

# 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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## WHOLESALE USED VEHICLE MARKET CHUGS ON IN FACE OF TARIFFS

Hello and welcome to the Q2 version of our White Metal Market Report, now in its 9th year of keeping fleet professionals in tune, up to date and in the know about the state of the used wholesale vehicle market. Something that's gotten decidedly more difficult each year if for no other reason that when we first started this effort, the fleet space was pretty predictable. For the most part, fleets ordered vehicles on a regular schedule. OEMs filled their orders. And everyone went merrily along their way until it came time to take assets out of service. Order a few more new vehicles, and wait for the process to start over again.

Today, not so much.

Post pandemic, fleet has morphed into a cauldron of uncertainty. Something that started the moment lockdowns went into effect and carries on to this day for reasons that have nothing to do with why they started in the first place. Since then, nothing has been for certain, and while many of the pandemic-era problems have fallen by the wayside, the issues they've left in their wake have not only been hard to deal with, but hard to predict – something we do every quarter in this publication.

So, without further ado, here's our take on the state of the used wholesale vehicle market as we head into the teeth of 2025.



## TARIFFS, TARIFFS and MORE TARIFFS

Like much of the world, right now fleet is eaten up with all things tariff, something that was evident during a series of Customer Advisory Board interviews we've recently conducted with top fleet managers. Wondering about tariffs. Worrying about tariffs. Talking with our friends and neighbors about tariffs.

*Tariffs. Tariffs. Tariffs!*

But while everyone wants to draw a straight line from tariffs to just about anything, it seems a wonderful and sensible thing has happened along the way. Now that the shock and awe over tariffs have worn off, most fleet folks are wisely taking a wait and see attitude, leery of making any definitive declarations until all the facts are in. As one of our Customer Advisory Board members told me this week, why waste time planning how to deal with tariffs until there's been some hard and fast decisions made about them? As we've seen, things are likely to change on a dime, so dedicating valuable time, money and resources to such a moving target is pure folly.



One of the other key themes I'm keeping an eye on is volatility, and man is there a lot these days. So why it's only natural for smart fleets to figure out ways to buffer themselves, the fallout from that uncertainty is presenting challenges managing inventory for both dealers and end users. The double-edged sword is that if tariffs do kick in, that's only going to send the price of used vehicles higher. It's not the kind of atmosphere anyone was hoping for, especially given the feeling that the industry was moving past such disruption.



Besides concerns around tariffs, we are seeing the continuation of many of the key themes that dominated 2024. This includes the notable pullback from all things EV that started early in 2024 and kicked into overdrive with the new administration. It was on full display at this year's annual Work Truck Week in March as anyone who wasn't forced to immerse themselves in EVs, didn't. And while no one doubts that EVs will eventually ascend to their rightful place in the fleet pantheon, the reality of that is years – and likely decades – away. A fact that seems popular with the fleet managers we've been speaking with, many of whom weren't always keen to implement EVs given limitations around range and charging infrastructure that persist to this day.

One bright spot – and a reversal from one of the top concerns of 2024 – new vehicle availability has recovered and by many accounts resulted in a vehicle surplus as fleets learn to make due with what they have or hold on to aging inventory due to uncertainty.

Yet another key theme – higher interest rates – persists and continues to be a drag on the entire industry. Especially among smaller fleets and mom and pops, precious few who can afford the monthly payment with today's stubbornly high interest rates and instead continue to hold on to aging vehicles, driving up maintenance costs and increasing the chance for negative outcomes.

## WHOLESALE MARKET CHUGS ALONG

Despite what can only be considered a raff of never ending, forever shape shifting problems, the used wholesale market continues to chug ahead, bolstered by consistent behavior that keeps one from staring at the ceiling at night – a welcome change!

For the most part, the first third of 2025 has been similar to 2024 – a good thing in my opinion, especially given that the last 3-5 years – taken as a whole – have been anything but comfortable or predictable.

For the first few months of the year we have seen a slight uptick in the market and while that's brought seasonality up as well, it's also led to volatility, something we don't think is sustainable and will likely simmer down as the year progresses.

In my opinion, we could be entering an era where – aside from the specter of one offs like tariffs – things will be relatively uneventful as long as nothing catastrophic happens. In my mind, we're likely experiencing the "new normal"

everyone was looking for after the pandemic, but the reality is that fleet's new "normal" going forward is likely going to include a healthy dose of uncertainty.

Something that wasn't always the case, but at the same time, something fleets appear to have learned to live with. It's as if the trials of the last few years have bred a heartier, more resilient fleet professional, one who knows that things might not always track exactly as planned, but that's all right.



## TARIFFS, INTEREST RATES DOMINATE TRADITIONAL INDICATORS

As we have since launching the WMMR way back in 2016, I've been keeping an eye on a basket of economic indicators that have pretty much been a barometer/bellweather since I started analyzing the wholesale vehicle market over two decades ago.

