

NOVEMBER 2023 COMMERCIAL VEHICLE MARKET UPDATE

CLASS 8 AUCTION UPDATE

As in the retail channel, older, higher-mileage trucks continued to depreciate heavily in October 2023, while pricing for newer trucks firmed somewhat.

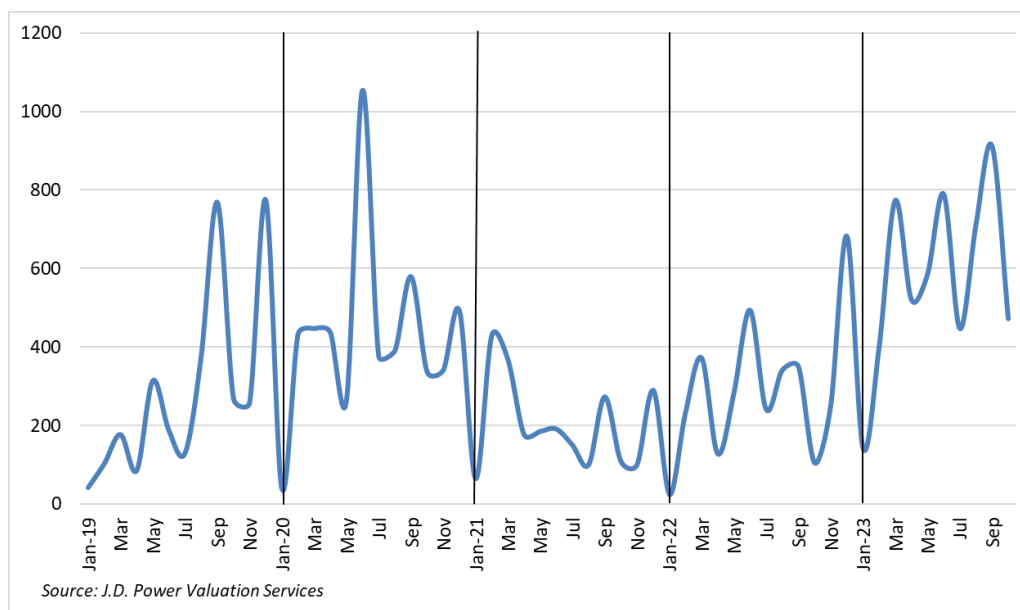
Looking at three- to seven-year-old trucks, average pricing for our benchmark truck in October was:

- Model year 2021: \$61,025; \$3,531 (5.5%) lower than September
- Model year 2020: \$52,473; \$1,192 (2.3%) higher than September
- Model year 2019: \$31,565; \$5,145 (14.0%) lower than September
- Model year 2018: \$26,189; \$1,346 (4.9%) lower than September
- Model year 2017: \$15,861; \$4,182 (20.9%) lower than September

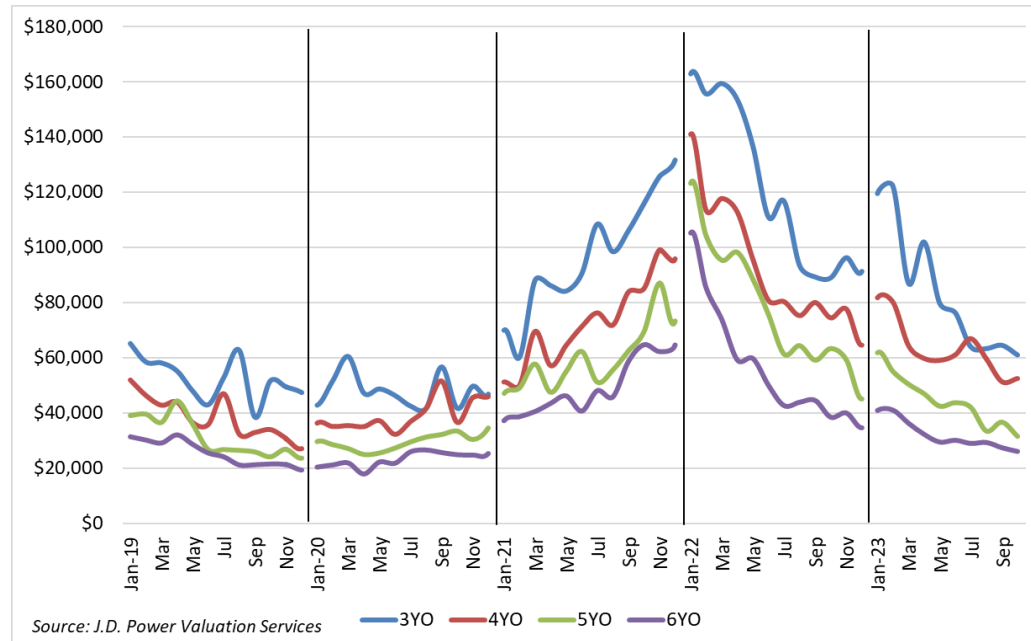
Trucks newer than five years of age depreciated less than last month, but on average the late-model segment continued to lose value in October. Four- to six-year-old trucks brought 4.6% less money than in September, and 37.5% less money than October 2022. In the first 10 months of 2023, late-model sleepers brought 41.7% less money than the same period of 2022. Monthly depreciation in 2023 is averaging 4.4%. Values for the newest model years available in the marketplace are just under the strong pre-pandemic period of 2018 in nominal figures, or just more than 20% less 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 universal average was dragged down this month by weak selling prices of trucks older than four years of age. In October, the average sleeper tractor retailed was 71 months old, had 437,227 miles and brought \$67,441. Compared with September 2023, this average sleeper was four months older, had 20,547 (4.9%) more miles and brought \$4,240 (5.9%) less money. Compared with September 2022, this average sleeper was one month older, had 27,122 (5.8%) fewer miles and brought \$28,138 (29.4%) less money.

