

# GUIDELINES

## Commercial Truck Guide Industry Update

December 2016

- Class 8 auction volume up moderately  
Depreciation now averaging 3% per month
- Class 8 retail condition relatively stable  
Depreciation remains at about 2% per month
- Medium Duty performance mixed  
Lighter-GVW conventionals performing better than heavier

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## COMMERCIAL TRUCK MARKET TRENDS

### Lackluster Conditions Continue into November

This past month of November, wholesale depreciation continued to outpace depreciation in the retail sector. Auction volume was higher during the month, while retail volume remained similar to last year. Incoming November retail data points to moderately lower volume and pricing.

### Sleeper Tractors – Auction/Wholesale

Auction volume of our benchmark group of sleeper tractors was up moderately in November, following a lull in October. The increase was driven primarily by a high volume of one particular 6-year-old model. Outside of that group, volume was similar to October.

Specific auction performance of our benchmark model was as follows:

MY2013: \$37,500 average; \$4,474 (13.5%) higher than October

MY2012: \$24,428 average; \$2,591 (-9.6%) lower than October

MY2011: \$23,618 average; \$2,036 (-7.9%) lower than October

Depreciation has generally accelerated in the second half of 2016. Since January, trucks of model year 2013 have lost about 22% of their value, trucks of model year 2012 have lost about 37% of their value, and trucks of model year 2011 have lost about 31% of their value. These figures translate to an overall monthly loss of about 3%, which means the market has just about caught up to our earlier estimate of 3 – 5% per month. Three percent is still better than the nearly 5% average monthly loss in the heaviest

*Auction volume was higher during the month, while retail volume remained similar to last year.*

## [ COMMERCIAL TRUCK MARKET TRENDS *continued* ]

depreciation period of 2015, but trucks sold this time last year were bringing more than 30% more money than now.

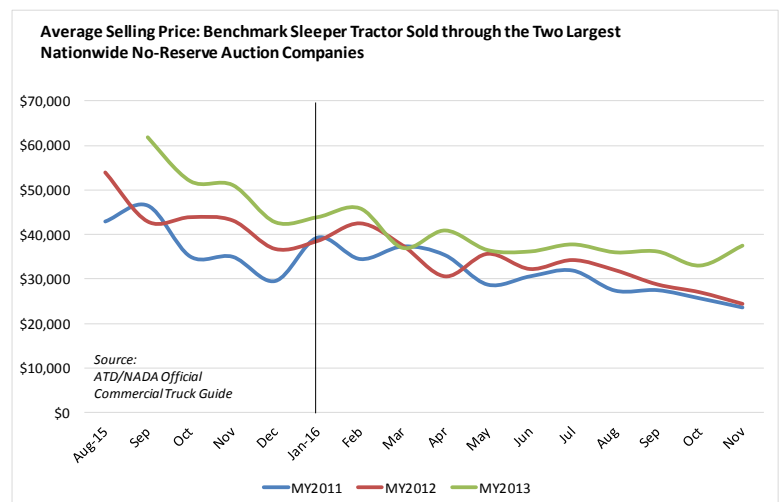
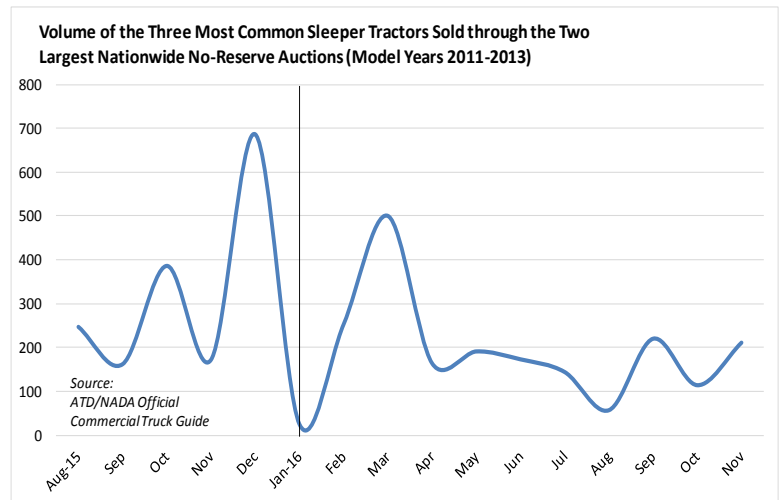
Based on the expected returning supply of 3- to 5-year-old trucks in the long term, expect auction volume to continue to trend upward, and pricing to trend downward.

