

DECEMBER 2022 COMMERCIAL VEHICLE MARKET UPDATE

CLASS 8 AUCTION UPDATE

Auction pricing for clean trucks with average to low mileage has been surprisingly stable since late in the third quarter. Higher-mileage trucks continue to lose value—and specs are increasingly critical—but the late-model segment has found a floor for the time being.

Looking at two- to six-year-old trucks, average pricing for our benchmark truck in November 2022 was:

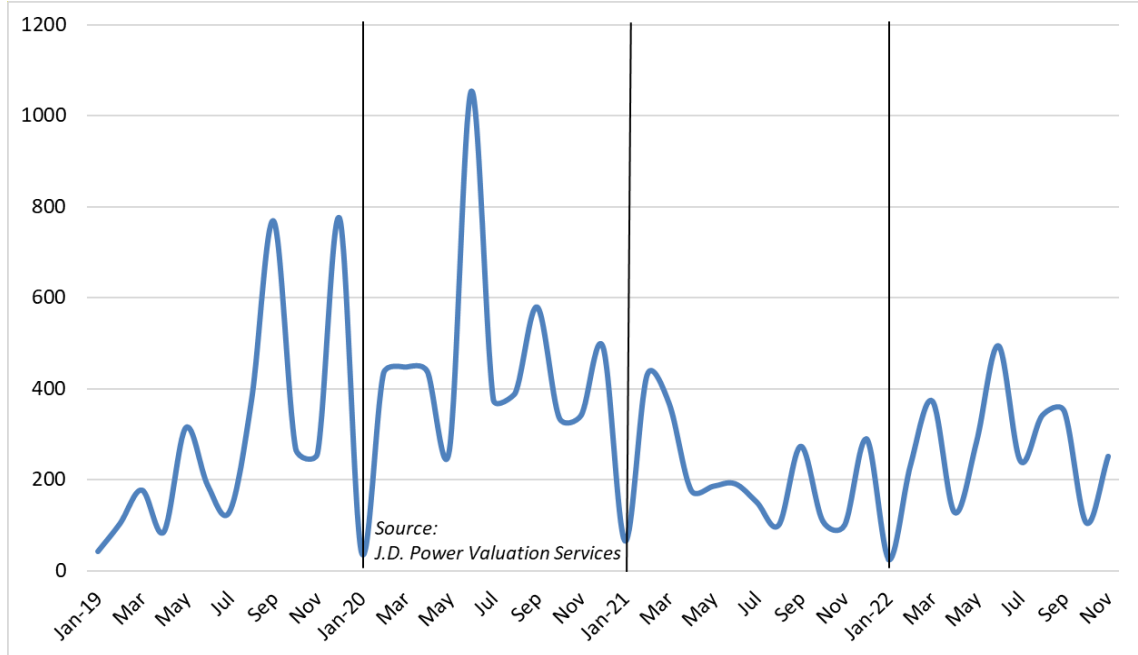
- Model year 2021: \$159,070 (no basis of comparison to October)
- Model year 2020: \$96,350; \$7,325 (8.2%) higher than October
- Model year 2019: \$77,676; \$3,229 (4.3%) higher than October
- Model year 2018: \$59,259; \$4,090 (6.5%) lower than October
- Model year 2017: \$40,126; \$1,542 (4.0%) higher than October

In November, three- to six-year-old trucks averaged 3.0% more money than October, and 27.0% less money than November 2021. Year over year, late-model trucks sold in the first 11 months of 2022 averaged 33.0% more money than the same period of 2021. Year to date, three- to six-year-old sleepers have depreciated 4.7% per month on average. Again, this monthly depreciation varies widely depending on mileage and specifications.

