



The Meter

Transportation (Trucking) Update (12-2025)

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Introduction

On behalf of everyone at Taylor & Martin, we wish you a safe and happy holiday season.

I cannot believe I am writing the holiday issue already! EVERY single morning I wake up to my 5-year-old asking how many days until Christmas. I tell him “buddy it is coming, let's have Thanksgiving first”. He says “ok” and proceeds to ask the exact same thing the next morning. The excitement in his eyes makes me smile every time even though I know he knows how many days every morning as I hear him ask Alexa. You have to cherish this time of year. Even though this is a very busy time of the year for us, it is nice to take a second to enjoy those type of moments, and hope all of you have the chance to do the same.

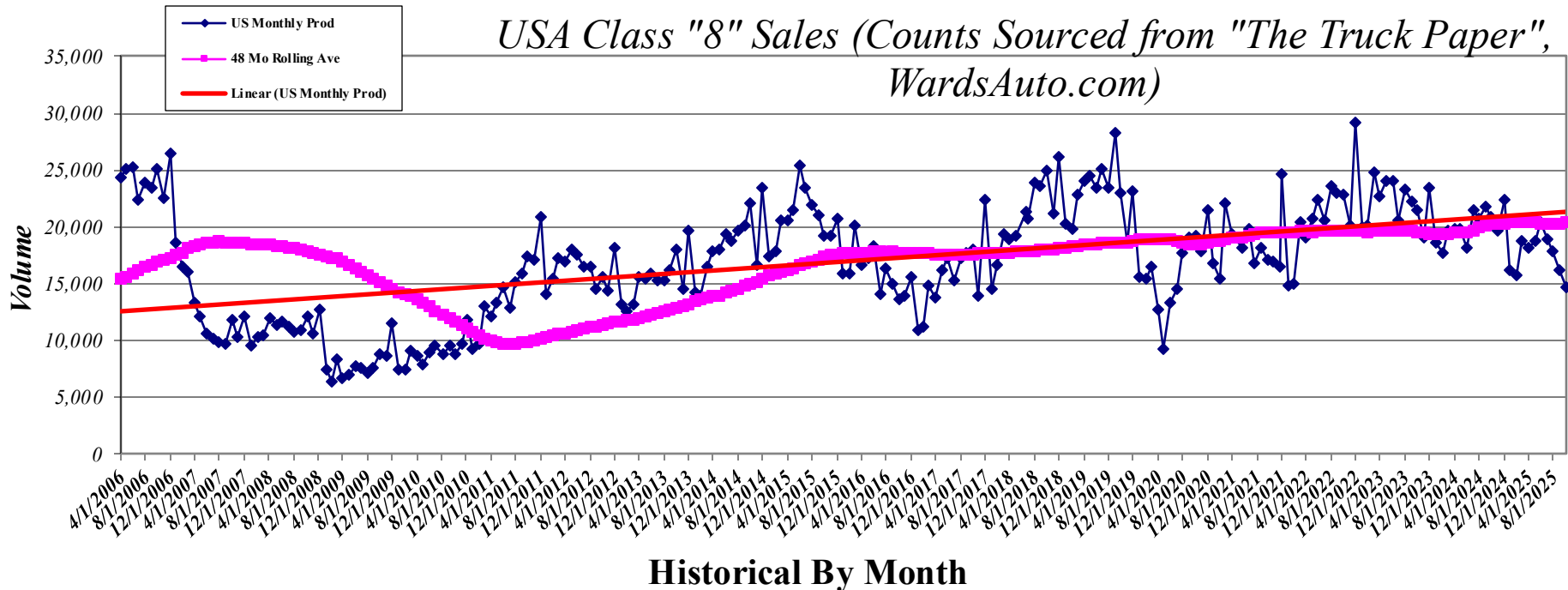
As we close out the year, the trucking industry continues to operate in survival mode longer than many anticipated. Confidence remains subdued as a mix of economic pressures and external factors influence decision-making, creating hesitation around capital investment. Elevated levels of bankruptcies, layoffs, and equipment repossessions have added to the caution, and we continue to see trucks purchased during the 2022 pricing peak return to the market with substantial depreciation.

Despite these challenges, several developments point to emerging opportunity. Most fleets are extending the life of their current assets rather than replacing them, which has gradually reduced overall available inventory. Prices remain on the softer side, and current indicators suggest that both new and used equipment values may begin to rise in 2026, particularly for new units. The risk of overpaying—common during the COVID-era boom—has significantly diminished, and while higher interest rates still shape purchasing decisions, lower pricing has helped offset that impact.

Auction activity has remained relatively stable, with overall auction inventory trending only slightly lower. Buyers are focusing more on defined price points and are often targeting ranges below their historical norms to manage downside risk. As a result, we are seeing increased interest in higher-mileage units that previously drew limited attention. Dealer participation also remains elevated, with more than 40 percent of successful bidders in the past month coming from dealers, compared to a typical rate of around 30 percent. End-user activity is still conservative; we expect any shift in behavior to appear at auctions first and will share updates as soon as those changes are confirmed.

Looking ahead, there are several encouraging indicators to monitor. Expected reductions in interest rates and continued capacity tightening across the industry represent two important dynamics that could begin to support improvement. When these factors are eventually coupled with increases in contract and spot rates, we should start to see meaningful benefits materialize. While the timing remains uncertain, we continue to anticipate a more optimistic environment emerging in early to mid-2026.

As always, we appreciate your feedback and welcome your input. This quarter's update includes supporting market charts to provide additional clarity around the trends we are tracking.



The chart above shows historical trends that tend to repeat themselves. (Disclaimer: past activity does not necessarily indicate future activity.)

