

FEBRUARY 2024 COMMERCIAL VEHICLE MARKET UPDATE

SUMMARY

Auction volume for January 2024 was unusually high, but pricing remained stable. Retail sales volume again was depressed, although, encouragingly, pricing changed little from December 2023.

CLASS 8 AUCTION UPDATE

Normally, January is a very slow month for auctions, with few sales on the calendar and buyers and sellers largely taking the month off. January 2024 was an exception. The month saw multiple events featuring units from a large fleet/leasing outfit and other sellers, resulting in volume for the month much higher than historically typical. Despite this high volume, selling prices for trucks with similar specs and mileage were not much different from December, supporting our observation from Q4 2023 that devaluation in the auction lanes has largely played out.

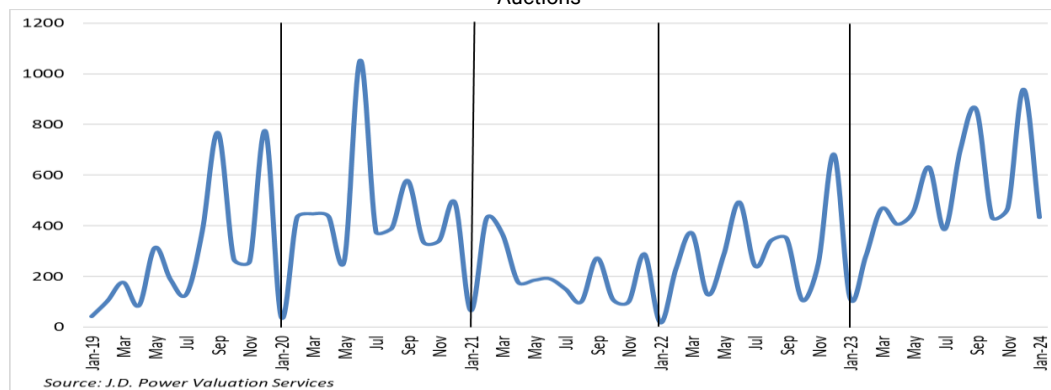
Looking at late-model sleeper tractors, average pricing for our benchmark truck in January was:

- Model year 2022: Insufficient data in January
- Model year 2021: \$59,175; \$3,635 (5.8%) lower than December
- Model year 2020: \$50,025; \$94 (0.2%) lower than December
- Model year 2019: \$29,020; \$3,010 (9.4%) lower than December
- Model year 2018: \$25,035; \$1,062 (4.4%) higher than December

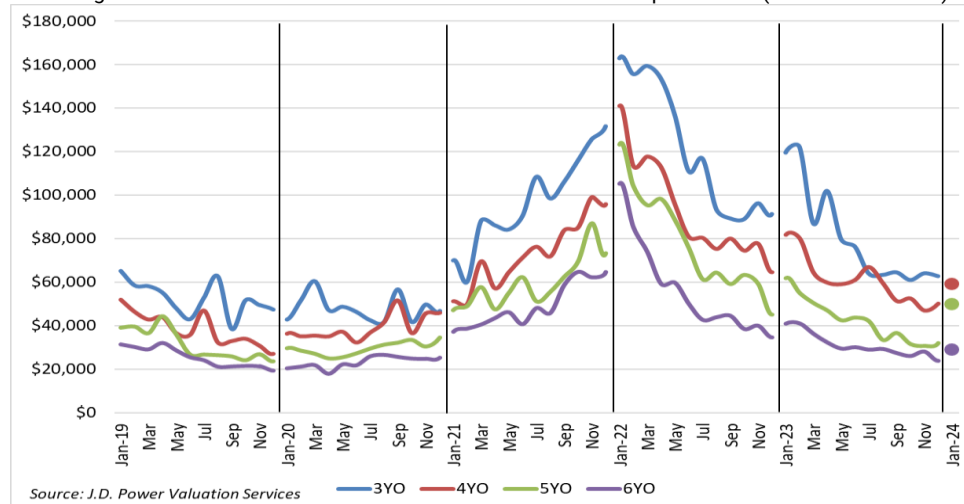
As has been the case since the post-pandemic correction began in early 2022, there is an extremely wide range in mileage and quality of trucks sold at auction. This varied mix has made macro analysis more challenging, requiring more reliance on qualitative analysis. Our subscription products provide more detailed insight on individual truck pricing.

With that in mind, the group above brought 3.4% less money than in December, and 26.4% less money than January 2023. 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 18% less if adjusted for inflation. Current pricing is about 31% higher than the last market nadir in late 2019, or about 10% 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 average sleeper tractor retailed was 71 months old, had 442,973 miles and brought \$62,302. Compared with December 2023, this average sleeper was one month newer, had 15,413 (3.6%) more miles and brought \$5,369 (9.5%) more money. Compared with January 2023, this average sleeper was two months newer, had 26,556 (5.7%) fewer miles and brought \$19,221 (23.6%) less money.

