

2026

Fleet Remarketing & Surplus Assets

Market Trends Report

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Executive Summary

The government fleet surplus market is entering 2026 with a complex but opportunity-rich landscape. **New vehicle prices have climbed past record highs**, parts and labor costs keep rising, and budgets remain tight, pushing agencies to extend replacement cycles and keep aging vehicles in service far longer than planned. As they finally reach end-of-life, a growing wave of older, higher-mileage surplus assets is entering the secondary market.

GovDeals, a Liquidity Services company, is uniquely positioned to support the needs of this market by connecting surplus assets with a nationwide base of qualified buyers to maximize recovery outcomes. With an expansive bidder database, a streamlined digital auction platform, and deep relationships across federal, state, and local government agencies, GovDeals offers agencies the highest-value, lowest-friction path to surplus disposition.

This report synthesizes firsthand insights from GovDeals' with external market research to provide a comprehensive picture of the government fleet surplus market — including key trends, regional dynamics, market drivers, and technology shifts, and strategic opportunities.



Key Findings at a Glance

- **Surplus volume is rising** as agencies begin retiring aging fleet vehicles after years of delayed replacement activity.
- Government fleet **new vehicle sales declined 14.8% year-to-date through Q1 2025** versus 2024, increasing competition for used assets.⁶
- **Used wholesale prices stabilized** in early 2026 after a prolonged correction, with the **Manheim Used Vehicle Value Index up 6.2%** year-over-year in March 2026.³
- Heavy trucks and fire & rescue apparatus are **seeing price appreciation** due to extended OEM lead times.
- EV adoption in government fleets remains nascent, but fleet electrification transitions are creating **new near-term surplus opportunities** for fossil fuel vehicles.

Market Overview

The Government Fleet Landscape in 2026

Government fleet management is operating in a period of constrained budgets, aging inventory, and evolving technology requirements. Agencies at the federal, state, and local levels are managing fleets under pressure — and many are turning to surplus disposition as a critical tool for capital recovery.

According to GovDeals' intelligence, the volume of surplus assets available including fleet vehicles, heavy equipment, and specialty assets, remains elevated as agencies work through aging inventory and previously unaddressed surplus.

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Government Fleet New Vehicle Sales Trends

New vehicle acquisitions by government agencies have softened significantly. According to Bobit/Government Fleet sales data:

- **Government fleet new vehicle sales declined 14.8%** year-to-date through Q1 2025 versus Q1 2024, with 56,172 total units sold versus 65,904 in the same period the prior year.⁶
- Trucks and SUVs, which dominate government fleets, **declined from 23,746 to 20,521 units** year-over-year in March 2025.⁶
- **January 2026 showed modest recovery**, with 18,028 vehicles sold – up 5.1% from January 2025, though February 2026 reversed course, falling 8.9%.⁶

This softening in new acquisitions means agencies are holding existing vehicles longer, increasing maintenance costs and accelerating the need for future surplus disposals.

Used Vehicle Market Conditions

The used vehicle wholesale market experienced a significant correction from its pandemic-era highs before beginning to stabilize in late 2025 and early 2026:

- The **Manheim Used Vehicle Value Index (MUVVI) increased 6.2%** year-over-year in March 2026 reaching its higher level since summer 2023.³
- Inventory has tightened, with days' supply falling below 40 in March 2026 – the lowest point of the year – supporting firmer pricing.³
- Trucks and SUVs continue to maintain strong demand and value retention, making them the strongest category for government fleet remarketing.³
- Sedan and compact prices are expected to decline 1–5% by year-end 2026, while truck and SUV values remain elevated.²



Key Market Drivers

Why Surplus Volume Is Rising

Several interconnected factors are driving elevated levels of government fleet surplus in 2026:

1. Budget Pressures

Budget pressures remain a top driver of surplus activity. Fiscal constraints push agencies to monetize idle assets more aggressively, and the need to fund new equipment acquisitions — including heavy trucks with extended lead times — creates urgency around recovering capital from existing surplus.

2. Staffing Constraints and Remote Work

The shift to remote and hybrid work models has reduced the on-site staff available to manage and process surplus assets. Agencies frequently report insufficient personnel to handle tagging, staging, documentation, and vehicle removal — creating backlogs that grow over time.¹¹ New fleet managers entering agencies are often inheriting years of unprocessed surplus.¹⁰

3. Reactive Fleet Replacement Cycles

Government fleet managers are largely operating reactively rather than proactively. Agencies are holding onto vehicles longer than usual, and that replacement is still largely unplanned. Without structured replacement schedules, assets accumulate until they become operational liabilities — at which point large batches simultaneously enter the surplus pipeline.