What are the data points and trends telling us now? (Some of my comments are repetitive, and may be found in previous newsletters, but again, repeating a notable point makes it more likely to be remembered.)

1: Trucking typically runs in a 7 to 8-year cycle [peak to peak OR trough to trough]. Expected, the new sales volume is above the 48MRA. The trend suggests we would see higher builds and values should erode more slowly. Obviously, the market has been thrown out of any typical trend, but keeping an eye on what recovery looks like from the past can give us an idea on what to look for. Sales should stay above the 48MRA barring any major economic changes for the next couple quarters.

2: Historical needs have grown from slightly lower than 15,000 Class 8 tractors per month (in the 2000's) to about 17,500-18,000 Class 8 tractors per month now. Since the pandemic low of 9,165 in May of 2020, we have been seeing quantities in the low 20,000s.

3: U.S. Sales ONLY: The 48MRA is the rolling average of all tractors 48 months old or newer. The 48MRA bottomed in 2/2011 (7-year low) with the 48MRA at 9,712. The previous 48MRA high was recorded in 5/2007 at an average of 18,678 (we are now above the high in 2007), which was six months after the actual monthly sales peak in 12/2006, when 26,462 units were sold. We marked a peak for monthly sales in 6/2015 with 25,369 units sold and now again in 9/2019 with 28,258 units sold. This 48MRA Cycle high of (12/2024) 20,407 is a new all-time high.

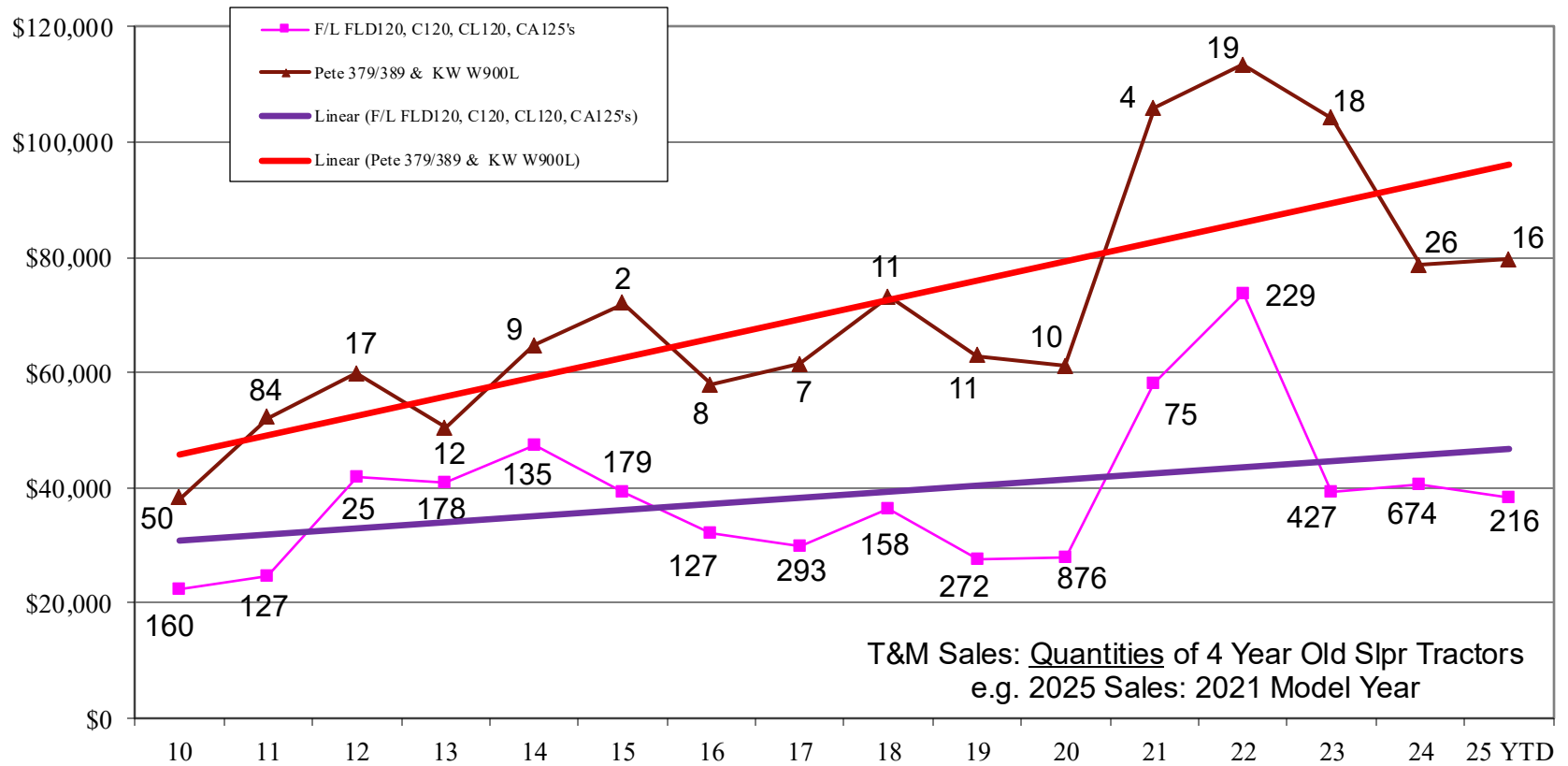
4: Actual Class 8 purchases have been down since the year-end. December 2019 of 23,119 to averaging 15,271 for the year in 2020 with the low at 9,165 in May. We are currently at 20,297 for 48MMR.