See the “Volume of the Three Most Common Sleeper Tractors Sold...” and “Average Selling Price: Benchmark Sleeper Tractor...” graphs for detail.

The larger overall wholesale environment (auction, dealer-to-dealer, and dealer-to-wholesaler combined) is also trending negative. The average sleeper tractor sold wholesale in October was 80 months old, had 563,349 miles, and brought \$30,863. Compared to September, trucks sold in October were 3 months older, had 11,668 (-2%) fewer miles, and brought \$4,736 (-13.3%) less money. Compared to October 2015, the average sleeper sold this month was identical in age, had 29,882 (-5%) fewer miles, and brought \$5,561 (-15.3%) less money. October was an off month for volume, and depreciation was across-the-board.

Narrowing our focus to the more instructive 3- to 5-year-old group, pricing declined somewhat heavily from September. Average wholesale pricing for this cohort was \$36,080, or \$2,735 (-7%) lower than September. Average mileage for this group was 484,665, or 14,852 miles (-3%) lower than September. Compared to October 2015, trucks sold this month had 22,584 (4.9%) more miles, and brought \$9,705 (-21.2%) less money.

Average pricing by model year was as follows:



## COMMERCIAL TRUCK MARKET TRENDS *continued*

MY2014: \$50,747; \$1,671 (-3.2%) lower than September

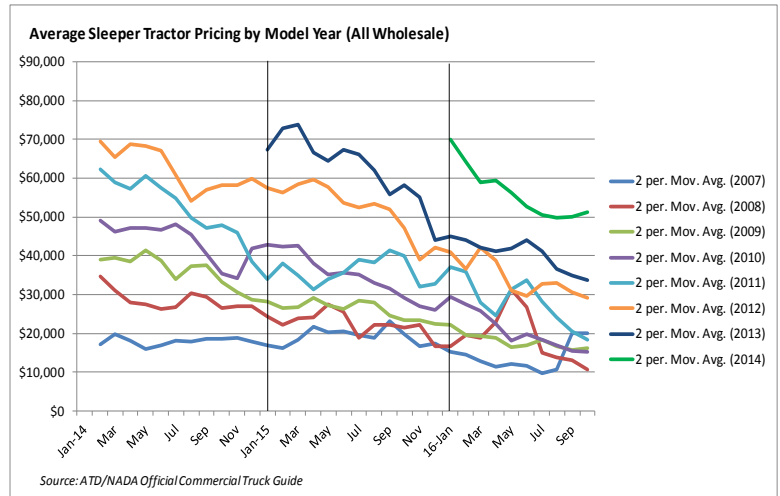
MY2013: \$30,402; \$3,077 (-9.2%) lower than September

MY2012: \$27,090; \$3,457 (-11.3%) lower than September

Since January, 3- to 5-year-old trucks have lost about \$12,500 (-25%) of their value, which translates to about -2.5% per month. The figure is slightly better than our early forecasts of 3 to 5% depreciation per month. In terms of individual model years, 2014's have lost about 22% of their value since January, 2013's have lost about 26%, and 2012's have lost about 25%.

Look for conditions to remain similar into early 2017.

See the "Average Sleeper Tractor Pricing by Model Year (All Wholesale)" graph for detail.