4. Extended OEM Lead Times for Heavy Trucks & Equipment

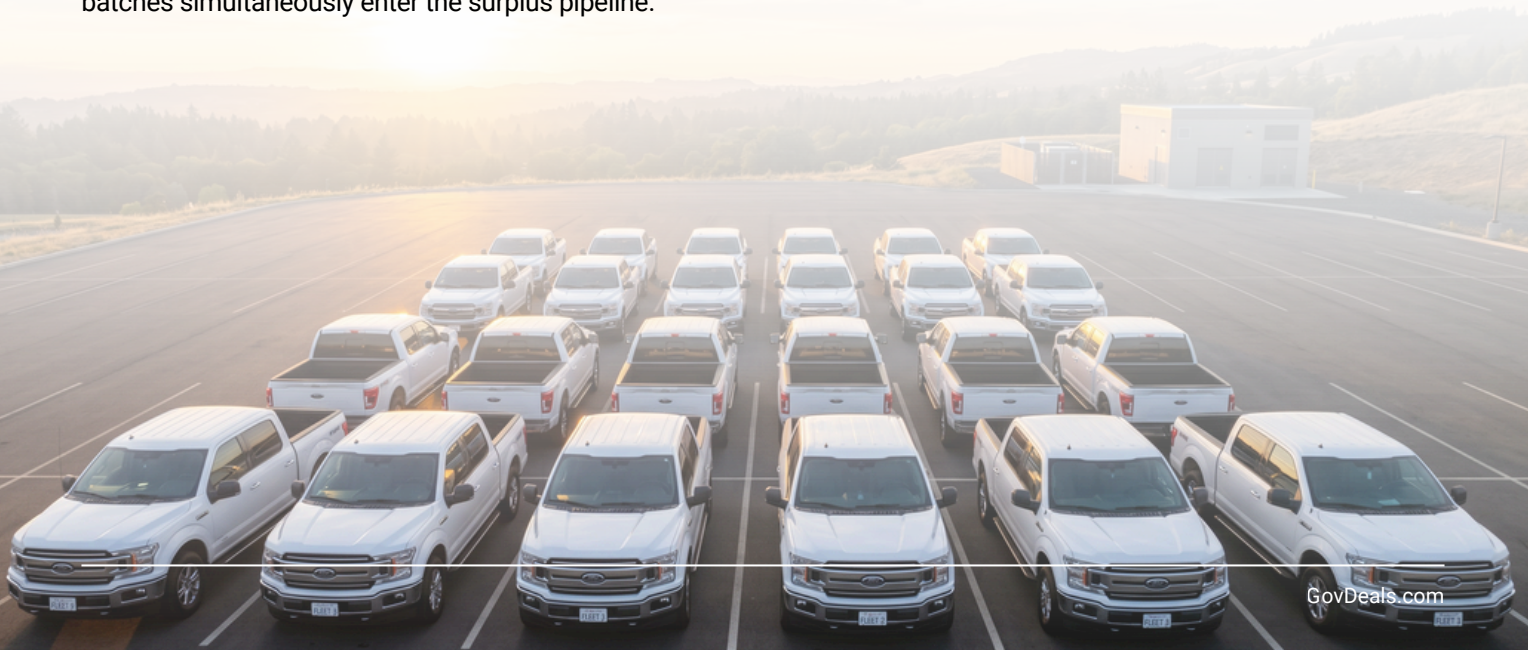
New heavy trucks are experiencing extended OEM production and delivery lead times. This dynamic is expected to increase the value and demand for used heavy trucks, fire apparatus, and rescue vehicles in the secondary market which is an opportunity for GovDeals sellers to command higher prices for these categories.

5. Grant Compliance Barriers

Some government assets — particularly equipment purchased with grant funds — carry restrictions that complicate or prevent standard surplus sales. In North Carolina, for example, school buses owned at the state level create hesitancy among local agencies. Regulatory complexity in these cases creates friction that can delay or prevent listings entirely.

6. Storage Space Limitations

Physical storage constraints are a growing challenge for agencies. Limited yards and parking facilities make holding surplus vehicles untenable, increasing the urgency of timely disposition and making ease-of-listing a critical value driver for GovDeals.





Technology Trends: Fleet Electrification & Surplus Implications

EV Adoption in Government Fleets

Electric vehicle adoption in government fleets remains nascent but is a growing consideration. While widespread deployment is still years away for most agencies, the early-adoption segment is beginning to generate a new category of fossil-fuel vehicle surplus as agencies transition select fleet segments.

- 64% of fleet professionals across all sectors currently operate some EVs, according to a 2025 Qmerit industry survey, though government fleet penetration lags behind commercial fleets.⁹
- The federal government's rollback of federal EV mandates and the early sunset of EV purchase credits (September 2025) has dampened near-term government EV procurement.¹
- FTI Consulting revised its U.S. EV adoption forecast to below 30% by 2035, down from a prior forecast of 60%.⁵
- Range anxiety, charging infrastructure gaps, and upfront costs remain the top three barriers cited by fleet operators.⁴

Why Electrification Still Creates Surplus Opportunity

- Agencies piloting EVs often phase out fossil-fuel counterparts from the same duty cycle, creating small but recurring batches of late-model surplus vehicles.
- The used EV market itself is growing: off-lease EVs returning to wholesale channels increased in Q1 2026, and this flow is expected to accelerate in the coming quarters.
- As agencies plan EV infrastructure, they reassess total fleet size and utilization, surfacing underutilized ICE vehicles for disposal.