5: Since the drawdown (20%-30%) from July 2015 to July 2017, tractor prices had improved significantly, up until 2019. 2019 was a tough year at the auction level of trade. 2020 showed improvement, and 2021 finished strong. Sales have been relatively stable but down Y/Y. Interest rates have hindered purchases along with an election year that will generally make buyers hesitate.

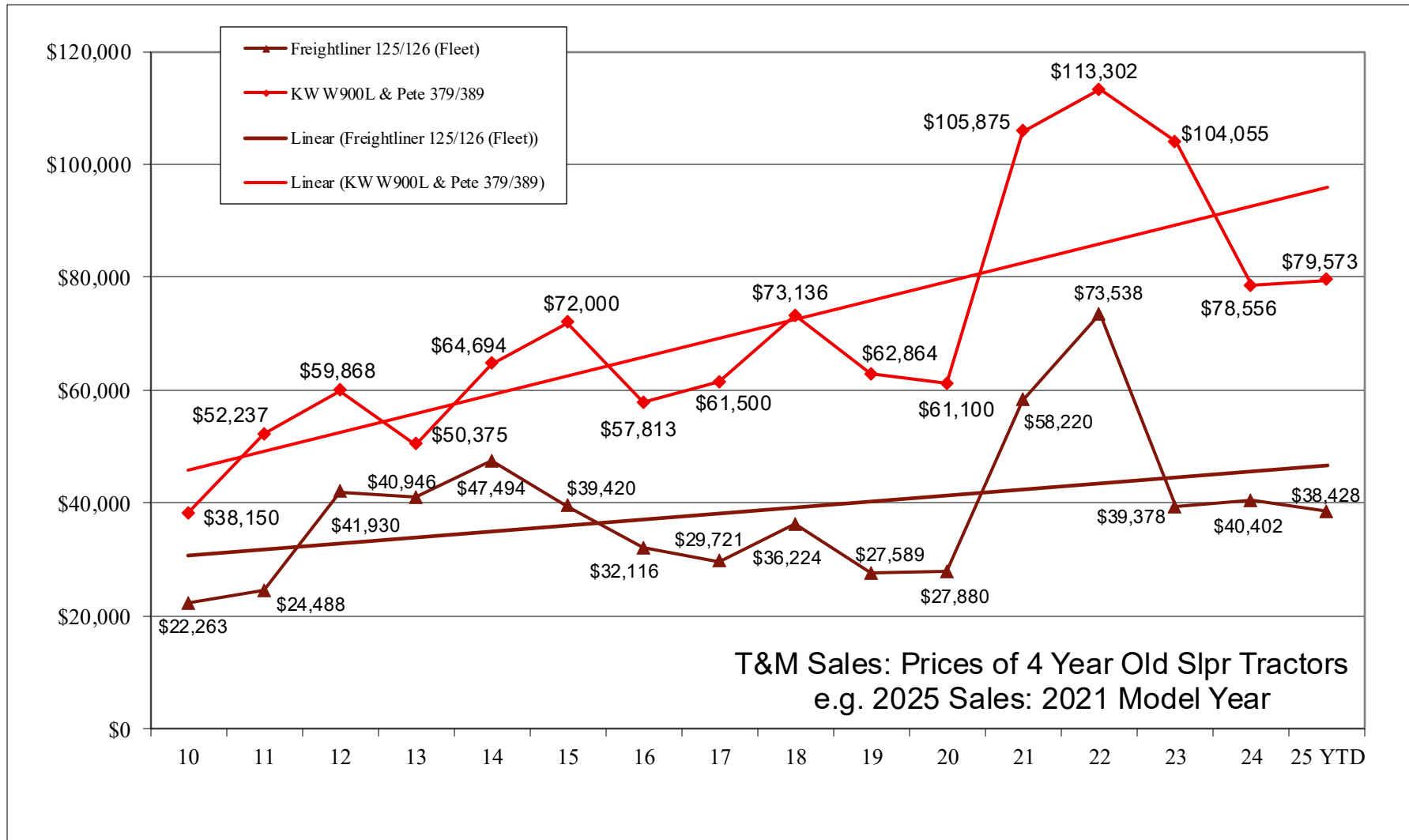
6: Market confidence is the biggest driver in the decline of new equipment. The uncertainty and potential disruptions they can create has inhibited spending on a large scale to maintain fleets. Although some relief has come with pauses on tariffs, long term investments are still tough to justify not knowing what we'll have after the pauses have ran out.

7: The market is ready for increased sales. New truck and trailer sales and orders are still running low. It's repetitive, but confidence is still wavering for the future and how much to invest without a clearer road ahead. I would anticipate at least some increase in the sales numbers in 2026 in preparation for the 2027 model year equipment.

This chart shows the True Value Guide Quantities of 2020 model year trucks. Here are total actual sales of the Freightliner Cascadia (Fleet) and the O/O Spec'd Petes and KWs. Not much change this quarter. Volumes are average to below, and values have remained fairly steady within 5% of last quarter. Not expecting any real change in volume in the near term. Liquidations will have the biggest influence on overall volumes at auctions.



T&M Sales: Quantities of 4 Year Old Slpr Tractors
e.g. 2025 Sales: 2021 Model Year



Above are T&M Sales by average annual prices. (As usual, I have combined the Peterbilt 379/389 and Kenworth W900L tractors since both are generally considered to be spec'd as Owner-Operator (O/O) tractors.)