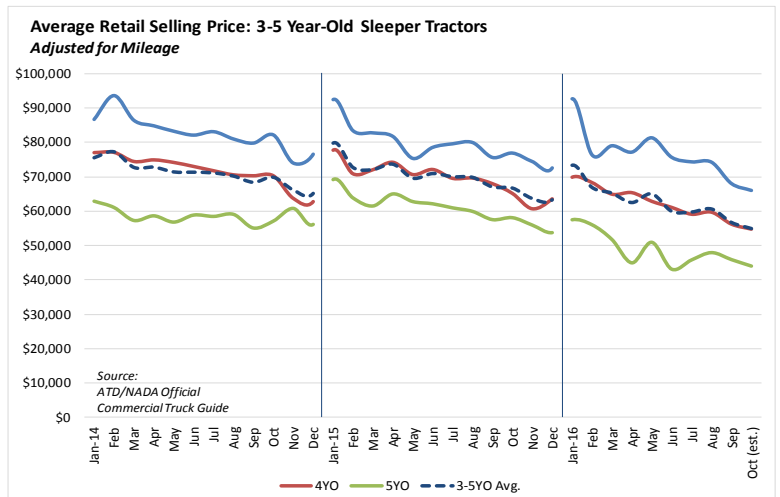


### Sleeper Tractors – Retail

Unlike the wholesale channel, retail pricing showed only a mild decline month-over-month.

The average sleeper tractor retailed in October was 72 months old, had 463,378 miles, and brought \$49,661. Compared to September, this average tractor was 2 months newer, had 10,979 (2.4%) more miles, and brought \$61 (-0.1%) less money.

Compared to October 2015, the average sleeper was 5 months older, had 23,471 (-4.8%) fewer miles, and brought \$10,192 (-17.0%) less money.



Narrowing our focus to 3- to 5-year-old sleeper tractors, average pricing for this cohort was \$55,541, or \$1,151 (-2%) lower than September. Average mileage was 429,288, or 15,292 (3.7%) miles higher than September. Compared to October 2015, average pricing was \$9,896 (-15.1%) lower, and average mileage was 14,805 (-3.3%) lower.

## COMMERCIAL TRUCK MARKET TRENDS *continued*

Since January, 3- to 5-year-old sleepers have lost about \$14,500 (-21%) of their retail value, which translates to just over -2% depreciation per month. In terms of individual model years, 3-year-old trucks have lost about 19% of their value since January, 4-year-old trucks have lost about 19%, and 5-year-old trucks have lost about 24%.

Retail depreciation still continues to outperform our original forecast of 3 – 4% per month. However, based on returning supply, there will be more downward pressure on pricing than upward over the long term.

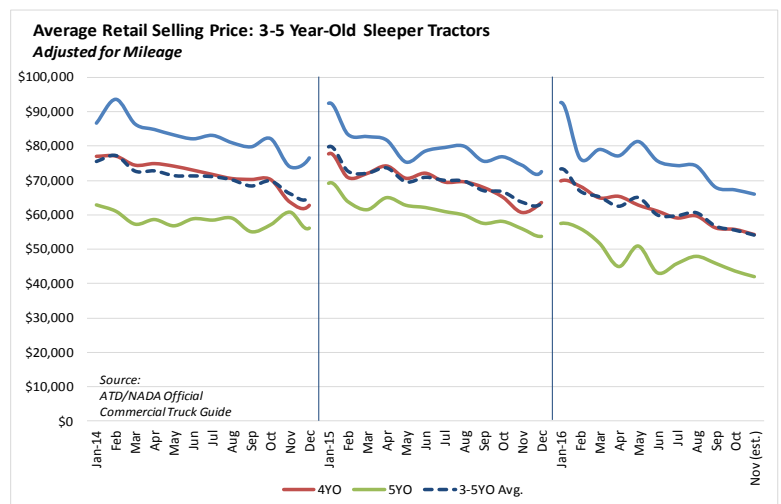
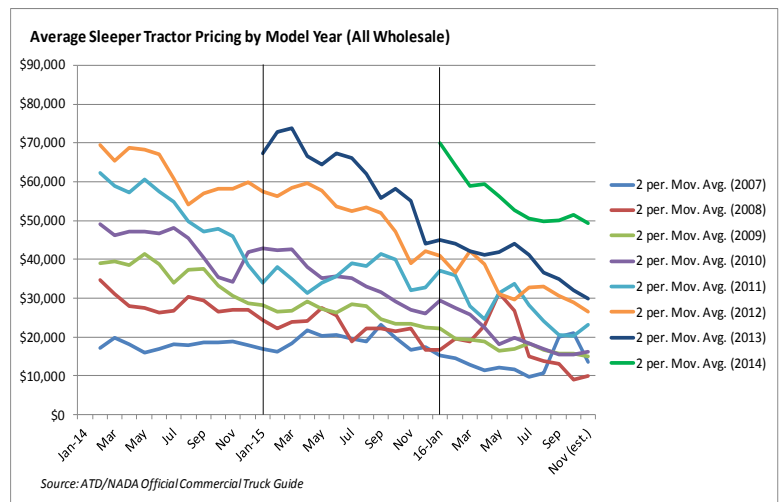
Looking at individual 3- to 5-year-old makes and models, fairly robust October data paints a relatively accurate picture of where each model sits competitively. Depreciation has moderated in the second half of the year with the Volvo 730/780, Kenworth T660/680, and Freightliner Cascadia performing at the top.