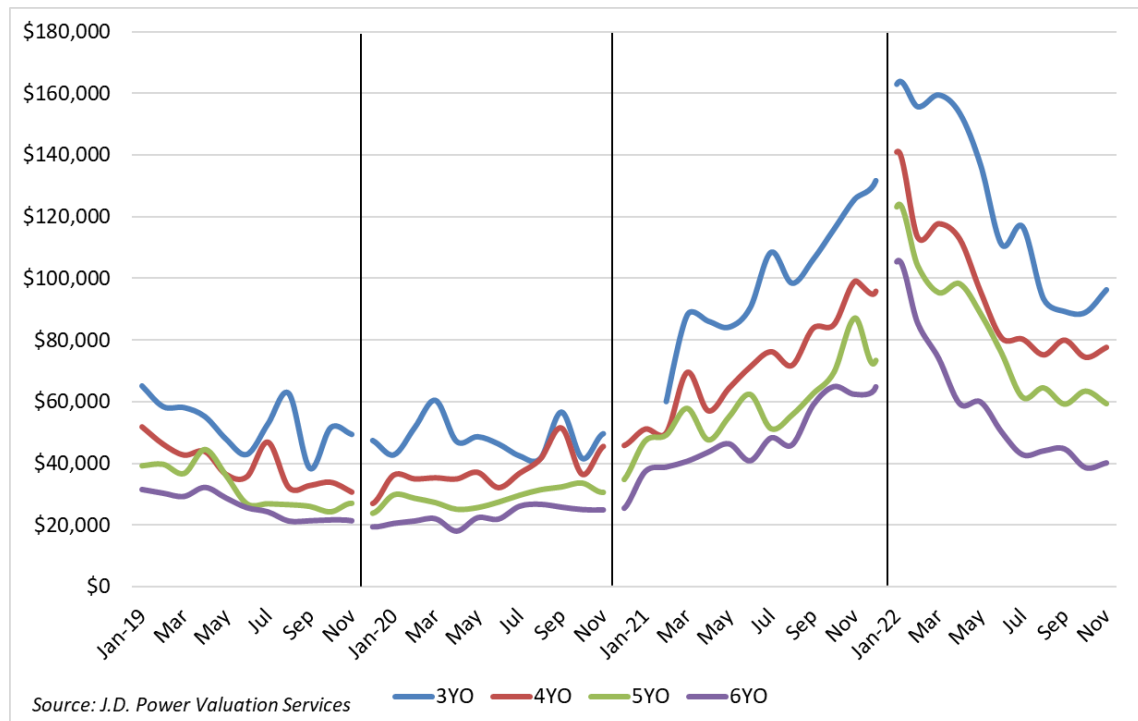
Since the market correction began in the first quarter, trucks with 400,000 miles or less have barely lost any value. In recent months, trucks with 400-600,000 miles have leveled out. The supply of new trucks is presently insufficient to cause a substantial influx of late-model trades. Selling prices remain 40-45% higher than the last pre-pandemic peak.

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



CLASS 8 RETAIL UPDATE

November's retail results were defined by low sales volume and pricing highly dependent on mileage and specs. Potential buyers are on the sidelines to an extent as they digest the triple whammy of higher interest rates, lower equity and a cooling freight market.

The average sleeper tractor retailed in November was 73 months old, had 469,492 miles and brought \$89,810. Compared with October, this average sleeper was three months older, had 5,143 (1.1%) more miles, and brought \$5,769 (6.0%) less money. Compared with November 2021, this average sleeper was one month newer, had 9,871 (2.1%) more miles, and brought \$100 (0.1%) less money. This month's universal average is the first since 2020 to show a negative year-over-year result.

Looking at two- to six-year-old trucks, November's average pricing was as follows:

