chris Visser at chris.visser@jdpa.com, or visit our website at jdpowervalues.com.