

the WHITE METAL MARKET TM report

News, Views and Expertise on the State of today's Medium Duty Vehicle Wholesale Market

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A LOOK BACK: WHOLESALE USED VEHICLE MARKET FINDS “FAMILIAR” PATTERNS IN 2024

In the months and years following the pandemic, there was a question atop people's minds that seemingly everyone in fleet was asking:

“When will the industry find its new normal?”

Now, nearly 5 years after the dawn of Covid, I can't honestly say that fleet ever really found a “new normal.” And, in many ways, I'm not sure that given the myriad challenges our industry has faced – new technology integration, an attempt at EV adoption, the drive for carbon neutrality, a changing labor market – that finding a long lasting “new normal” was really all that achievable.

That said, when it comes to wholesale white metal, I think 2024 is the year the market experienced an extended period of what I like to call “predictable patterns,” and frankly, that maybe the best we can hope for in the post pandemic age. Or - at least the foreseeable future.

Not necessarily a bad thing, and if you asked the average fleet manager how he's feeling about the state of asset remarketing, most would likely say what we're seeing in today's market is to be expected. Especially given that most fleets have been holding on to aging vehicles longer than at any point in the history of our industry.

Surely a lot going on, so before 2024 gets too far in the rear view mirror, let's take a look at the key themes, trends and high/low points that defined the year.

A TYPICAL START BEFORE A GRADUAL SLIDE SOUTH

For the most part, 2024 started out much the way 2023 ended for the used white metal market, and for the first four months of the year, valuations were strong, and inventory loosened as more vehicles came into the market.

In retrospect, the market began a gradual and controlled move down in mid-March and by late April, vehicle valuations fell into what turned out to be a “familiar”, dare I say, “normal” patterns through the end of the year – a welcome change for sure.

Nothing crazy. And without the wild fluctuations we experienced in the previous 2-3 years. Just a gradual slide of 1 to 1.5% a month that ended up being a composite 15% drop year over in 2024 vs 2023. Something that most experts predicted and likely shocked no one who follows the used vehicle market. For the most part, the whole process felt very “in control,” with most assets finding their number by the end of July – mid August at the latest – and then falling into comfortable, predictable patterns that stood in stark contrast to the frustration many of us felt when trying to predict where the market was headed the past 5 years.

A LOOK AT THE NUMBERS BY VEHICLE CLASS

While the year turned out to be fairly benign for the most part, a review of the valuation - and availability - of individual vehicle classes shows there was notable fluctuation, with some vehicle classes performing at historic norms, and others lagging behind.

The one common theme in both the availability and valuation of used vehicles that emerged in 2024?

The smaller the vehicle, the easier and more profitable it was to remarket. So while the valuation of passenger cars and light duty trucks was up slightly for the year, larger vehicles saw a significant pull back in 2024, and I believe we're likely setting up for a similar pattern in 2025. And while this may have had something to do with the quality of available vehicles - or lack thereof - we also attribute it to the fact that smaller vehicles sold better because in addition to being more popular, they're simply more affordable. An important factor at a time when interest rates are high or consumers are already upside down in their current vehicles.

Here's a look back at how the different vehicle classes performed in 2024:

CLASS 1-2

A fairly solid year, with both availability and valuation normalized. These vehicles traveled a predictable path throughout the year, an encouraging development, and even more proof that 2024 was the year the wholesale vehicle market entered familiar territory.



CLASS 3-6

Valuation and availability of class 3, 4 and 5 assets held steady, performing much as they did in Q4 2023 throughout a good part of 2024. No huge erosion in price and most assets moved through a normal - and for a change stable - depreciation schedule through Summer. Constrictions at the body builder or upfitters likely had more of a negative influence on used vehicle prices in this class than any of the others.



CLASS 7-8

Without a doubt, class 7 and 8 assets sustained the biggest losses in 2024, with the worst of those occurring in the 6 months between February and August. By Fall, most of this class had stabilized for the year and made very little downward movement in Q4. The lone exception, class 7, had by far the worst year of all vehicles, off by the end of the 2024 (and likely headed for more challenges in 2025.) The culprit behind these losses? The weak freight market, where lower rates and availability weighed heavily all year.