Fleet Management Technology

The broader fleet management technology sector is expanding rapidly. The global fleet management market is valued at \$29.30 billion in 2025 and projected to reach \$76.33 billion by 2035. This technology-driven modernization of fleet operations is increasing data visibility across agencies, creating more structured, planned approaches to fleet lifecycle management and, ultimately, more predictable surplus pipeline flow.⁸

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Surplus Asset Categories & Opportunities

Highest-Volume Asset Categories

Based on GovDeals sales, the following asset categories represent the current and near-term core of government surplus:

Asset Category	Demand Level	Why it Matters to Sellers
Light-Duty Vehicles & Trucks	High Opportunity	Highest volume category; broad buyer demand across commercial and individual bidders
Buses	High Opportunity	Light-duty bus surplus driven by transit and school district cycles
Heavy Equipment	High / Growing	Extended OEM lead times increasing used market values; strong near-term opportunity
Fire & Rescue Apparatus	High / Growing	Scarcity of new units elevating secondary market pricing
Public Works Vehicles	Moderate–High	Consistent municipal disposal pipeline; underserved in many regions
School District Fleets	Moderate	Seasonal (June–July); grant compliance barriers in some states
Law Enforcement Vehicles	Moderate	Specialized buyer base; strong demand from resellers and international buyers

Price Trends by Category

- Light-duty vehicles: Prices have stabilized in 2026 after declining through 2023–2024. Trucks and SUVs continue to command premium values relative to sedans and compacts.
- Heavy trucks and emergency vehicles: Prices are trending upward due to OEM supply constraints and extended lead times on new units.
- Used EVs: Experiencing renewed demand as rising fuel prices and improving affordability drive increased interest in the secondary market; Manheim data shows EV wholesale prices up 6.7% year-over-year in March 2026.



Challenges & Barriers to Surplus Disposition

Agency Challenges

Government agencies face a distinct set of operational, regulatory, and political barriers that slow or complicate surplus disposal:

- Storage capacity: Limited physical space for holding surplus assets creates urgency but also operational strain for agencies managing large inventories.
- Staffing shortages: Remote and hybrid work models have reduced the on-site personnel available to process and manage surplus. In response, a growing number of agencies are turning to full-service or hybrid models, where the provider handles onsite tagging, staging and processing on the agency's behalf.
- Federal grant restrictions: Equipment purchased with federal grant funding often carries legal restrictions on resale, requiring specialized compliance review before disposition can proceed.

- Local political dynamics: Board-level politics, incumbent vendor relationships, and institutional inertia create resistance to switching auction providers.
- State-level ownership complexities: In some states (e.g., North Carolina), school buses are owned at the state level rather than the local level, making local agencies hesitant to initiate sales without explicit authorization.

Buyer-Side Challenges

- Non-paying buyers represent a persistent friction point, reducing net realized recovery for sellers and straining administrative resources.
- Attracting and qualifying a balanced mix of end users, resellers and fleet buyers requires targeted outreach and marketing investment to maximize asset recovery across vehicle categories.

Why GovDeals: The Platform Advantage

Value Proposition to Government Fleet Managers

When government fleet managers evaluate surplus disposition options including trade-ins, dealer buybacks, and local auctions, GovDeals' core advantages center on outcomes and simplicity.

Key Value Proposition:

- Broad bidder reach increases competitive pricing potential and improves recovery outcomes for sellers.
- Flexible digital platforms reduce administrative burden on agency staff.
- Vetted buyer networks with transparency and confidence in the bidding process.
- National marketing exposure expands buyer access beyond local auction channels.
- Real-time bidding visibility and reporting tools support more efficient asset disposition.

Competitive Differentiators

- Large national bidder marketplace supports stronger competitive pricing and recovery outcomes.
- Nationwide buyer reach | Assets sold nationally, not just locally.
- Digital-first platform structure | Supports faster processing and reduced administrative strain.
- Transparent auction process | Vetted buyers; real-time price discovery.
- Liquidity Services infrastructure | Backed by enterprise-grade technology and compliance support.
- Proven track record | Thousands of government agencies trust GovDeals for large-scale fleet remarketing.



Sources & References

Market Trends Report

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Services

Consultative surplus asset management, valuation, and sales solutions

- Surplus asset management
 - Targeted buyer outreach
 - Valuation services
 - Dedicated customer support
 - Digital transformation
 - Compliance and risk mitigation
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About GovDeals

Your leader in online government surplus auctions

GovDeals is the world's leading marketplace for surplus government and educational assets, ranging from heavy equipment and transportation assets to industrial machinery and real estate. The platform specializes in surplus disposition technology, partnering with government agencies and related entities to sell "as is, where is" surplus equipment and materials in a transparent fashion. Sellers can directly launch and manage their listings in just days, with more control and lower fees than traditional auction solutions. Buyers have direct access to all the surplus assets across Liquidity Services' network of marketplaces in one centralized location which has completed more than \$15 Billion of sales to date. GovDeals is powered by Liquidity Services (NASDAQ: LQDT), the leading global provider of e-commerce marketplaces and software solutions powering the circular economy.

Visit us at GovDeals.com or scan the QR code below.



You have surplus. We have solutions.

Get Started Today!

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