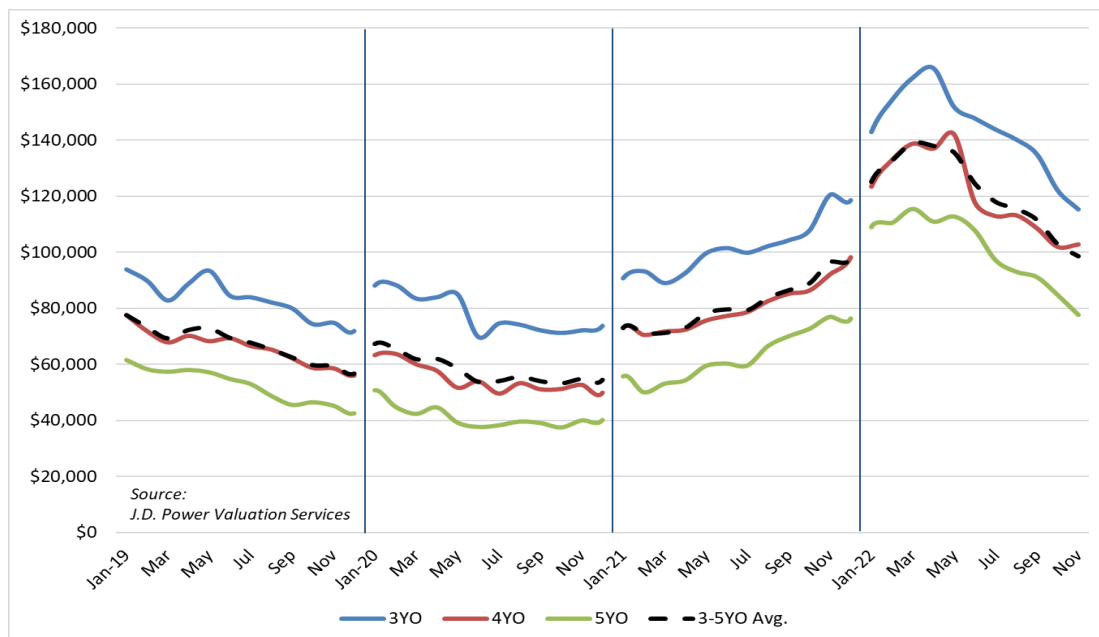
- Model year 2021: \$150,448; \$1,457 (1.0%) lower than October
- Model year 2020: \$115,317; \$6,771 (5.5%) lower than October
- Model year 2019: \$102,855; \$855 (0.7%) higher than October
- Model year 2018: \$77,694; \$7,110 (8.4%) lower than October
- Model year 2017: \$65,710; \$4,230 (6.0%) lower than October

Three- to five-year-old trucks brought an average of 4.2% less money month over month, but 2.1% more than November 2021. Trucks in this age group brought 52.1% more money in the first 11 months of 2022 compared with the same period of 2021.

Depreciation is averaging 2.8% per month in 2022, although that figure increases to 3.5% if only the most recent six months are included. Despite the ongoing correction, retail pricing for late-model trucks is still 30% higher than the last pre-pandemic peak.

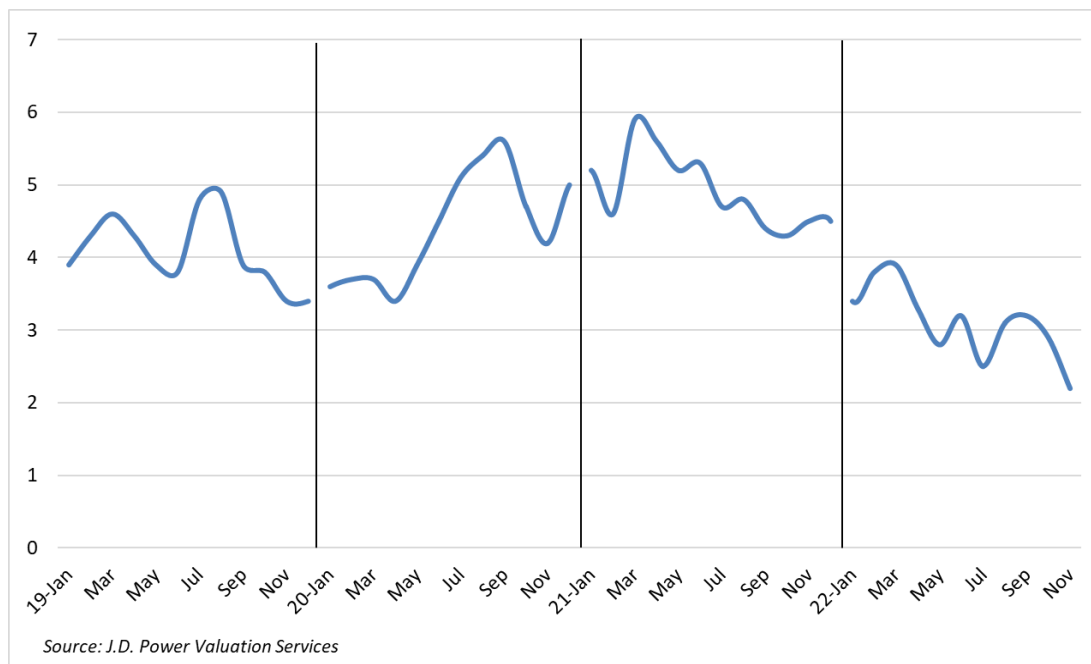
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Average Retail Selling Price: 3- to 5-Year-Old Sleeper Tractors, Adjusted for Mileage