These include:

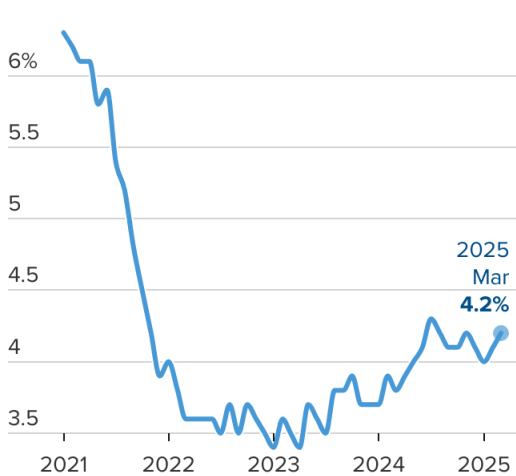
- The number of US Housing starts
- The strength of the US Dollar
- The Unemployment rate
- The price of crude



And while there are several concerning elements to these traditional indicators, the entirety of the fleet – and really the entire business – world is focused on tariffs. And to a large degree crippled by high interest rates. Until we have clarity on these two issues, these indicators are likely not to have the effect they would otherwise (but likely will once the dust settles from what is undoubtedly a one in a generation – and possibly lifetime – shift in how the world trades goods and services.

### U.S. unemployment rate

Jan. 2021–March 2025

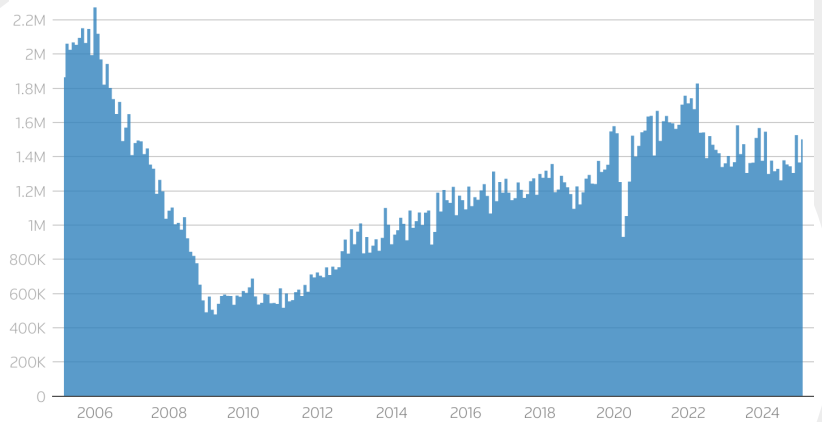


Source: U.S. Bureau of Labor Statistics  
Data as of April 4, 2025

### US housing starts

The number of new home constructions increased 9.9% to 1,501,000 in February.

• U.S. housing starts



Sources: U.S. Census Bureau, LSEG

## VEHICLE PRICES, AVAILABILITY COMFORTABLE FOR THE MOMENT

While showing signs of stability, price and inventory of individual vehicle classes still varies from vehicle class to class.

Inventory wise, the main theme still seems to be that most vehicles coming out of service have seen better days as fleets are forced to hold them longer than they wanted despite the fact new vehicles are readily available. That said, should tariffs hold, or we experience instability, it's possible several vehicle classes could see a market similar to 2022, with elevated and unpredictable swings.

Here's a look at what I'm expecting:

**CLASS 1-2:** Likely the most predictable group, Class 1 and 2 fall into a comfortable groove and I think we'll see them follow the logical path. A slow, steady move down in pricing as we head into Summer, but nothing too concerning.

**CLASS 3 – 4:** Totally dependent on the vocational market, this class has been depressed because of interest rates and general uncertainty, conditions that are likely to persist through the rest of Q2 and Q3 as tariff questions linger and the White House continues to throw shade at the Fed. In my opinion, this class likely has a way to go until we see a recovery.

**CLASS 5, 6 and 7:** This class is like the tale of two cities. If tariffs hold and there's not enough freight to haul – something we're seeing signs of in the supply chain – prices could take a nosedive. On the other hand, if significant progress is made and tariffs are averted, it's "game on" and we would most likely see the kind of price action we saw in 2022, with significant increases and little quality inventory.

**CLASS 7 and 8:** This class saw rough going in 2024 due largely to the weak freight market but is only a few percentage points off from last year so by all accounts stable. I think we're likely to lose another 4-5% by Summer's end, which would be a controlled move down. Of course, a lot depends on supply a good bit more than demand so if tariff fears subside and freight picks up substantially, prices could move north towards the end of the year.



