

SELL

RESALE MARKET OFFERS OPPORTUNITY TO FLEET MANAGERS

While the majority of cost increases continue to result from external global economic forces, some measures can be taken to help mitigate the effects of rising expenses. Fleets will need to focus on opportunities related to vehicle utilization, the resale market, and proper preventative maintenance scheduling.

With the used vehicle market still well above pre-pandemic levels, there are immediate opportunities to review low or under-utilized vehicles. The sale of these vehicles will help offset new vehicle acquisition and/or operating expenses. **Used vehicle retention values peaked at 50% above pre-pandemic levels in early 2022 but were still above 35% and rising in early 2023.**

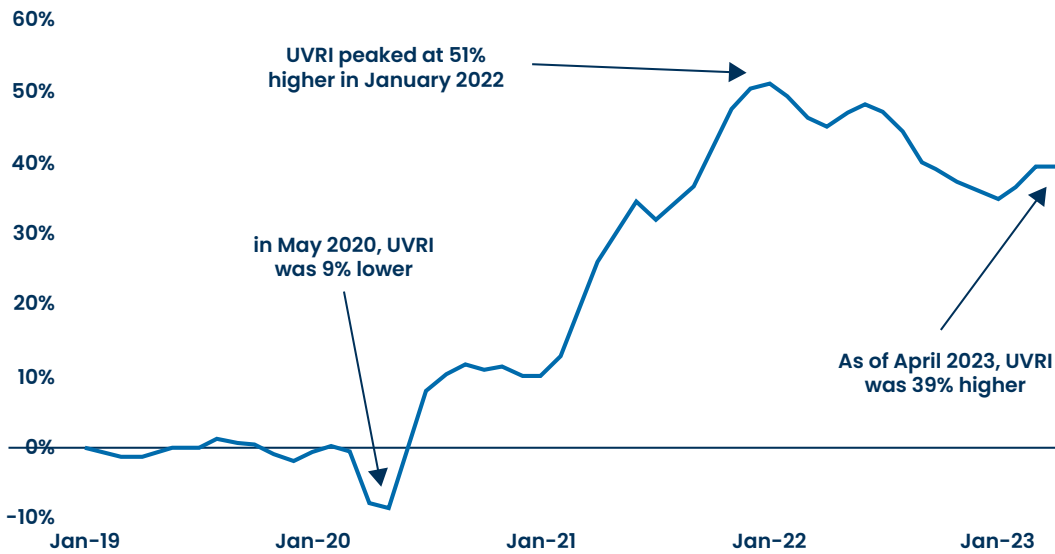
Right-sizing and cascading can help mitigate limited allocation and extended order-to-delivery times for new replacement vehicles. Fleet managers should be evaluating opportunities to move spare assets within their fleet to avoid extra capital or rental expenses.

Now more than ever it is vital to maintain a healthy and efficiently working fleet. To do so, fleet managers should strictly review their fleet's preventative maintenance schedules and compliance. This will assist in reducing the risk of major maintenance issues in older vehicles, which are forced to remain in service longer than planned.

After unprecedented wholesale values and used vehicle retention in 2021, prices experienced major fluctuations in the first half of 2022 but steadily declined into the end of the year. In early 2023, the wholesale market saw a similar increase in pricing that has started to decline since the end of April 2023. **With demand projected to remain strong and used vehicle inventory expected to become limited, declining but strong retention is expected to continue through to the end of 2023.**

BLACK BOOK USED VEHICLE RETENTION INDEX (UVRI)

Percentage change in Black Book UVRI versus January, 2019



The Black Book Used Vehicle Retention Index is calculated using Black Book's published Wholesale Average value on two- to six-year-old used vehicles as a percent of the original typically-equipped MSRP. Black Book's Wholesale Average is a benchmark value for used vehicles selling in wholesale auctions with the vehicle quality in average condition. The index is weighted based on used vehicle registration volume and adjusted for vehicle age, mileage, condition, and inflation (MSRP).