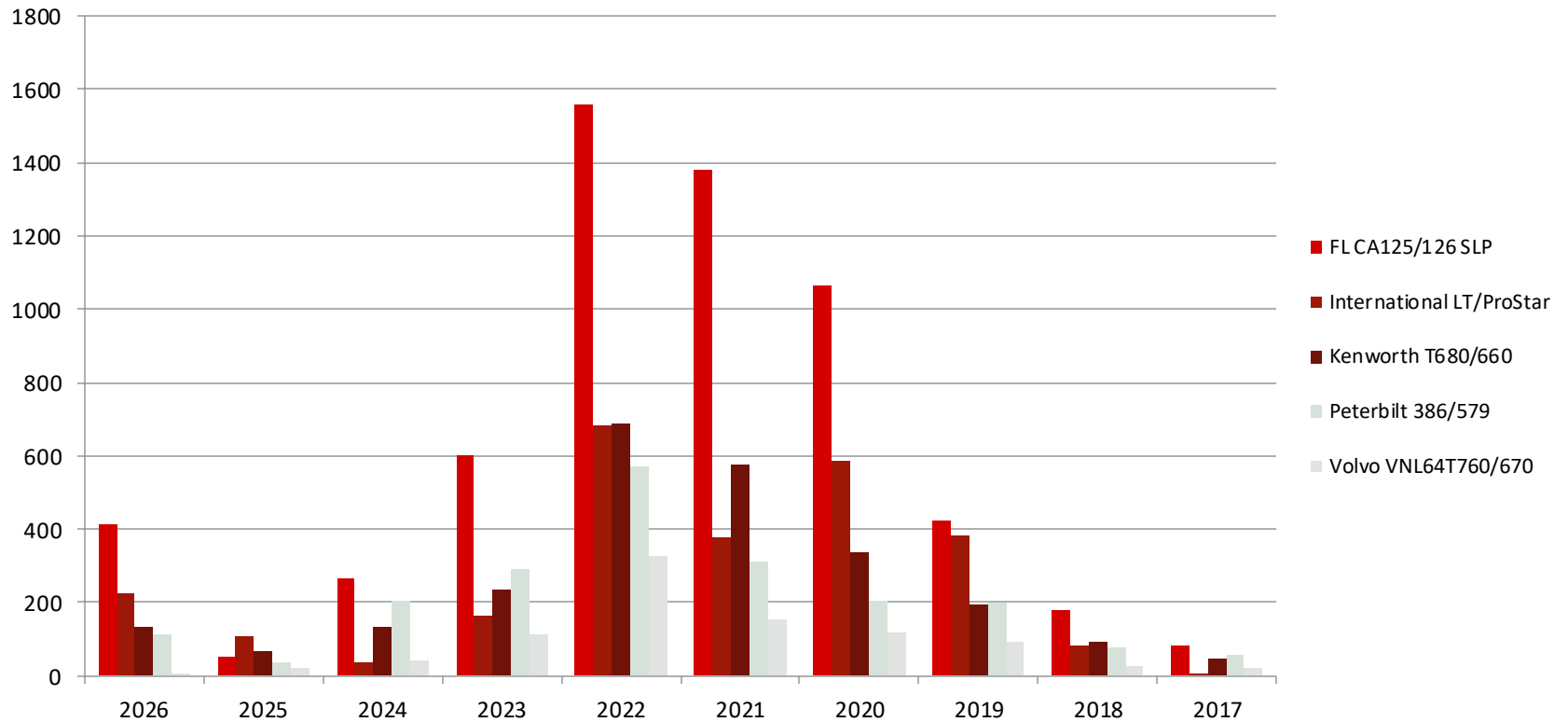
We have not seen much change in the O/O tractors. We lost a little momentum this quarter. We are still up on average over the last 2 years, but we did pull the year average down this quarter. Not looking to climb above the trendline with either model years in 2025.

The trends (red and purple lines) over time have been higher, but the price declines are clearly evident (2001-2003 & 2008-2011 & 2015-2017 & 2019 and 2020). Remember, RCN is up (from material costs, EPA requirements, technology and safety/comfort improvements); additionally, inflation is included in the sale prices, thus the upward trendline.

Here are results at our auctions since 1999 on 4-Year-Old Cascadia sleeper trucks. Wanted to show you where we are historically and where we are today. As you can see, not a lot of change here from last quarter. Down slightly, but with the lack of volume, outliers can make more a swing in the averages. We are expecting that we will hover around that \$40,000 mark by the next newsletter.

