

2025 Used Truck Market Forecast – Background:

The used truck valuation correction that started in 3Q-'22 has finally come to an end in 2024. The largest factor impacting used truck metrics in 2024 was the production of fewer sleeper tractors this year. This reduction in sleeper production was driven by adverse conditions in the general freight market. Poor rates, rising costs and excess capacity forced for-hire carriers to defer new sleeper tractor purchases until 2025. As you would expect, with fewer new sleeper tractors being built the supply of sleeper trade-ins received in 2024 declined proportionately. While trucking industry metrics are forecasted to improve in the coming year, the carrier strategy of deferring new truck purchases is projected to reduce US Class 8 retail sales in 2025 to about 200,000 units. This level of production suggests that the supply of both used sleeper tractors and used day cab tractors will be reduced in 2025. Good news!

The WA assessment of the factors that will impact the 2025 used truck market are in the dashboard below. Green suggests the category will be positive and support higher YOY prices. Yellow indicates neutral – the category will support pricing at 2024 levels. Red indicates trouble for used truck pricing in 2025. I will develop each of these areas in more detail in this forecast.

Used Truck Market Forecast: 2025			
2024 Used Truck Market Metrics	2025 Demand Assessment	2024 Used Truck Supply	Current Inventory

Executive Summary:

- Used truck demand in 2025 is expected to be consistent with historical demand for each product sector.
- Total US Class 8 retail sales are forecasted to be about 200,000 units in 2025. This is about 15% lower than 2024 production. Supply from other used truck sources moderated in 2024 and is expected to stabilize at these lower levels in 2025. The supply of used linehaul tractors in 2025 is projected to be 187,000 units. This supply is about 12,000 units greater than historical demand for these products.
- The supply of used MRD trucks is forecasted to be about equal to demand in 2025. Used MRD and LFE prices will continue to decline in an orderly fashion in 2025. Year-end used MRD prices over the 2022-2025 period will have returned to their pre-pandemic levels.
- Demand for used HH / Vocational products is still being supported by the 2021 Infrastructure & Jobs Act, and a solid construction market.
- Adequate lending liquidity to support 2025 used truck sales will remain in place in 2025.
- Used truck inventory levels in the sleeper sector peaked in 2Q-'24, and then declined to “safe” levels. Used day cab tractor and used MRD inventory levels rose consistently in 2024. Nevertheless, the WA Inventory Index values for all sectors indicate that inventory is at manageable levels going into 2025.
- Pricing volatility in the North American used truck market will be much lower in 2025. Forecasted used truck supply is close to historical used truck demand and used truck inventory is at acceptable levels. Therefore, WA predicts that 2025 pricing in all sectors will be approximately equal to price levels realized in 2024. (More specific pricing expectations for each sector are developed on pages 5-6.)



1) **2024 Used Truck Market Challenges:**

The used truck valuation correction that started in 2022 has come to an end in 2024. Overall pricing in all product sectors has declined by about 30% in 2024. Year-end pricing in all sectors is at or near pre-pandemic levels. Day cab tractor auction sale prices have declined to historically low levels. Used MRD prices declined in 2024 to values that are approaching pre-pandemic levels. Finally, 2024 sleeper tractor pricing declined in an orderly fashion in 1Q/2Q-'24 until reduced used sleeper tractor supply flattened out values in 3Q/4Q-'24. 2024 was a transitional year. Here is a summary of where the 2024 used truck market stands as we move into 2025:

- The reduced production of new sleeper tractors in 2024 constricted the supply of used sleeper trade-ins. Therefore, the supply of used sleeper tractors in 2024 was about 15,000 units lower than expected! Additionally, the supply of used trucks from secondary sources was also about 3,000 units below expectations for 2024. This reduced supply had a very beneficial effect on used sleeper pricing in the second half of 2024. The supply of used day cab tractors and used MRD offerings remained high throughout 2024, and prices declined accordingly in both sectors.
- Sales volume of day cab tractors and MRD units in the auction market remained very high in 2024. Unit sales were at record levels for several months (both the day cab and MRD units) in 2024. This high auction sales volume was driven by bankruptcies and leasing company asset management actions. High auction unit sales contributed to downward price pressure throughout 2024.
- Retail asking prices for used day cab and MRD units declined consistently throughout 2024. As previously mentioned, asking prices for used sleeper tractors stabilized in 3Q/4Q-'24.
- Inventory levels for used day cab tractors and MRD units increased consistently throughout 2024. Sleeper inventory levels declined nicely in 3Q/4Q-'24. Inventory in all sectors is at manageable levels as we head into 2025.
- FMCA authority revocations (and related carrier repossessions) declined in 2024. This resulted in an improvement in lender portfolio metrics during the year. This has historically indicated that adequate lending support will be in place to finance 2025 used truck purchases.