ECONOMY STRONG, BUT BEARS WATCHING

As we have since we started publishing our quarterly White Metal Market Report almost a decade ago, we keep our eye on several economic indicators that give our team a picture of what the used wholesale vehicle market is facing: Housing starts, the strength of the US dollar, the labor market, and consumer spending.

Looking back at 2024, overall, the economy was strong and that lent itself to the familiar patterns used vehicles experienced in 2024.

Labor markets were stable, but negative revisions in the final 4 months of the year were cause for concern and have us keeping our eye peeled for any continued downward movement that would signal concern.

Consumer spending slid off in Q4, likely due to high interest rates, but also the fact that consumers spent a lot of money on discretionary items like boats and RV's post pandemic, assets that are the first to go during times of trouble. Right now, the appetite for discretionary consumer goods has rotated and its likely people will stay focused on high priority items.

Housing starts remain strong, with large, corporate home builders and rental dwelling constructors building all they can, usually a good sign for the used wholesale vehicle market, and a factor that should keep prices high for used work vehicles. There's also likely to be a good amount of work for local contractors like electricians, HVAC techs and plumbers, all of whom will need vehicles, a phenomenon that will prop up the market for sure, just not on its own.

Meanwhile, as long as the US dollar remains strong, we likely won't see units going to Canada or overseas, which should mean enough used vehicles for the US resale market.



2024: KEY THEMES PORTEN AN INTERESTING 2025

While 2024 was the year that the wholesale used vehicle market fell back into familiar – although perhaps not predictable – patterns, it was also a year dominated by key themes that are likely to spill over into 2025, including the most notable of all the themes we saw in 2024:

Perhaps the most disappointing and prevalent trend we saw in 2024 was the huge scarcity of high quality, low mileage assets vs the glut of low quality, high mileage vehicles coming into the market. This is due mainly to the fact that fleets were forced to hang on to vehicles longer than they ever had, creating this likely once in a lifetime surplus or less than desirable vehicles, something that will take the industry years to process as these assets sell off.



● Another notable – though not surprising - theme that took front and center in 2024? Waning hysteria around EVs, a phenomenon that hit a brick wall right around the time of this year’s Work Truck Week in March.

An event where only 2 years earlier EVs had their coming out among fleets pushed by municipalities and C-suite cheerleaders who went “all in” without fully understanding the realities of limited range vehicles and charging infrastructure.

● One disappointing phenomenon our team noted in 2024 – the misconception that the used wholesale market is more challenged than it is (a feeling that mimics how the general public feels about the economy in general.) So while the used wholesale market was off 15% from 2023 to 2024, used vehicle valuations are still 50% higher than in 2019. Perhaps not enviable, but hardly a picture of doom and gloom.

● One of the more interesting trends we saw in 2024 was simmering frustration directed at FMCs by fleets and fleet managers. Something that may come to a head in 2025, after years of disruption and consolidation that in many cases boiled over into outright hostility as fleets vetted their frustration.

● Dwindling new vehicle production was yet another trend that continued in 2024, and something we have watched tick down over the past few years. So while the SAAR

(the seasonally adjusted annual rate) ended the year closer to 17 million if we looked at the period between January and December 31.



● While the lingering effects of Covid still remain in some form, 2024 was year where the supply chain course corrected. After all, we don’t talk about chip shortages or the lack of parts and raw materials.

● And finally, 2024 was a year where OEMs experienced myriad issues, especially as the year ended. The departure of Stellantis’ CEO in November and the proposed merger of Honda and Nissan announced just weeks after were just two reasons OEMs grabbed (likely unwanted) headlines.

AND WHAT ABOUT 2025?

With so much going on in fleet as 2024 drew to a close, we have little doubt 2025 will yield significant developments. And while most of remarketing's talking heads are predicting a breakout year for used wholesale vehicles, we're not entirely sure that will be the case and look forward to sharing those insights in our 2025 "Look Ahead" article that will drop in an upcoming issue of Fleet Management Weekly. Until then, you can count on our experts here at TeamFLD to keep our ear to the ground – and our nose to the grindstone – in an effort to keep our customers and readers informed, in the know, and ready for whatever comes next!



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