See the “Average Retail Selling Price: 3-5 Year-Old Sleeper Tractors” and “Average Selling Price of Selected 3 to 5-Year-Old Sleeper Tractors” graphs for detail.

Looking at October’s retail sales per rooftop, the average was 5 trucks sold per structure. The figure fits well within our definition of “moderately healthy sales” in the current environment. This result is 0.1 truck higher than September, and equal to October 2015. Year-to-date, 2016 is running a negligible 0.1 truck behind 2015. Incoming November data points to a moderate decline.

Retail volume has been more stable in 2016.

Upheaval in used truck supply and pricing in the second half of 2015 has led to adjusted expectations on the part of dealers and customers. The market in general has become



## COMMERCIAL TRUCK MARKET TRENDS *continued*

more comfortable with these new market conditions.

See “Number of Trucks Retailed per Dealership Rooftop” graph for detail.

### Medium Duty Trucks

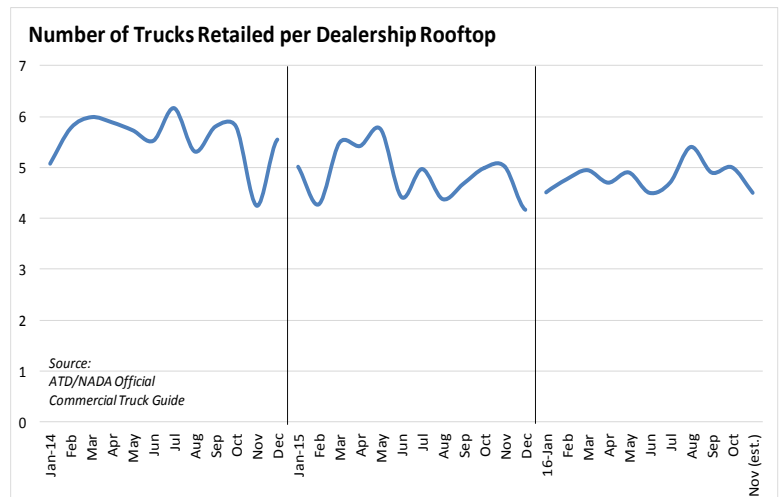
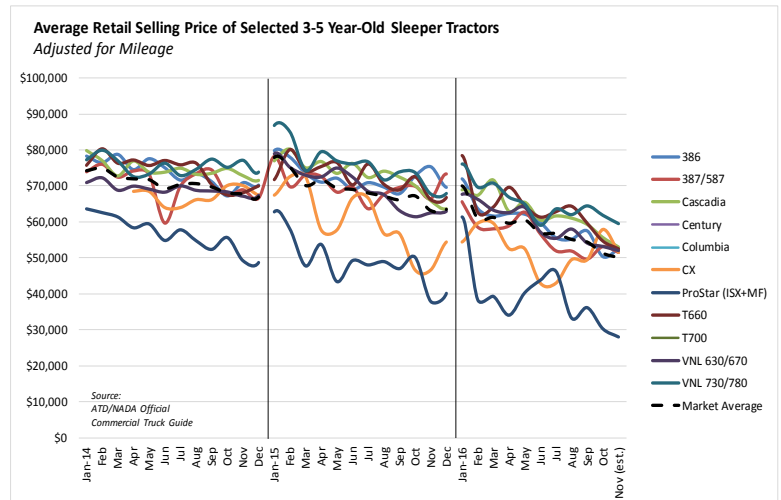
Starting with Class 3 – 4 cabovers, overall average pricing for 2016 to-date is almost identical to the same period of 2015, but the path to that average was quite different. Last year was more volatile, with lower volume. This year saw relatively heavy depreciation in the first half of the year, with stability in the second half.