The 2024 used truck market has provided a smooth transition into 2025. The supply of new Class 8 products declined in 2024. Sleeper inventory is down. Repossessions are down. And 2024 retail prices have flattened out. All of these are signs that the 2022-2024 valuation correction has run its' course! The 2024 used truck market has set the table for less volatility and more stability in 2025.

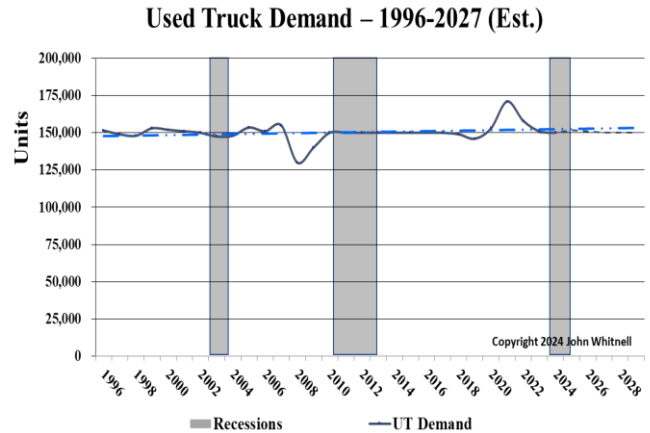
2) **2025 Expected Used Truck Demand:**

Evaluating used truck demand was talked about frequently in the trade publications once again this year. Historically freight rates, fleet utilization, diesel fuel prices and freight tonnage fluctuations do not impact the demand for used Class 8 tractors. Period! The only accurate way to measure used truck demand (and sales) is by tediously evaluating name changes on vehicle titles. Attempting to interpolate used truck demand from monthly sales data is a flawed methodology that is not reliable. The fact is, used Class 8 linehaul tractor demand (of about 150,000 annual units) is remarkably stable. And it has been for over 30 years. The table below summarizes retail demand for used linehaul tractors for the last five years. Except for 2021, demand for used linehaul tractors continues to move in a very narrow range around 150,000 annual unit sales. It will continue to do so in 2025.



Year	2020	2021	2022	2023	2024 Annualized	2025 Forecast
Used Class 8 Linehaul Unit Sales (Rounded)	153,000	171,000	158,000	152,000	150,000	150,000

As we look at 2025 there are questions about the new administration that will be inaugurated in January and the impact that their policies will have on our economy. The U.S economy is extremely resilient and will be fine in 2025! The chart to the right overlays used truck demand versus periods of recession (using GDP contraction to define a recession). This chart highlights that used truck demand is remarkably stable and resilient to economic dislocation. You can rely on used linehaul tractor demand in 2025 being about 150,000 units.



The current economic circumstances are solid. We are transitioning into 2025 with a firm economic foundation underneath us. The current estimates for 2024 GDP growth are adequate to sustain used linehaul tractor demand at 150,000 units. I would say the same thing on industry metrics. Industry metrics were not good in 2024. But 2024 demand for used linehaul tractors was consistent with historical unit sales volumes. And industry metrics will support the demand for used linehaul tractors again in 2025.

3) 2025 Used Truck Supply Considerations:

The WA 2025 used linehaul tractors forecast for 2025 is 187,000 units. This forecast is highlighted in the chart below. Various assumptions about used truck supply from defined sources are aggregated to develop this monthly supply forecast for used trucks in 2025. Highlights of this year’s supply forecast are:

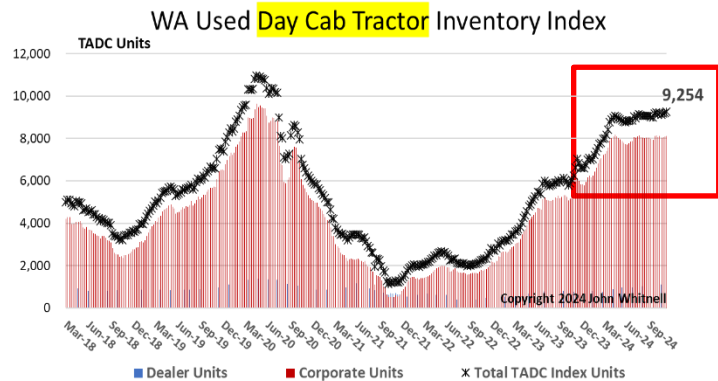
- YOY US Class 8 retail sales are projected to decrease 30,000 units in 2025. But the trade-in conversion rate will increase partially offsetting any relief from lower new truck retail sales.
- Repossession volume decreased in 2024 and is projected to level out in 2025.
- Trade-on-trade activity in 2025 will be consistent with 2024.
- Carrier M&A (and related fleet rationalization actions) will remain subdued in 2025.
- Export sales will remain at nominal levels once again in 2025 (about 1,000 units).
- Rental fleet down-sizing actions will be modest in 2025.

	Monthly US Class 8 Retail Sales	Monthly Used Truck Trade-Ins	Projected Monthly Used Truck Supply
Jan-25	13,912	13,842	15,942
Feb-25	13,841	10,407	12,507
Mar-25	16,959	11,550	13,650
Apr-25	15,964	12,346	14,946
May-25	16,112	12,028	14,628
Jun-25	16,845	12,359	14,959
Jul-25	16,372	12,456	15,756
Aug-25	17,698	12,776	16,126
Sep-25	18,087	13,420	17,070
Oct-25	17,546	13,362	17,162
Nov-25	16,432	12,742	16,592
Dec-25	20,232	13,749	17,699
2025 WA U.S. Used Truck Supply Forecast	200,000	151,038	187,038

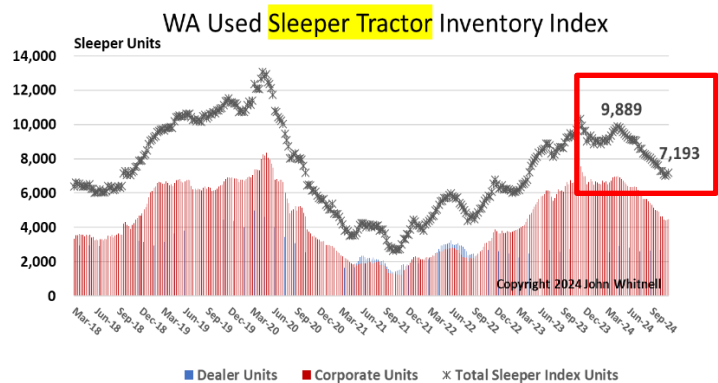
The 2025 used truck supply forecast of about 187,000 units is aligned with historical demand (of 175,000 units). **The downward pressure on used truck values experienced from 2022-2024 will diminish in 2025!**

4) 2025 Used Truck Inventory Forecast:

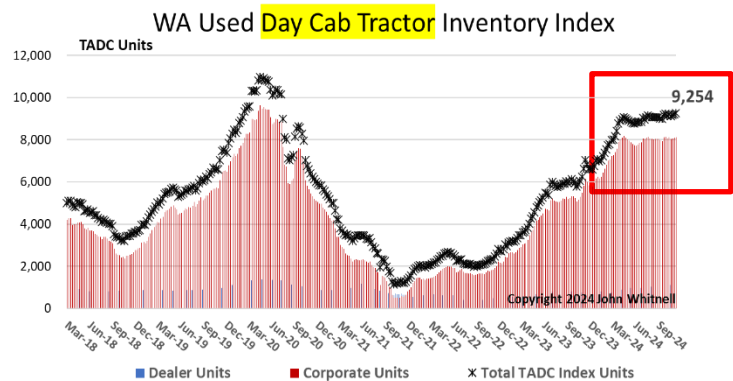
The WA Day Cab Used Truck Inventory Index levels rose consistently in the first half of 2024 before it leveled off in the second half of the year. (This can be seen in the red box in the chart to the right.) Increased day cab tractor inventory levels in the first half of 2024 were the result of strong new day cab tractor sales. Strong production volumes in the second half of 2024 were offset by record auction unit sales resulting in stable inventory levels. The used day cab tractor index value is projected to increase to about 10,000 units by the end of 2025. This modest increase in inventory is consistent with stable YOY day cab tractor prices projected for 2025.



