

# Market value has changed! – are your fleet values up to date?



TruckSure  
By Trevor Toohill



Used truck and trailer market values have dropped, some by much more than you think.

Our team of specialist transport insurance brokers has noticed a sudden trend downwards in market values. It's remarkable and it's affecting you now, or will affect you and almost every other transport operator in NZ very soon. As a prudent transport operator you ensure that you're paying the right amount when purchasing commercial vehicles. Subsequently when you insure them you are aware of their value. It follows then that each year when renewing your policy you owe it to yourself to carefully consider their **current market value**.

Independent commercial vehicle valuation specialist, Craig Silby, explains

"The market value of commercial vehicles in NZ is heavily influenced by demand versus supply. The current price of new vehicles, and current exchange rate, also has a big part to play. Over the last 6 or 7 years the NZ commercial vehicle market has been through some real turmoil, and it still has yet to level out into any sense of normality.

Supply of used commercial vehicles essentially dried up during the financial crisis a few years ago. Sales of new vehicles plummeted and the volume of used imports was also heavily reduced. However in the last few years we've seen multiple new sales records achieved across the industry, particularly for new trucks and trailers, and used imports have rapidly increased

too. Renewed confidence and buoyancy suddenly returned to the market, along with new 50MAX and HPMV VDM options.

Could these factors have combined to create a perfect storm with your older fleet market values?

The unprecedented volume of new commercial vehicles flooding into the market has meant that the used market has also got going again. However, many of these used vehicles have become or are becoming obsolete, particularly trailers that are now out of step with current dimensions and mass capabilities. This essentially is having a double whammy effect on the market value of those assets.

What I'm seeing now is, used trucks that are now coming to market have often travelled far greater kilometres and are much more worn out than what the market was accustomed to. This is often due to the vehicles having been kept and used for much longer due to the recent financial crisis. Used trailers

that are coming to market now have often been replaced by new trailers with new dimensions and designs, which meet or exceed the new 50MAX and/or HPMV regulations. The used trailers that they're replacing are essentially now obsolete, and therefore far less saleable, and rapidly losing residual value. This is having

a major effect on market value for these assets."

Your insurance premiums and excesses are typically based upon a percentage of your vehicles insured value. **If your insured values are higher than market value you are paying too much for your insurance.** If your vehicle is written off as a total loss, your insurer will only pay out what they believe is current fair market value, so it pays to keep on top of your fleet values. Make sure your broker properly reviews your insured values at your next renewal.

Finance companies and banks also use market value as a basis for your lending. If the value they lent against has significantly changed, for better or worse, then you are obliged to inform them, as soon as possible, of that change.

Each year before renewal time, make sure that you check if your insured values do at least match current market values for each asset. If you're unsure where to begin, or need expert assistance with commercial vehicle values, give Craig Silby at easytrucks a call on 021 740 565, or visit: <http://www.easytrucks.co.nz> **ET**

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