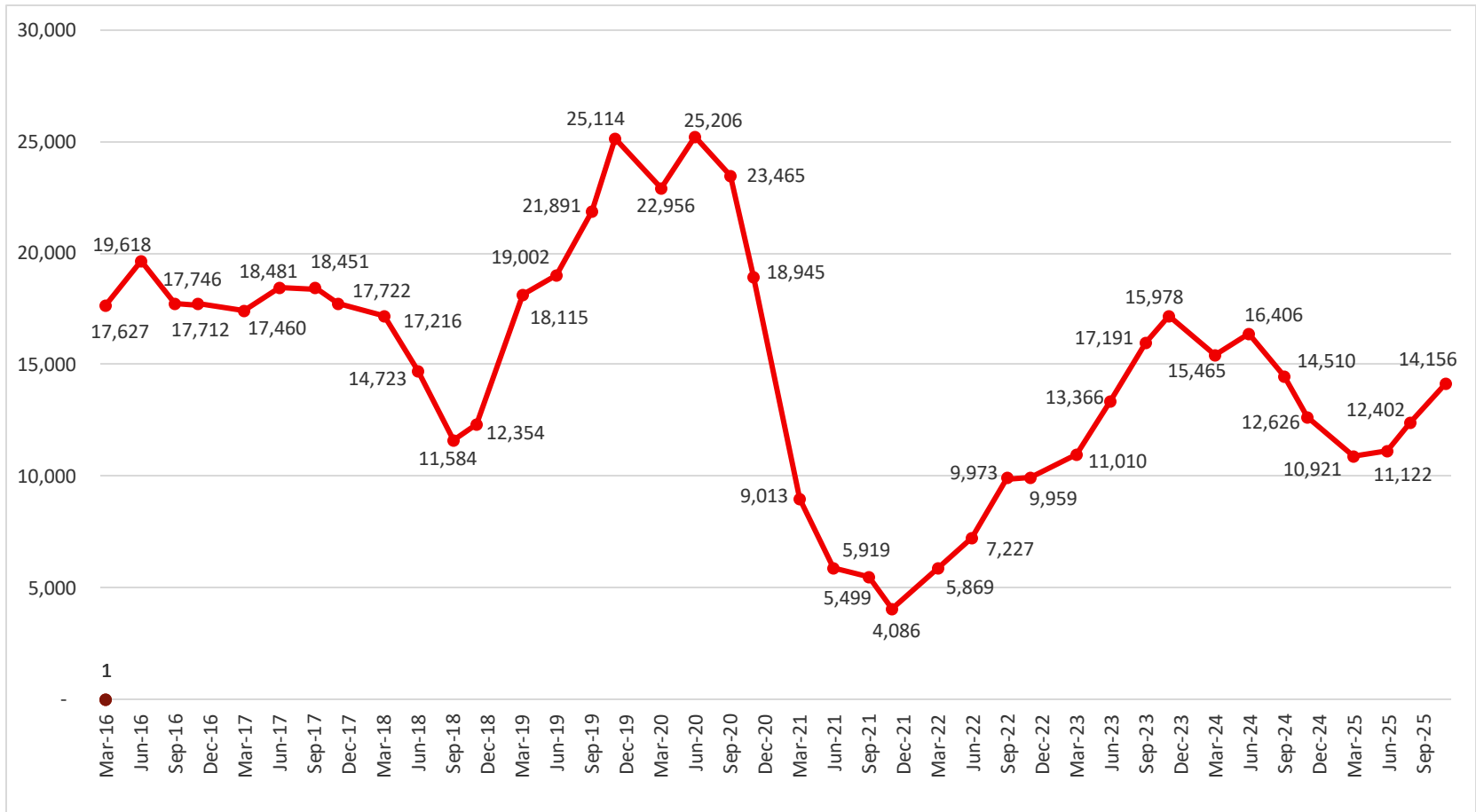
Freightliner 125/126 (Fleet)			
Sale Year	Model Year	Quantity	Average
99	1995	146	\$21,949
00	1996	116	\$17,228
01	1997	174	\$17,932
02	1998	100	\$18,868
03	1999	34	\$22,191
04	2000	83	\$23,015
05	2001	89	\$23,815
06	2002	12	\$24,146
07	2003	13	\$25,635
08	2004	67	\$22,780
09	2005	147	\$17,930
10	2006	160	\$22,263
11	2007	127	\$24,488
12	2008	25	\$41,930
13	2009	178	\$40,946
14	2010	135	\$47,494
15	2011	179	\$39,420
16	2012	127	\$32,116
17	2013	293	\$29,721
18	2014	158	\$36,224
19	2015	272	\$27,589
20	2016	876	\$27,880
21	2017	75	\$58,220
22	2018	229	\$73,538
23	2019	427	\$39,378
24	2020	765	\$40,402
25 YTD	2021	216	\$38,428

What is available to the marketplace today? (Nov 21, 2025) We have seen an uptick in inventory levels with tractors listed for sale. Biggest jumps were the 2023-2021 models. It makes sense with these being early for typical trade cycles and would have the higher price point. New and older equipment remained relatively level. Not expecting any major changes here through the next quarter outside of levels to continue to trend higher.



21-Nov-25	Sleeper Tractors For Sale On TruckPaper.com: Nov 21, 2025										Ave. Age	2020.52
Make	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	Total	% of Total
FL CA125/126 SLP	411	54	267	601	1559	1379	1066	425	177	84	6,023	42.547%
International LT/ProStar	226	107	39	163	681	380	585	384	83	2	2,650	18.720%
Kenworth T680	133	65	132	237	688	575	336	192	94	46	2,498	17.646%
Peterbilt 579	112	37	206	291	573	309	204	202	76	55	2,065	14.587%
Volvo VNL64T760/670/660	4	21	42	114	329	152	118	94	26	20	920	6.499%
Year	886	284	686	1,406	3,830	2,795	2,309	1,297	456	207	14,156	100.000%

Using information from charts like the prior page shows the listings per quarter over the last 10 years. Prior to 2020, we only went back 9 years as opposed to 10 as we do now. This chart shows the peaks and valleys of used truck prices and has followed them well over the last 10 years. The drastic movements during covid make it look more extreme, but the elevated numbers in 2019 shows well how so much inventory equates to lower values. The 10 Year average is 14,958. We are well below the average and expect total listings to increase some by the next Meter, but we anticipate remaining below the average. Well we stayed below the average, but not by much. No indications for the levels to decrease in the next 3 months unfortunately.