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

- Model year 2022: \$118,033; \$262 (0.2%) higher than September
- Model year 2021: \$91,166; \$3,200 (3.4%) lower than September
- Model year 2020: \$71,732; \$2,193 (3.2%) higher than September
- Model year 2019: \$55,474; \$1,167 (2.1%) lower than September
- Model year 2018: \$42,057; \$6,413 lower than September

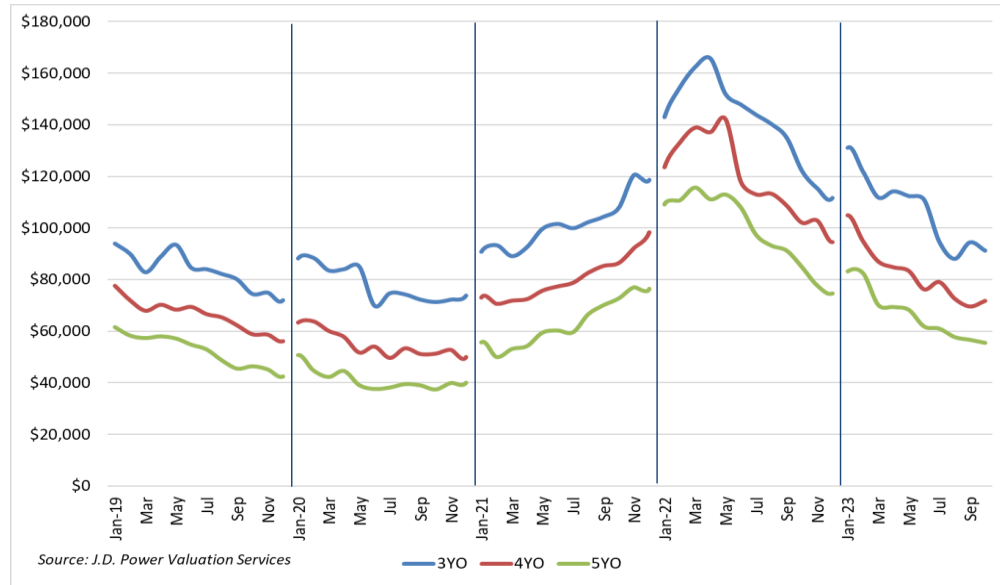
Drilling down to individual makes and models, retail selling prices for newer trucks were essentially flat month-over-month. Older trucks—and those with high mileage for their age—depreciated more notably. One month is not a trend, but any relaxation of depreciation would logically show up first in newer trucks, so cautious optimism is not out of the question.

By the numbers, three- to five-year-old trucks brought an average of 1.0% less money than September, and 29.3% less than October 2022. The first 10 months of 2023 averaged 31.3% less money than the same period of 2022. Monthly depreciation in 2023 is currently averaging 3.1%. Late-model sleepers remain roughly at parity with the last strong pre-pandemic period of 2018 in nominal dollars, or about 20% less when adjusted for inflation.

