Class 8 Commercial Vehicles Continue to Drive Overall U.S. Commercial Vehicle Demand, IHS Says

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LAS VEGAS (November 4, 2015) -- Class 8 commercial vehicles continue their leadership as the dominant segment in the commercial vehicle market with these vehicles representing more than 54 percent of new commercial vehicle registrations in the U.S. through the second quarter of this year, according to Gary Meteer, director, commercial vehicle solutions for IHS Automotive, during a presentation to industry executives at the Automotive Aftermarket Products Expo (AAPEX) today in Las Vegas.

Meteer and other leaders from the aftermarket and commercial vehicle teams at IHS Automotive, part of IHS Inc. (NYSE: IHS), are taking part in the convention program this year.

New registrations of class 8 commercial vehicles are expected to reach 250,000-plus units in the U.S. this year for the first time since 2006, and up from an estimated 229,000 units in 2014, according to IHS Automotive. 42 percent of these vehicles are part of fleets that are represent 500 or more vehicles of this size. And class 8 vehicles registered through the second quarter of 2015 represent nearly 56 percent of all commercial vehicles (in classes 4-8) that are leased or rented, according to IHS analysis.

Industry Challenges Offer Continued Business Opportunities

“Several industry challenges are influencing the commercial vehicle market in the U.S. and Canada,” Meteer said. “Each is contributing independently and collectively to the growth and business opportunity available in this sector of the market.”

Driver shortages, advancements in autonomous truck features, vehicle/engine technology advancements, government regulations and emissions requirements, electronic monitoring, telematics and fleet business strategies are a few of the key factors influencing the industry.

“These factors, together with the current economic environment, consumer demand for goods and the overall size of the commercial vehicle business, less than 500,000 units during the 2015 calendar year, require detailed knowledge of the inter-workings of the market to assure that smart business decisions are being made.”

Unlike the automotive and light duty market where millions of vehicles are sold annually, the market demand for commercial vehicles has grown substantially from just over 200,000 units in the 2009 calendar year to the current level. However, the growth is product, manufacturer, application and buyer specific and is regional in nature. The total market for commercial vehicles has never exceeded 800,000 units in a calendar year; therefore smart business growth can only be accomplished with a detailed knowledge of market.

South and Central Regions Drive Business Demand in the U.S.

The ongoing recovery in the commercial vehicle market in the U.S. continues to be driven by the business community. U.S. businesses account for more than 92 percent of new vehicle registrations so far this year, according to IHS Automotive, and the south and central regions of the country are the strongest markets, representing (more than 63 percent) of new vehicle registrations so far this year. The central region has grown 24.6 percent since the second quarter of last year, based on overall new vehicle registrations in the first two quarters of this year. In addition, the south region of the U.S. represents growth of more than 10 percent in the same timeframe.

Age of the U.S. Fleet on the Rise

With more than 7.9 million commercial vehicles on the road in the U.S. through June, the market here is at its highest levels since the 2008-09 economic downturn. GVW-8 vehicles represent 3.5 million alone. In comparison, class 7 trucks represent 1.5 million vehicles in operation through June, closely followed by class 6 vehicles at approximately 1.4 million.

IHS Automotive also reports that the average age of commercial vehicles in the fleet continues to shift. In 2007, the average age among GVW 4-8 vehicles was 12.5 years. Today, it is 14.8 years, with GVW 6 vehicles averaging 21.2 years, the highest in the fleet. Conversely, GVW 5 vehicles are younger now – with an average age of 11.8 years, remaining the youngest in the fleet – and the result of this segment of the commercial vehicle market having historical low demand.
Canada Overview

The Canadian commercial vehicle market continues to mirror the direction of the U.S. market; albeit at a significantly lower level of activity. A real difference in Canada is that the declines are never as deep as they are in the U.S., and the market tends to recover quicker. The Canadian market is dominated by GVW-3 vehicles and more than 70 percent of new registrations occur in the four provinces of Ontario, Alberta, British Columbia and Quebec.

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IHS Automotive, part of IHS Inc. (NYSE: IHS), offers clients the most comprehensive content and deepest expertise and insight on the automotive industry available anywhere in the world today. With the integration of Polk in 2013, IHS Automotive provides expertise and predictive insight across the entire automotive value chain from product inception—across design and production—to the sales and marketing efforts used to maximize potential in the marketplace. No other source provides a more complete picture of the global automotive industry. IHS is the leading source of information, insight and analytics in critical areas that shape today’s business landscape. IHS has been in business since 1959 and became a publicly traded company on the New York Stock Exchange in 2005. Headquartered in Englewood, Colorado, USA, IHS is committed to sustainable, profitable growth and employs about 8,800 people in 32 countries around the world.

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