## A CONTROLLED, STEADY MOVE SOUTH THIS SUMMER...

Taking a look at the rest of Q2 and into Q3, I think price models hold at their current levels until mid-June when things will begin to tail off. By then, I expect that we will see a controlled, steady drop of 1.5 to 2% points a week. Down most likely 4% in June and 5-6% in July, a cumulative 10%

erosion, which in my view feels about right. Any more than a 10% drop in this key period and I'm going to be scanning the horizon to figure out what's wrong.

By the same token, if the market doesn't fall somewhere near 10%,

that will also signal somethings not right, meaning I will be keeping an eye on these two key indicators as the Summer progresses (and will reach out with a special communication if things get out of whack or highlight them in our Q3 WMMR.)



## ... AND A COMFORTABLE, HOPEFULLY PREDICTABLE END TO THE YEAR

Looking out past the next quarter might well be an exercise in futility given all the uncertainty, but making bold predictions are what we are all about at FLD, so I'm grabbing my crystal ball and going to give it a shot!

If everything goes according to plan and nothing really out of the ordinary happens, I expect the

overall wholesale vehicle market to experience a fall off of between 10 and 12% for the period between Jan 1 and the end of August 2025, which would be a 5% drop year over year.

Not bad, and certainly both predictable and manageable. An environment where the wholesale vehicle market won't thrive,

but by the same token it won't likely be under the gun the way it has recently.

And remember, if the stars align, tariffs go into effect, or access to new fleet assets remains elusive and expensive, all bets are off and we'll likely experience a scenario akin to 2022, when prices went sky high.

## MURKY 9 MONTHS AHEAD, WAIT AND SEE ATTITUDE AT HAND

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While the truth is the rest of 2025 might very well end up being a fairly staid, quiet period, the amount of uncertainty in the market is going to make it seem more challenging, even if it's not.

Plainly put, it's going to be a murky next 9 to 12 months, here's some of what I'll be keeping my eye on:

-If everything goes according to plan and nothing really out of the ordinary happens, I expect the overall wholesale vehicle market to experience a fall off of between 10 and 12% for the period between Jan 1 and the end of August 2025, which would be a 5% drop year over year.

- **Uncertainty** – it seems to be the key theme of the day no matter what one business, cause or interest and that's exactly why I'm expecting a few surprises along the way.
- **The new administration** – from tariffs to downsizing to pre-inaugural uncertainty that caused consternation earlier in the year, this is an administration with a big agenda and I have little doubt there will be several more issues that creep up, all of which could have big consequences for the fleet and vehicle industries. Especially given the fact they are in a hurry to get things done and locked down before the mid-term election starts later next year.
- **Used vehicle availability, quality** – the fact is that we're coming up on 5 years since the start of the pandemic, and normally that would be a full cycle where we would see the 2020 models coming off lease. Unfortunately, there weren't a lot of vehicles made that year and fleets continue to hold on to aging inventory so I'm interested in seeing how that plays out as it will have consequences for the market for years to come.
- **Rate cuts** – some talking heads are still suggesting two to four ate cuts this year but the current Fed response to the administration's request to cut rates make me think that 2 might be likely, but 4 is improbable.
- **Economic realities vs a "sky is falling" outlook** – while the economy is performing nicely, there are still some smart perma bears in the room which is curious to me. Not that they don't have reason, I just can't figure out what those reasons are so will be keeping an eye on the realities rather than the hype and emotion.
- **The rental car companies** - which traditionally have a big effect on the used vehicle market. Many are still finding their sea legs again after taking a hit during the pandemic so it will be interesting – and telling – to see how they will cycle inventory.

## HOLD TIGHT, STAY THE COURSE

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As usual, we know today's landscape is a tall glass of water to drink in. Especially given the aforementioned uncertainty that seems to be part of everyday life these days. So – while cautious, I am also comfortable with what I'm seeing in the market. Sure, it would be nice to have higher quality assets coming out of service. And yes, it would be even nicer if OEMs had manufactured a boatload of vehicles 5 years ago. Unfortunately, neither is going to happen now. Nonetheless, we are seeing the occasional positive sign and the kind of market that while hardly a world beater is unlikely to keep anyone on pins and needles sans a major event.

In short, a market we can live with.

If things do get challenging for your fleet, please don't hesitate to give us a call at FLD. We're all about eliminating risk, and we'll be happy to help you build the right strategy for disposing of your used assets quickly and easily so you have time back to spend on more important things. Something we know is important at a time when just about everyone seems to be doing more with less.



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Be sure to check out our new quarterly fleet Sentiment Index, a look at how top work fleet managers feel about 7 key topics including vehicle availability, fuel prices and more. Track sentiment from quarter to quarter to get real world insights you can use! Go to [www.fldinc.com/news](http://www.fldinc.com/news) to see it now.