Lower production of new sleeper tractors in the second half of 2024 reduced the supply of used sleeper tractors this year. This reduced supply drew down used sleeper tractor inventory. As can be seen in the chart to the right the WA sleeper index value declined from about 10,000 units to about 7,000 units in 3Q/4Q'24. This dramatic reduction in inventory is why retail asking prices for sleeper tractors flattened out in 2024. Used sleeper inventory will continue to decline in 1Q-'25 before it levels out at 6,000 units in 2Q-'25. The 2025 end of year sleeper index value is projected to be 8,000 units. These are all safe inventory index levels.



The WA Used MRD Inventory Index increased throughout 2024. The increase was concentrated in fleet inventory. (Dealer MRD inventory remains unchanged in 2024.) The increase in the MRD index was offset by record unit sales at various auctions in 2024. Major leasing companies were largely responsible for record auction unit sales this year. My expectation is that the used MRD index will be about 10,000 units by the end of 2025. The volume of used MRD inventory available for sale will not create incremental MRD pricing tension in 2025.

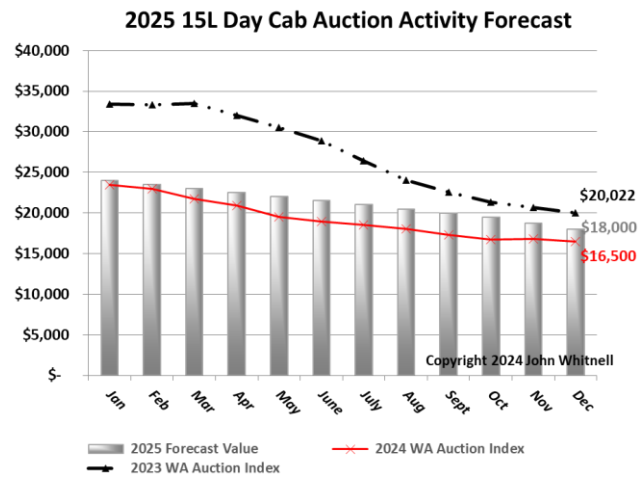


5) 2024 Used Truck Market Pricing Assessment – Summary:

What impact will lower used truck supply and stable inventory levels have on prices in each product sector in 2025? This section translates the 2025 forecast themes discussed above into dollars to provide you with some directional valuation insights for each used truck product sector in 2025.

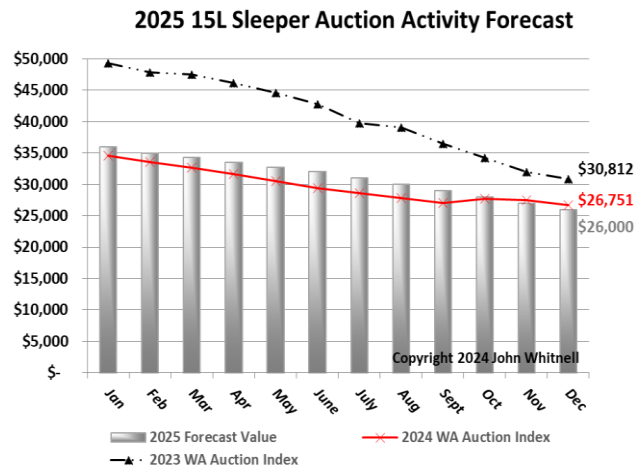
Day Cab Tractors:

- The gray bars in the chart to the right define the WA predicted price trend for day cab tractors sold in the 2025 auction market. 2023 and 2024 auction prices are shown for context.
- The track vehicle is a 7 MY / 15L engine / AMT / 6x4 / AS 5th tractor with 70K annual miles.
- Pricing in 2025 will be closely aligned with 2024 values throughout the entire year.
- Year-end pricing will be consistent with prior years where supply and inventory conditions were like the WA 2025 forecast. (Those years are 2016, 2017 and 2019.)