Our benchmark group of 4- to 7-year-old Class 3 – 4 cabovers averaged \$13,386 in October, for a \$1,939 (-12.7%) drop from September. Year-over-year, October 2016 was \$3,428 (34.4%) higher than an unusually low October 2015. Year-to-date, 2016 is running \$347 (-2.2%) behind 2015.

Monthly depreciation for this group is averaging about 2.2%, which is mildly worse than historical norms, and about double last year’s average. Substantially higher volume of trucks sold this year is the main factor behind the negative pricing performance.

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

The lighter end of the medium duty conventional market performed better than the heavier end for the second month in a row. Our benchmark group of 4 – 7 year old Class 4 conventionals brought less money than in September, while Class 6 trucks increased — but not enough to overtake Class 4 trucks. Volume was substantially higher for both



## COMMERCIAL TRUCK MARKET TRENDS *continued*

GVW classes.

Specifically, Class 4 trucks averaged \$19,358 in October. This figure is \$3,983 (-17.1%) lower than September, and \$273 (-1.4%) lower than October 2015. Class 6 trucks averaged \$18,651 in October. This figure is \$1,621 (9.5%) higher than September, and \$2,064 (-10%) lower than October 2015.

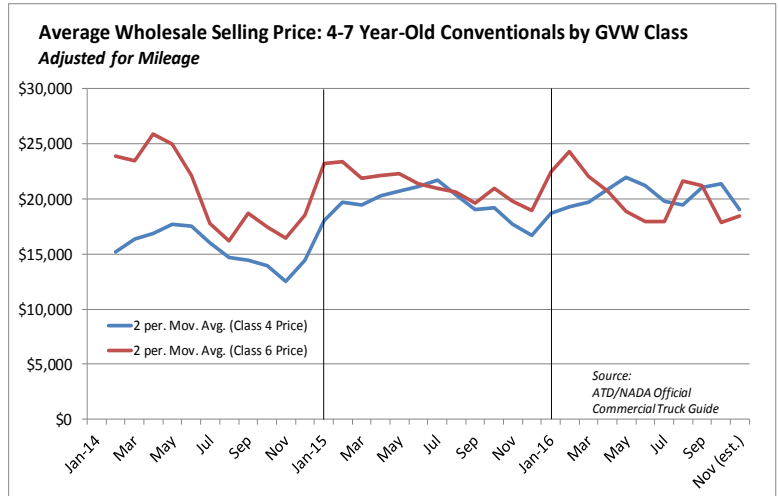
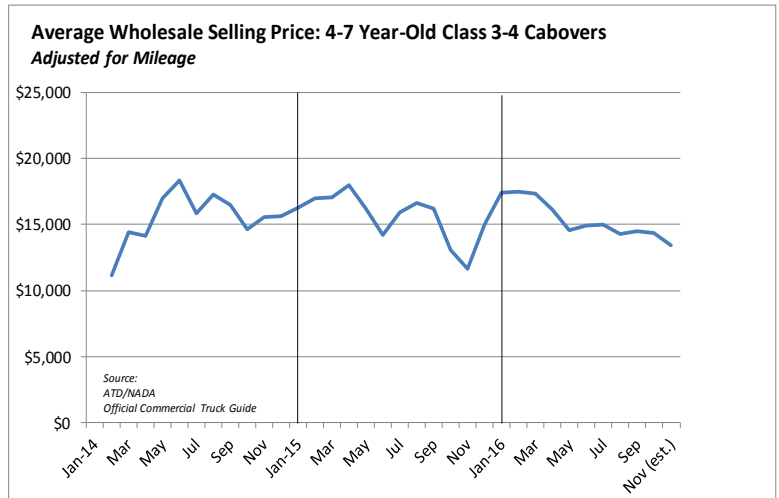
Average pricing for Class 4 trucks in 2016 to-date is almost identical to the same period of 2015. Depreciation accelerated in the second half of 2015, but has so far remained stable in the same period of 2016. Steady pricing on higher volume suggests a relatively healthy market.