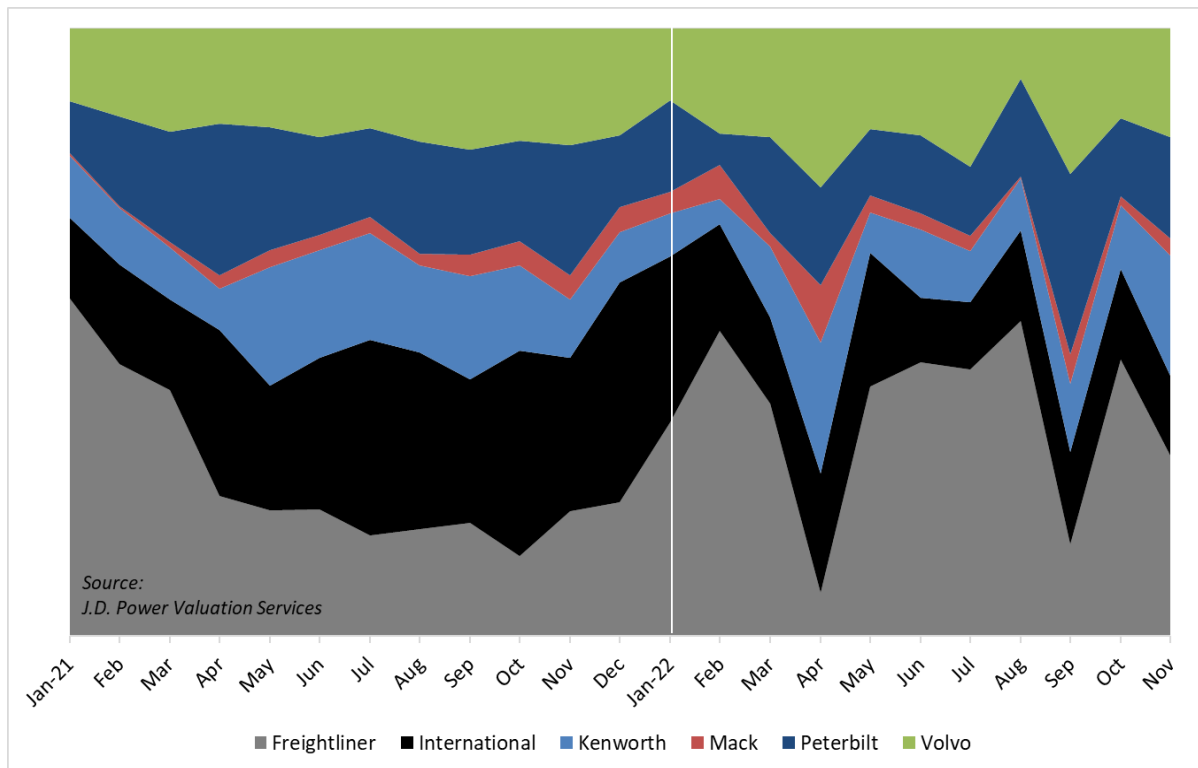
November’s retail sales per rooftop came in at a dismal 2.2 trucks, the lowest result we’ve ever recorded. Increasing interest rates, declining equity, and a cooling freight environment all conspired to create a sales vacuum. Volume may remain depressed in the short term as these market forces continue to correct back towards equilibrium.