Sleeper Tractors:

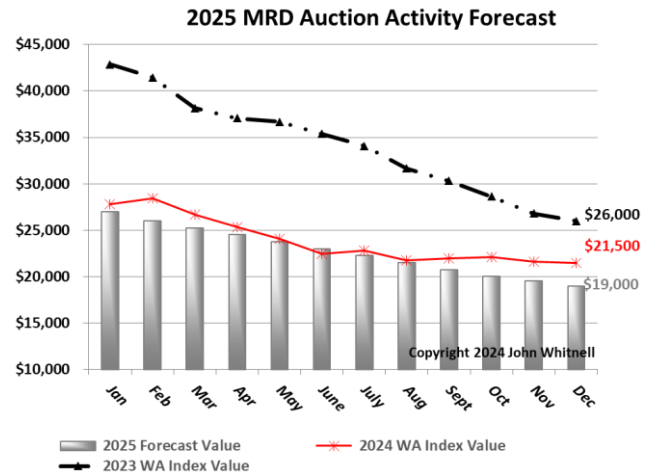
- The gray bars in the chart to the right define the WA predicted price trend for sleeper tractors sold in the 2025 auction market. 2023 and 2024 auction prices are shown for context.
- The track vehicle is a 5 MY / 15L engine / AMT / 6x4 / big bunk tractor with 90K annual miles.
- Pricing in 2025 will be closely aligned with 2024 values throughout the entire year.
- Year-end pricing will be consistent with prior years where supply and inventory conditions were like the WA 2025 forecast. (Those years are 2016, 2017 and 2019.)



Used truck values in 2025 for day cab and sleeper tractors will be more stable than the last four years. The forecasted supply of used linehaul tractors in 2025 is expected to be roughly aligned with historical demand for the products. (That is the most favorable supply forecast since 2021!) Additionally, sleeper tractor inventory levels are declining as we move into 2025. This will alleviate downward price pressure on used sleeper tractors at least until 3Q-'25. The day cab tractor metrics are not as favorable. Lower supply will help keep 2025 prices from going much lower. But relatively high inventory is a concern. And the potential for major leasing companies to take aggressive pricing actions to lower their available inventory remains a risk. Continue to aggressively manage your day cab tractor inventory in 2025!

Class 6-7 Straight Trucks:

- The gray bars in the chart to the right define the WA predicted price trend for day cab tractors sold in the 2025 auction market. 2023 and 2024 auction prices are shown for context.
- The track vehicle is a 5 MY / 16-diesel / Auto / 4x2 / 24'+ Van body with 30K annual miles.
- Auction pricing in 2025 will be slightly lower than we observed in 2024.
- By the end of 2025 we will see used MRD auction prices return to pre-pandemic levels.
- The supply of used MRD units in 2025 will be roughly aligned with expected demand.



However, leasing companies continue to have high levels of used MRD inventory. These companies will continue to take aggressive actions to sell their used MRD in 2025. So, be vigilant!

6) Conclusion:

Used truck supply and relative used truck inventory levels dictate the state of the North American used truck market. Used truck business conditions for 2025 look favorable. Clearly, the 2022-2024 used truck valuation correction is over. WA believes that in 2025 used truck supply will be lower. The table is set in 2025 for less volatility and more stability than the North American used truck market has experienced in the last four years. But the 2025 used truck market will still have challenges. Here is the short version:

- The North American used truck market has resolved many of the 2024 headwinds moving in 2025.
- OEM order backlogs came down in 2024 as order receipts softened. So, the 2025 US Class 8 retail sales forecast and the 2025 used truck supply projection have come down substantially.
- Demand in 2024 will be consistent with what we experienced historically in all sectors. (150,000 Class 8 linehaul tractors. 25,000 Class 8 vocational trucks. 90,000 used Class 5-7 trucks.)
- Inventory levels are manageable and will not create additional downward price pressure in 2025.
- Moderate used truck supply coupled with manageable inventory levels will combine to support price levels in all product sectors that are approximately equal to prices realized in 2024. My expectation is that pricing in all sectors will return to pre-pandemic levels in 2025.

WA is forecasting a “status quo” year for the 2025 North American used linehaul tractor market. Used truck supply will moderate in 2025. Inventory levels will be at manageable levels throughout the coming year. And adequate liquidity is in place to support the sale of used trucks. As always, you can help yourself by actively managing your used inventory. Maintaining a tight grip on your trade-in valuation process is critical. And finally keep a sharp eye on the basics of running a successful used truck business. (Drive your sales team. Manage your assets. Make intelligent investment decisions. Be alert for bargains. And make sure you have a sharp eye on competitive pricing initiatives in your market.) Best wishes for continued success in 2025!