Additional Factors... to consider for a bias (positive or negative)



- **Crude Oil:** Prices have trended downward in 2025, currently ranging from the mid-\$50s to mid-\$60s per barrel. Analysts expect global oil inventories to continue rising through 2026, putting additional downward pressure on prices. Forecasts call for Brent crude to average about \$54 per barrel in the first quarter of 2026 and roughly \$55 for full-year 2026. Natural gas prices in 2026 are expected to increase by approximately 16% compared to 2025, supported by higher LNG exports amid flat domestic production growth. OPEC+ agreed this month to pause any output increases in the first quarter of next year, after unwinding production cuts since August of this year. China has added substantial volumes to its strategic oil reserves in 2025, providing a source of demand that has helped limit further price declines. Meanwhile, presidential comments regarding expanding offshore drilling and potential regulatory actions have contributed to supply-side concerns. Soft U.S. services and industrial output continue to weigh on demand expectations. Broader market stabilization is anticipated in the second half of 2026, with a more meaningful price recovery likely beginning in 2027. U.S. crude oil reserves which averaged around 600 million barrels from 2019 to 2022 have fallen sharply since then but have increased by about 17 million barrels so far this year, now standing near 410 million barrels.
- **Building Activity (Home, Office, etc.):** U.S. housing starts fell 8.5% month-over-month in August 2025, slightly below July's level. This marks one of the weakest readings since May 2020 and highlights ongoing softness in the housing market, where a backlog of unsold new homes and a cooling labor market continue to outweigh the relief from easing mortgage rates. Single-family starts, the largest portion of the market, dropped 7% to their lowest level since July 2024, while multi-family starts (5+ units) declined 11%, a three-month low. Regionally, activity fell sharply in the South (-21%) and Midwest (-10.9%), while the West (+30.4%) and Northeast (+9.2%) saw notable rebounds. Meanwhile, the national average 30-year mortgage rate has been declining since May, reaching 6.18%.
- **Trucking Industry:** The 2026 trucking industry outlook reflects cautious stabilization as supply and demand move closer to balance. Order activity and production have softened, inventories are normalizing, and OEMs are aligning builds with more sustainable demand levels. Tariffs, regulatory uncertainty, and elevated operating costs continue to pressure profitability, keeping fleets focused on maintenance and selective replacement rather than growth. Analysts report that the industry is entering peak season with weak freight demand despite mixed economic signals. Consumer spending remains concentrated among higher-income households, limiting broad freight support. Freight volumes are expected to decline 3% this year, which is an improvement over earlier forecasts. The meaningful recovery is not anticipated until mid-2026, with stronger rate improvement unlikely before 2027. Capacity remains loose overall; large carriers have rightsized, but many small carriers remain in the market. Rising costs, especially insurance, along with new regulatory and immigration enforcement measures are expected to tighten capacity further. Freight markets are gradually correcting as Class 8 production declines and smaller carriers exit. Capacity discipline is improving, although rates and profitability remain constrained. Fleets continue to prioritize efficiency, utilization, and liquidity. Economic uncertainty tied to broader conditions, inflation, and consumer demand remains a key variable that could shift the forecast. Commercial vehicle registrations in the construction sector have risen 6% over the past 18 months, driven largely by rental companies rather than contractors. Looking ahead, supply-side constraints rather than demand growth are expected to drive the next trucking market recovery. Demand is unlikely to surge given weak production and consumption trends, but regulatory, enforcement, and cost pressures will likely reduce capacity, setting the stage for gradually improving market conditions, barring a recession or major shock.

Additional Factors Continued



- **Consumers:** Retail sales in the U.S. rose 0.6% month-over-month in August 2025, matching July's pace. Clothing stores saw the largest gain at (2%), while furniture stores posted the biggest decline at (-1.1%). Bank lending rates fell to 7% in October, down from 7.25%. Personal spending increased 0.6% in August, up from 0.5% in July, marking the strongest monthly rise in five months. The household savings rate edged down to 4.6% in August, compared with 4.8% in July. Consumer loan delinquencies continue to trend upward and now stand at 2.76%, still below the 2009 peak of 4.85% but rising steadily since late 2021. Economists remain cautious, pointing to softening consumer demand, slower global trade, higher unemployment, and persistent inflation as ongoing risks to the outlook.
- **Inflation:** In September, the annual inflation rate rose to 3.0%, slightly below the consensus estimate of 3.1% and up from August's reading of 2.9%. The annual Core Consumer Price Index (CPI) decreased in August to 2.8%, below the 3.5% forecast and down from July's 3.7%. On a month-over-month basis, Core CPI increased 0.2% in September, below the 0.3% forecast and lower than August's 0.3% gain. The Producer Price Index (PPI) declined 0.1% month-over-month in August, significantly below the expected 0.3% increase and down from a 0.9% gain in July. The Federal Reserve's preferred inflation gauge, the Core Personal Consumption Expenditures (PCE) index, registered 2.9% year-over-year in August, unchanged from July. On a monthly basis, Core PCE rose 0.2% in August, down from 0.3% in July. Currently, market expectations lead to no rate cuts at the December meeting, although much of the economic data remains unavailable, especially the jobs data due to the government shutdown. For the first quarter of 2026, the market is pricing in only one rate cut in January.

Trailers

- **Ag Trailers:** Auction volumes remained steady between the second and third quarters, with values holding mostly flat aside from minor declines. The Fertilizer Price Index peaked in August and has since eased, although it remains above levels seen in the first quarter. Corn prices per bushel also bottomed in August but are still sitting near the mid-range of 2025. Grain trailer backlogs have trended lower throughout the year but continue to run above the 2024 average, while net orders have remained steady.
- **Pneumatic Trailers:** In the open market (Truck Paper), smaller cube units represent 41% of available inventory, an 11% decrease from the second quarter. Total pneumatic supply is also down 6% from Q2. Over the past year, newer model years saw little to no price appreciation, although prices have begun to rise once again. The Aluminum Price Index has remained relatively stable since 2023, with periodic fluctuations. After bottoming in the second half of 2023, it trended upward, dipped again in April of this year, and has climbed steadily since. Backlogs for both liquid and bulk tanks have declined by more than 50% compared to last year. Net builds for liquid tanks have increased in recent months, while bulk tank production has remained relatively flat.
- **Flatbeds and Drop Decks:** New model-year costs have been declining for the past few years, helping depreciation rates return to more typical levels, but prices have begun to rise again in recent months. The national spot rate has remained relatively flat since the beginning of the year, currently holding at \$2.49. The Load-to-Truck Ratio surged sharply early in the year, peaking in March before pulling back and bottoming in August. It has since begun to rise again and remains well above 2023–2024 levels. This ratio measures posted loads versus available trucks on load boards. A higher ratio indicates tight capacity, more loads than trucks, giving carriers pricing power and often pushing spot rates higher, while a lower ratio signals loose capacity, with more trucks than loads and downward pressure on rates. Seasonal trends, construction cycles, and industry demand all influence these fluctuations, making the LTR a key leading indicator for market activity and pricing. Meanwhile, platform trailer backlogs have increased by 24% on average compared with 2024, and net builds have risen by 30% on average over the same period.