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)

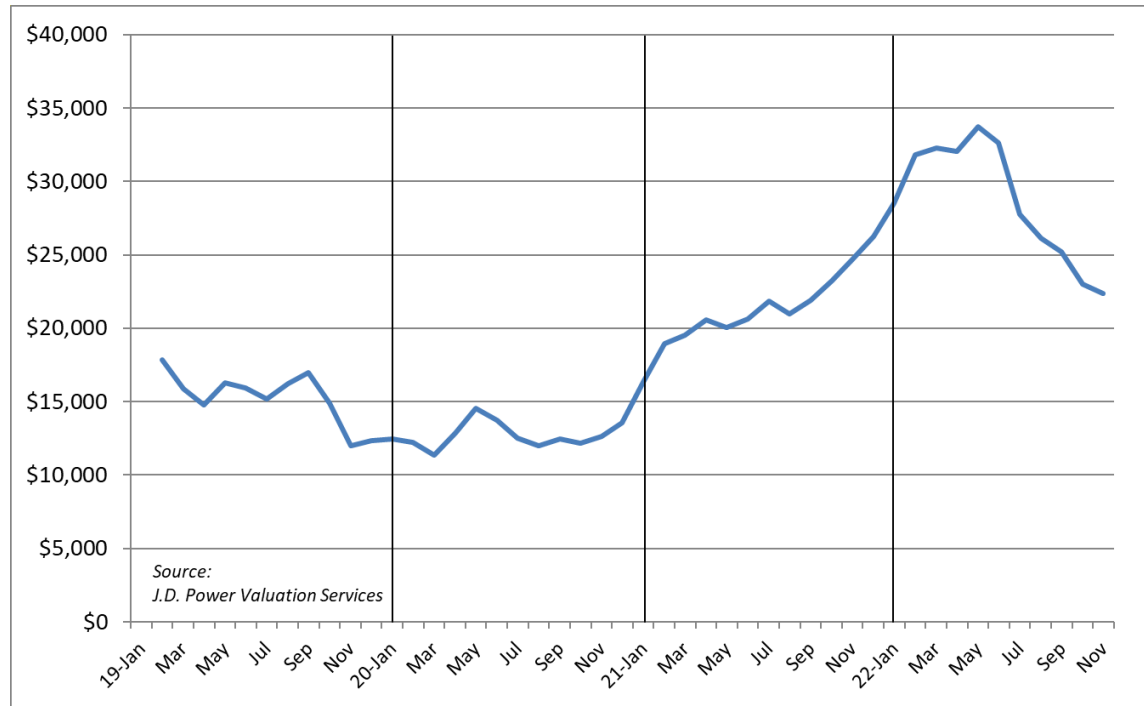


MEDIUM DUTY UPDATE

Sales volume was lower across the board in November. Cabover pricing was flat, while conventionals had a strong month.

Starting with Class 3-4 cabovers, the benchmark group averaged \$22,234 in November. This figure is \$298 (1.3%) lower than October, and \$4,122 (15.6%) lower than November 2021. The first 11 months of 2022 are running 33.1% ahead of the same period of 2021. Trucks in this segment have depreciated 3.2% per month on average. Year-over-comparisons have been negative since October, but pricing is still 30-35% above pre-pandemic levels. Pricing will continue to correct towards historic trend at a moderate rate.