January's average pricing for late-model trucks was as follows:

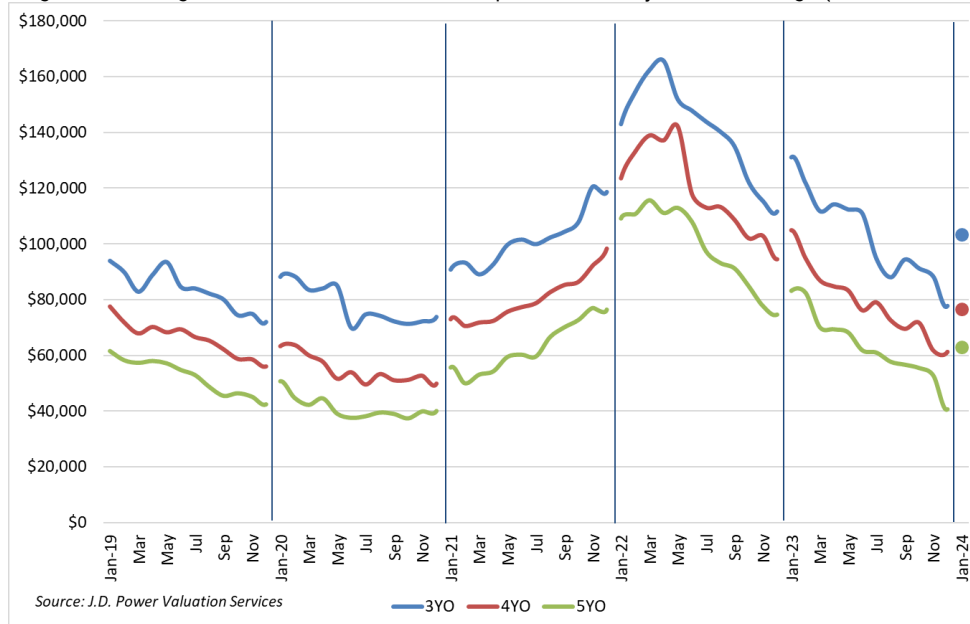
- Model year 2023: \$141,650; \$4,472 (3.1%) lower than December
- Model year 2022: \$103,207; \$776 (0.7%) lower than December
- Model year 2021: \$76,435; \$1,264 (1.6%) lower than December
- Model year 2020: \$62,894; \$1,596 (2.6%) higher than December
- Model year 2019: \$48,816; \$8,130 (20.0%) higher than December
- Model year 2018: \$41,168; \$6,093 (17.3%) higher than December

Late-model sleepers essentially lost no value from December 2023 to January 2024. That group brought 24.0% less money in January of 2024 compared to January of 2023. Late-model sleepers remain roughly 11% under the last strong pre-pandemic period of late 2018 in nominal dollars, or about 28% less when adjusted for inflation, which is comparable to the last weak pre-pandemic period of late 2019. As always, this is just a broad average. Our published values and consulting services provide more focused detail on individual makes and models.

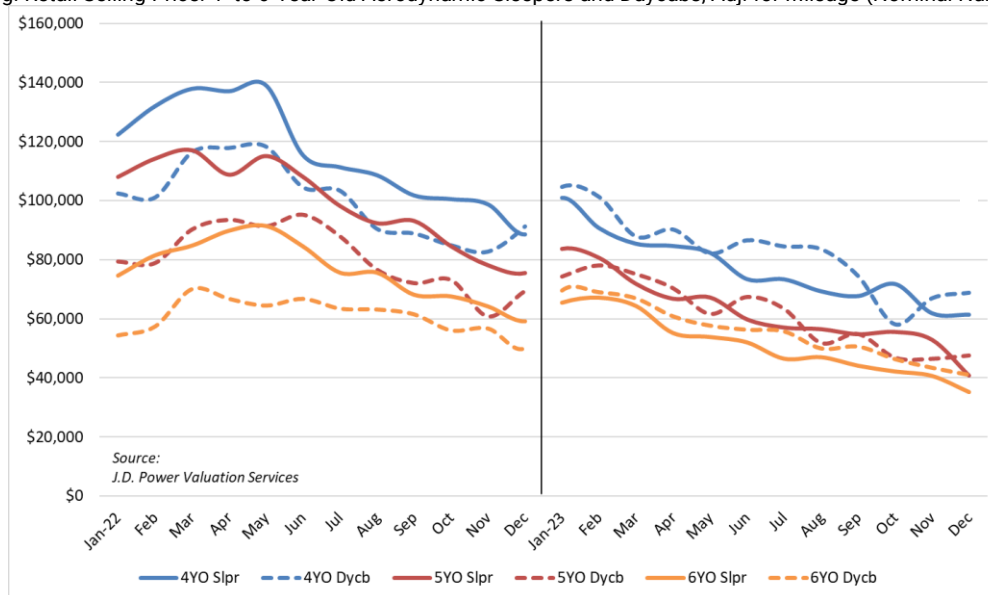
Daycabs continue to bring equal or better money than sleepers after only 3-4 years of age, although depreciation is more notable for this segment. From December 2023 to January 2024, aerodynamic daycabs lost 5.2% of their value on average. This figure is an average of all makes and models in the segment and does not necessarily reflect actual market movement of individual models. Late-model daycabs should continue to bring more money than their aerodynamic counterparts (all else being equal) for the foreseeable future.