In the case of our Class 6 group, trucks have followed a more traditional depreciation trend, losing about -2.2% per month in 2016. This figure is moderately higher than the -1.7% monthly depreciation in the first 10 months of 2015. Year-to-date pricing is running \$1,223 (-5.6%) behind 2015.

In October, our benchmark group of Class 6 conventionals averaged \$18,651. This figure is \$1,621 (9.5%) higher than September, and \$2,064 (-10%) lower than October 2015.

Volume of Class 6 trucks sold in 2016 is substantially higher than 2015, which largely explains the greater depreciation. Still, -2.2% monthly depreciation is modestly higher than historical norms. As for Class 4 trucks, that group continues to outperform expectations.

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



## [ **COMMERCIAL TRUCK MARKET TRENDS** *continued* ]

### Forecast

As expected, Class 8 retail and wholesale data shows a moderate depreciation trend. Based on the expected returning supply of used sleeper tractors, expect more of the same into the first quarter of 2017.



## [ ATD/NADA OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS ]

### Monthly Change in ATD/NADA Commercial Truck Guide Value

November 2016 v. December 2016

Used Car Guide Segment	2010MY	2011MY	2012MY	2013MY	2014MY*
Commercial Van	↓ -2.2%	↓ -2.6%	↓ -2.0%	↗ -1.3%	↗ -0.8%
Extended Hood	↓ -2.6%	↓ -4.1%	↓ -4.2%	↗ -1.6%	↗ -1.5%
Highway Aerodynamic	↓ -5.1%	↓ -5.0%	↓ -4.7%	↓ -4.6%	↓ -2.8%
Highway Traditional	↗ -1.3%	↓ -3.7%	↓ -2.2%	↗ -0.4%	↗ -0.9%
Local/Delivery Daycab	↓ -3.8%	↓ -5.2%	↓ -5.1%	↓ -6.6%	↗ -1.7%
Medium Duty Cabover	↓ -3.3%	↗ -1.7%	↗ -1.4%	↓ -3.2%	N/A
Medium Duty Conventional	↓ -2.5%	↓ -1.9%	↗ -0.9%	↗ -1.7%	↗ 0.8%
Vocational/Construction	↗ 0.0%	↗ 0.0%	↗ 0.0%	↗ -1.2%	↗ -0.4%

\*Value movement can be influenced by newly valued vehicles.

### Annual Change in ATD/NADA Commercial Truck Guide Value

December, 2015 v. 2016

Used Car Guide Segment	5YR	4YR	3YR	2YR	Segment Change
Commercial Van	-4.6%	1.6%	-8.5%	2.0%	-6.7%
Extended Hood	-10.8%	-11.1%	-2.1%	-8.2%	-16.8%
Highway Aerodynamic	-31.0%	-18.0%	-7.9%	-8.3%	-30.8%
Highway Traditional	-8.6%	-7.6%	-10.7%	-8.1%	-13.7%
Local/Delivery Daycab	-16.7%	-1.5%	0.5%	6.4%	-13.3%
Medium Duty Cabover	-7.9%	8.8%	-13.7%	NA	-4.9%
Medium Duty Conventional	-7.1%	1.6%	-5.8%	13.2%	-5.9%
Vocational/Construction	-7.7%	-20.4%	-10.1%	-5.6%	-21.7%

\*Calculations are based on vehicle age, i.e. values for 1-year-old vehicles in CY2016 are compared against values for 1-year-old vehicles in CY2015.