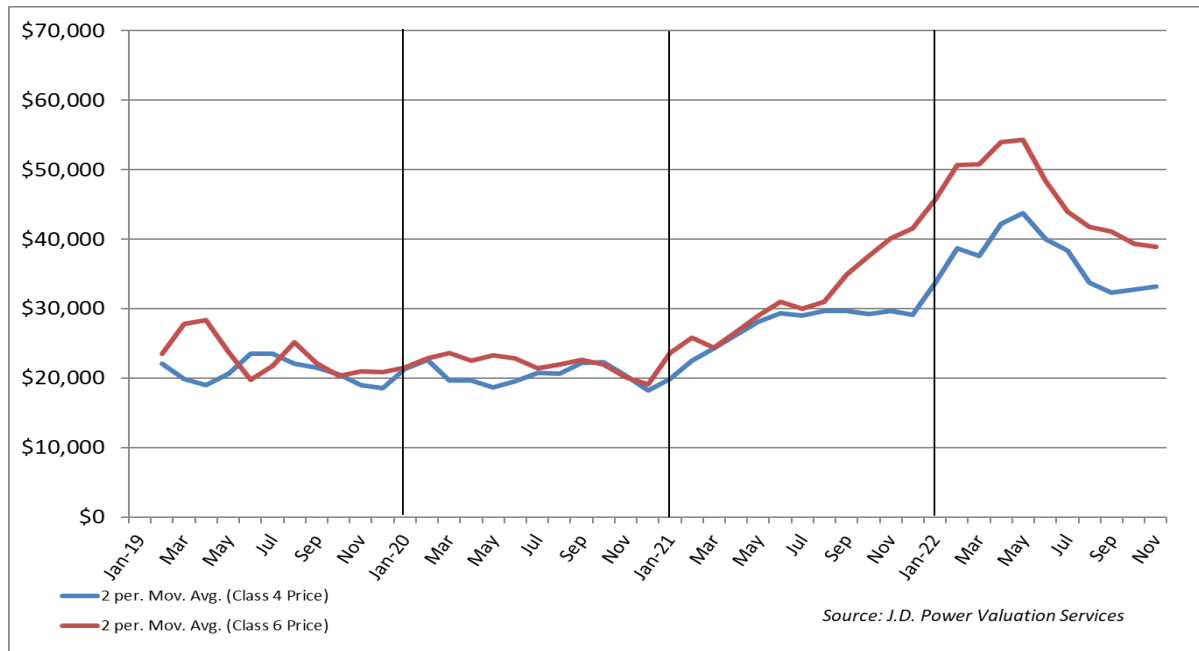
Average Wholesale Selling Price: 4- to 7-Year-Old Class 3-4 Cabovers, Adjusted for Mileage



Class 4 conventionals had an unexpectedly strong month. Average pricing for our benchmark group was \$34,356 in November, \$2,479 (7.8%) higher than October and \$4,598 (15.5%) higher than November 2021. The first 11 months of 2022 are running 34.8% ahead of the same period of 2021. Trucks have lost an average of 2.0% of value per month so far this year. Volume was down in November, but there were no apparent anomalies in specification or mileage mix of trucks reported sold. We consider this month's result to be natural market movement for the time being, but in the absence of any valid rationale for price increases, we expect a return to trend next month.

Class 6 conventionals averaged \$39,678 in November, \$1,538 (4.0%) higher than October but \$1,746 (4.2%) lower than November 2021. The first 11 months of 2022 are running 47.1% ahead of the same period of 2021. Trucks have lost an average of 2.5% of value per month so far this year. Class 6 continues to depreciate at a historically typical rate.

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



FORECAST

Following the once-in-a-lifetime pricing boom in 2021, the used-truck market in 2022 started coming back down to Earth as the freight environment cooled and the supply of new trucks increased incrementally. As we end the year, auction pricing for late-model trucks has stabilized, while retail pricing continues to correct.

Looking ahead, analysts predict the percentage of trucks actively engaged in moving freight to continue to decline in 2023, reaching a low point sometime in the third quarter. The main factors behind this trend are continued cooling in the freight environment combined with an increased number of available trucks and drivers. We're not overly bearish on macroeconomic conditions going forward, but we have been talking about a return to a more typical truck supply/demand relationship all year. The current floor in auction pricing should shift back to depreciation as the supply of new trucks results in more late-model trades.

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.