Trailers Continued

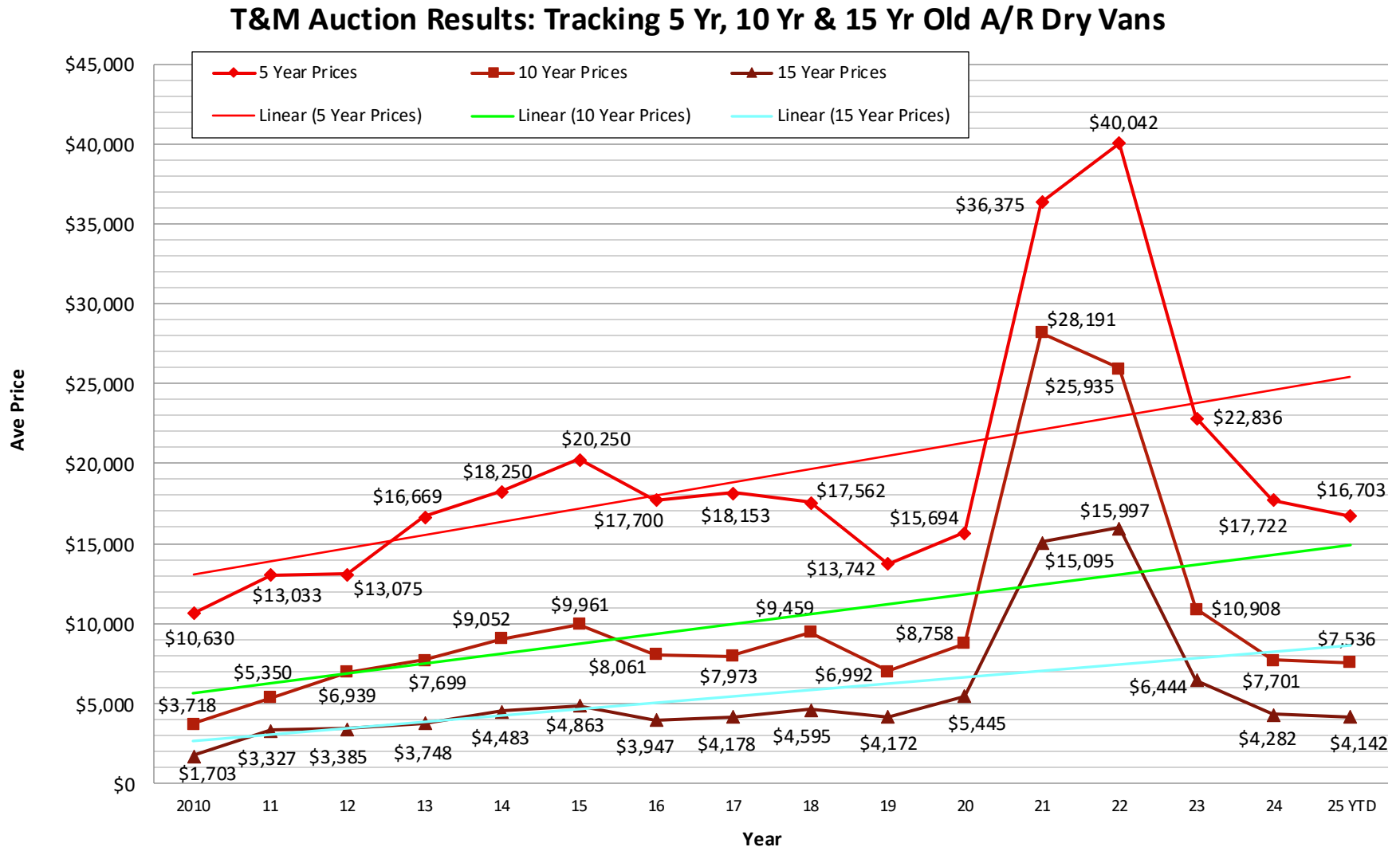


- **Dry Vans and Reefers:** New model-year costs have been declining over the past few years but recently have begun to rise again. Backlogs for dry vans fell by 50% compared with the 2024 average in September, while reefer backlogs are more than 50% below 2024 levels. Net builds for dry vans have dropped by more than 50% from 2024, whereas reefer builds have increased and are above the 2024 average. Spot rates for dry vans have remained flat since February, while reefer rates have been on an uptrend since hitting their low in March. The Load-to-Truck Ratio for both segments surged at the start of 2025, significantly exceeding 2023–2024 levels. Dry vans bottomed out in April and are back trending upward, now near the end of 2024 levels, while reefers bottomed in March and remain significantly higher than 2023–2024 levels. Currently, spot rates stand at \$2.07 for dry vans and \$2.51 for reefers, with Load-to-Truck Ratios of 6.13 and 11.29, respectively.
- Auction quantities facilitated by Taylor & Martin saw significant growth in recent years, increasing 124% from 2021 to 2022 and surging another 158% in 2023. However, that upward trend reversed in 2024, with volumes falling 2,337 units (a 9% decline) compared to 2023. As of November 2025, auction volumes are 8.5% below 2024 levels. Since net builds have declined, the overall supply of equipment coming to market is shrinking, which is likely to support stronger pricing and help balance supply and demand across the market.