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)



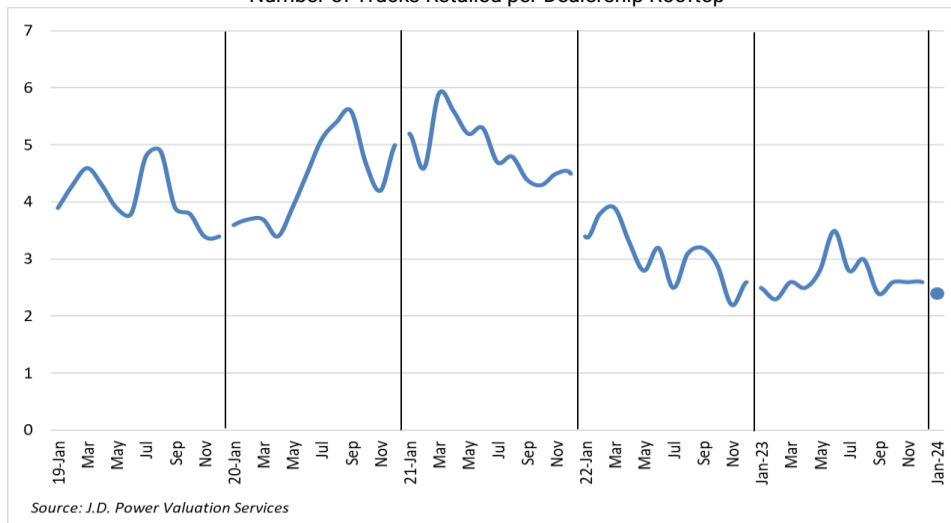
Avg. Retail Selling Price: 4- to 6-Year-Old Aerodynamic Sleepers and Daycabs, Adj. for Mileage (Nominal Numbers)



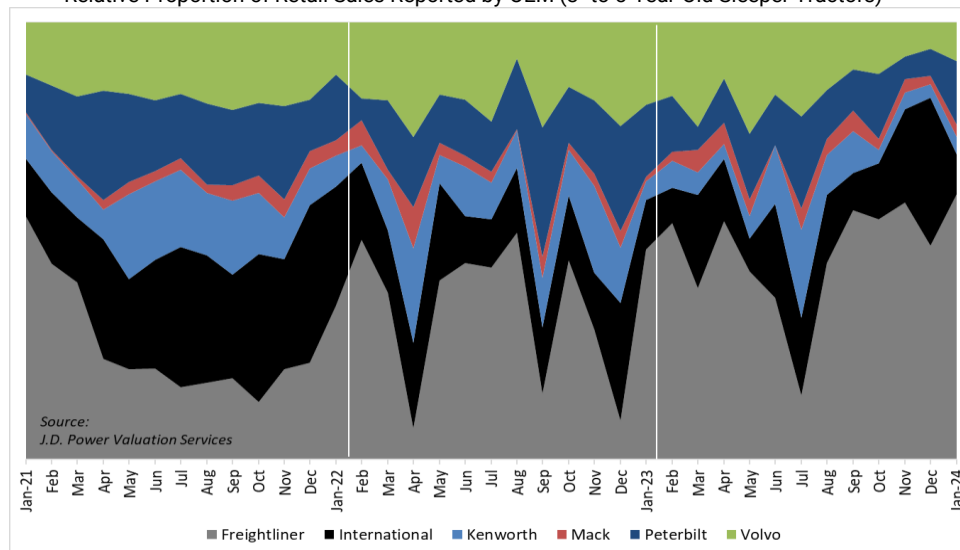
January is historically a weak month for retail sales, and January 2024 was no exception, averaging 2.4 trucks per rooftop. Equity, financing and supply will remain as headwinds in 2024. Finance rates could improve later this year, coinciding with a somewhat more favorable volume of incoming trades.

We did note an increase in wholesale activity in January, which could be dealers obtaining inventory for the upcoming year, increased confidence in finding customers for trucks, or end-of-year liquidations.

Number of Trucks Retailed per Dealership Rooftop



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



FORECAST

We've frequently noted that market movement in the auction channel generally leads the retail channel by roughly three months. Devaluation in the auction lanes relaxed substantially late in the third quarter of 2023, which means we've been waiting for retail depreciation to scale back. January's encouraging results suggest the market could be at that point. Trade equity, finance rates and a weak spot freight environment (at least compared with the pandemic bubble) are still substantial headwinds for retail buyers, but that channel may be finding its bottom.

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@jdpva.com, or visit our website at jdpowervalues.com.