### YTD Change in ATD/NADA Commercial Truck Guide Value

January — December 2016

Used Car Guide Segment	2010MY	2011MY	2012MY	2013MY	2014MY*	Segment
Commercial Van	-10.8%	-10.1%	-11.2%	-11.5%	-2.6%	-8.1%
Extended Hood	-23.7%	-20.6%	-20.0%	-20.1%	-18.3%	-19.0%
Highway Aerodynamic	-34.9%	-37.2%	-37.3%	-35.1%	-28.4%	-34.8%
Highway Traditional	-23.1%	-21.5%	-20.3%	-21.0%	-19.2%	-18.8%
Local/Delivery Daycab	-27.9%	-24.8%	-24.7%	-24.7%	-13.9%	-21.3%
Medium Duty Cabover	-13.2%	-13.5%	-9.9%	-18.7%	N/A	-4.3%
Medium Duty Conventional	-15.6%	-14.1%	-16.1%	-18.0%	3.7%	-10.1%
Vocational/Construction	-15.2%	-20.5%	-15.8%	-11.6%	-17.7%	-13.4%

## AT NADA USED CAR GUIDE

### What's New

The new NADA Values Online introduces New Vehicle Values, a range of values that provide new vehicle pricing guidance based on actual market transactions and market influencers. It also includes inventory valuation, vehicle valuation trends and a custom reporting tool to help you see vehicle values from every angle.

With NADA Values Online, you have the data and insight you need to make better business decisions and see better outcomes.

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Stop by the J.D. Power booth #2526 to meet the NADA Used Car Guide team on the convention floor at the 100th Annual NADA Convention and Expo in New Orleans, January 26 - 29, 2017.

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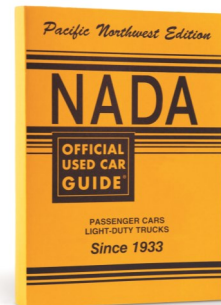
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## NADA USED CAR GUIDE CONSULTING SERVICES

NADA Used Car Guide's market intelligence team leverages a database of nearly 200 million transactions and more than 100 economic and market-related series to describe the factors driving current trends to help industry stakeholders make more informed decisions. Analyzing data at both wholesale and retail levels, the team continuously provides content that is both useful and usable to dealers, financial institutions, businesses and consumers.

Complemented by NADA Used Car Guide's analytics team, which maintains and advances its internal forecasting models and develops customized forecasting solutions for clients, the market intelligence team is responsible for publishing white papers, special reports and the Commercial Vehicle Blog. Throughout every piece of content, the team strives to go beyond what is happening in the industry to confidently answer why it is happening and how it will impact the market in the future.

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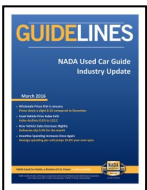
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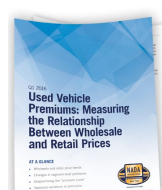
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### Guidelines

Updated monthly with a robust data set from various industry sources and NADA Used Car Guide's own proprietary analysis, *Guidelines* provides the insight needed to make decisions in today's market.



### White Papers

NADA Used Car Guide's white papers and special reports aim to inform industry stakeholders on current and expected used vehicle price movement to better maximize today's opportunities and manage tomorrow's risk.



### Perspective

Leveraging data from various industry sources and NADA Used Car Guide's analysts, *Perspective* takes a deep dive into a range of industry trends to determine why they are happening and what to expect in the future.



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Written and managed by Senior Analyst Chris Visser, the Commercial Vehicle Blog analyzes market data, lends insight into industry trends and highlights relevant events.

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