- Trailer and truck markets in 2025 have shown a mix of stability and tightening across segments. Auction volumes and trailer backlogs have generally declined when compared to 2024, resulting from reduced net builds, but there are some equipment segments continuing to see rising production and demand. New model-year costs have started to rise again in several segments, contributing to upward pressure on values. Spot rates have remained relatively flat for dry vans and flatbeds but have trended upward in other equipment, supported by elevated Load-to-Truck Ratios, signaling tighter capacity. Overall, equipment supply is shrinking, which is expected to strengthen pricing and help balance supply and demand across the market.

T&M Auction Results:
Tracking 5, 10 & 15-Year-Old A/R Dry Vans

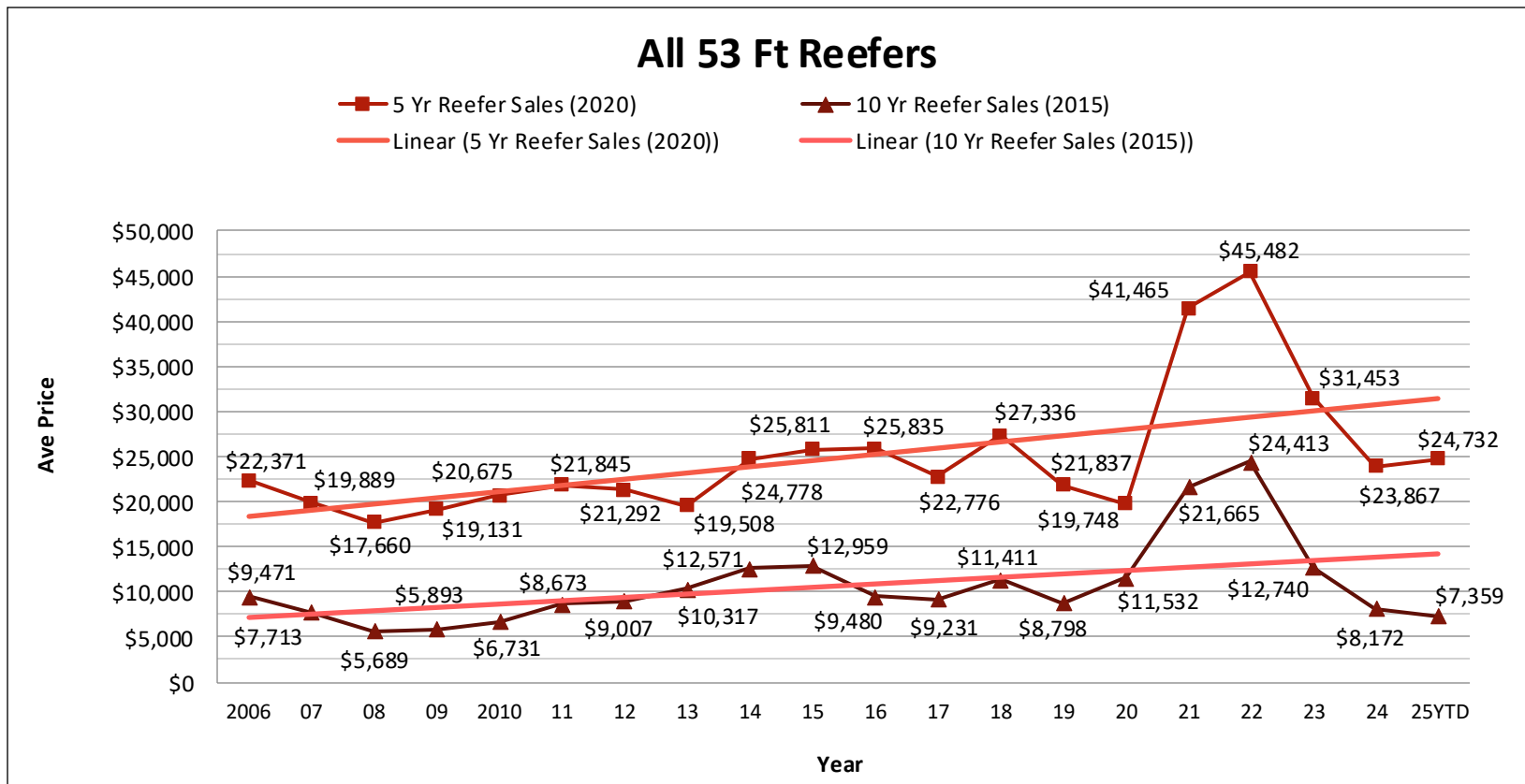
5, 10 & 15-Year-Old Dry Vans sales (Taylor & Martin Auctions) are charted below:

Not a lot of change here either. The 5 and 10-year-old vans remained level, but we lost a little ground on the 15-year-old vans. It will take a couple of years for us to work through the additional inventory that the pandemic created. With the increase we saw for a couple of years, it is very expected.



5 & 10-Year-Old Refrigerated Trailer sales (Taylor & Martin Auctions) are charted below:

Reefers: Both 5 & 10-Year-Old. Not much excitement here either. Reefers continue to perform similarly to vans. We have seen very little movement as far as values at auction with the reefers. Not anticipating any material changes in the next quarter.



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