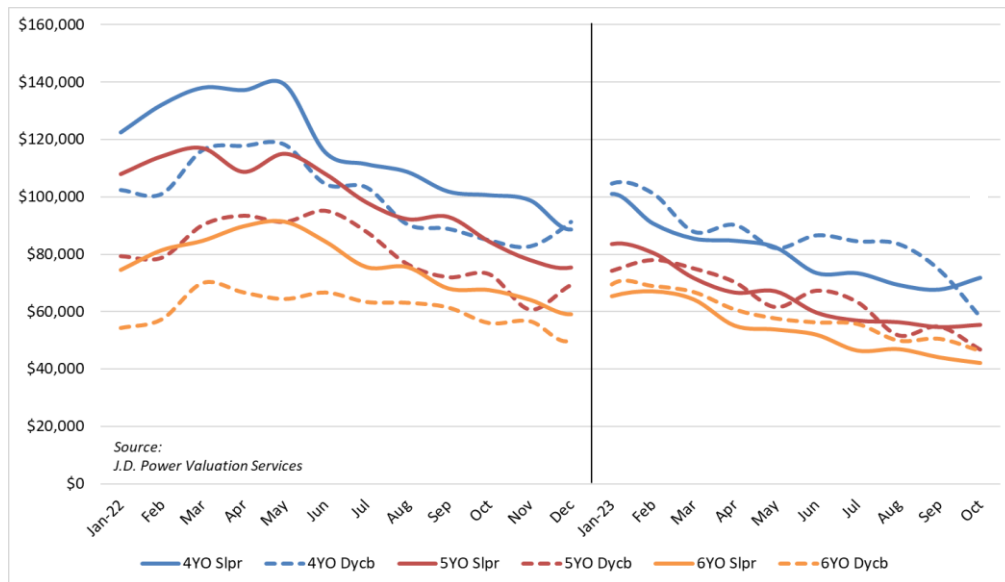
A low volume of daycab sales skewed that segment's averages somewhat this month, particularly for four-year-old trucks. That said, daycabs continue to return better residuals than aerodynamic sleepers in 2023, bringing equal or better money after only 3-4 years of age. Daycabs are averaging 3.5% per month depreciation in 2023 to date. As in the sleeper segment, a larger volume of lower-spec trucks is cycling through the market.

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)

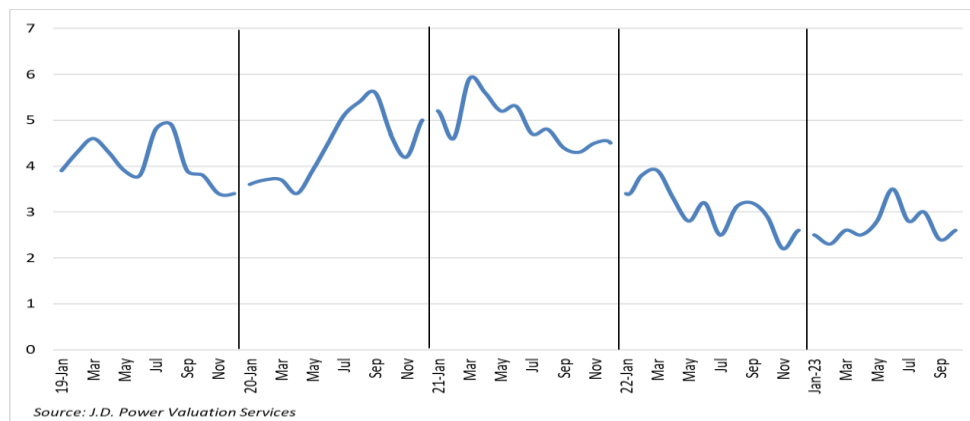


Avg. Retail Selling Price: 4- to 6-Year-Old Aerodynamic Sleepers and Daycabs, Adj. for Mileage (Nominal Numbers)

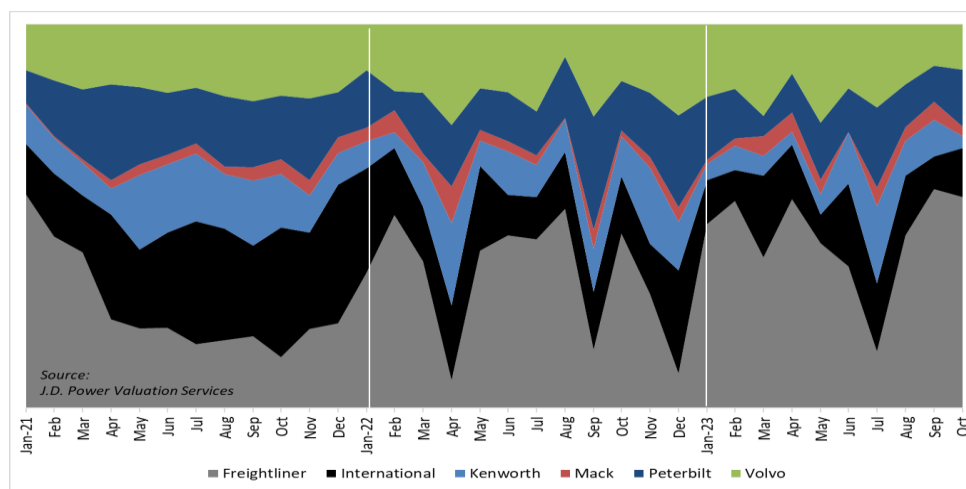


October's retail sales per dealership remained subdued at 2.6 trucks per rooftop, 0.2 more than September. Potential buyers continue to contend with negative equity, high interest rates and tougher credit requirements.

Number of Trucks Retailed per Dealership Rooftop



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



FORECAST

Pre-holiday demand was subdued, but firmer prices for newer sleeper tractors provides a bit of optimism going into December. Pricing is still roughly 20% higher than the lowest month of 2019 (in real figures), which was the weakest point pre-pandemic. We're still looking at the second quarter of 2024 for the post-pandemic correction to finish playing out, although we could be mostly there by February or March 2024.

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.