

■ The Balance Sheet

Farm business asset values totaled \$978.0 billion on December 31, 1995, an increase of 4 percent over the preceding year. Farm business debt rose 5 percent during 1995, reaching \$150.8 billion at year's end. As a result, farm business equity rose 3 percent. Average equity per farm on December 31, 1995, was \$399,000.

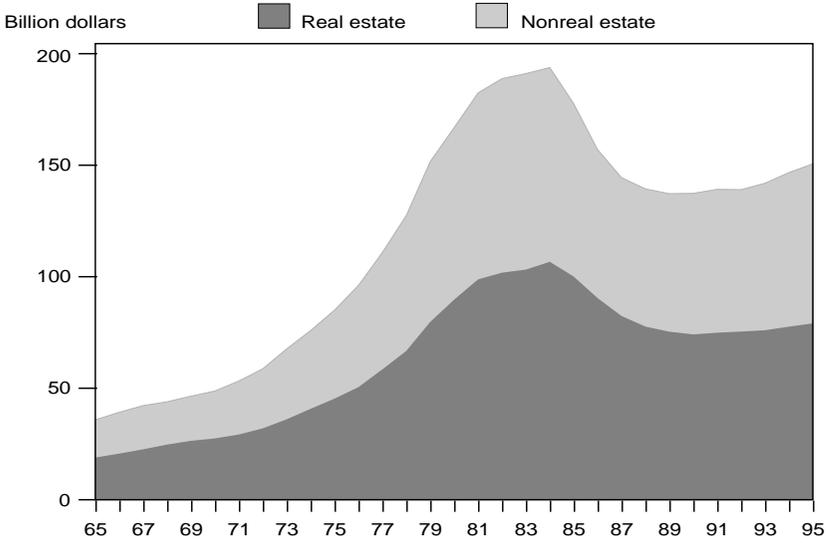
The debt-to-asset ratio (expressed as a percent) decreased from 15.6 to 15.4 during 1995. The ratio was substantially below the peak of 23 percent reached in 1985.

Real estate assets accounted for 77 percent of the value of farm business assets at the end of 1995. Real estate assets increased 7 percent during the year. The average real estate value per farm was \$365,000 on December 31, 1995.

Nonreal estate assets decreased 4 percent during 1995. The year-end values of farm business livestock and poultry, machinery and motor vehicles, and purchased inputs fell, while only the value of crops stored and financial assets increased in 1995.

Figure 3-1.

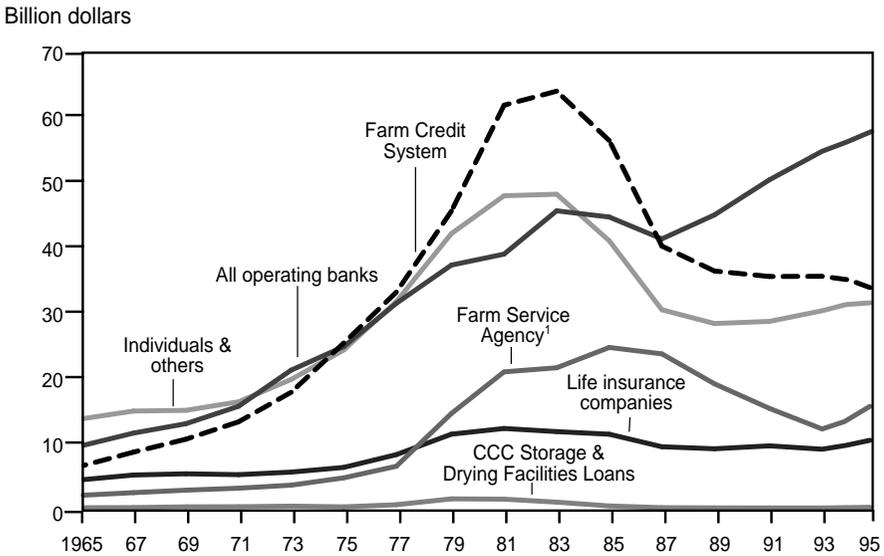
Farm business debt¹



¹Debt secured by farm real estate. ²Debt for operating purposes.
Source: USDA, Economic Research Service, Rural Economy Division.

Figure 3-2.

Farm business debt by lender



¹Includes the former Farmers Home Administration's loans.
Individuals and others include Commodity Credit Corporation real estate loans.
Source: USDA, Economic Research Service, Rural Economy Division.

Farm business real estate debt increased slightly in 1995, standing at \$79.3 billion at the end of the year. Nonreal estate debt rose 3 percent to \$71.5 billion. On December 31, 1995, commercial banks held 40 percent of farm business debt, and the Farm Credit System held 25 percent.

Table 3-2.

Farm business assets, debt, and equity¹

| <i>Item</i> | <i>1960</i> | <i>1970</i> | <i>1980</i> | <i>1990</i> | <i>1995²</i> |
|-----------------------------|-----------------------------------|-------------|-------------|-------------|-------------------------|
| | <i>Billion of current dollars</i> | | | | |
| Assets | 174.2 | 278.9 | 981.5 | 839.9 | 978.0 |
| Real estate | 123.3 | 202.4 | 782.8 | 620.0 | 755.7 |
| Nonreal estate ³ | 51.1 | 76.4 | 198.7 | 219.8 | 222.2 |
| Debt | 22.4 | 48.8 | 166.8 | 138.0 | 150.8 |
| Real estate ⁴ | 11.3 | 27.5 | 89.7 | 74.7 | 79.3 |
| Nonreal estate ⁵ | 11.1 | 21.2 | 77.1 | 63.2 | 71.5 |
| Equity (assets minus debt) | 151.9 | 230.1 | 814.7 | 701.9 | 827.2 |

¹As of December 31. ²Preliminary. ³Crop inventory value is value of non-CCC crops held on farms plus value above loan rate for crops held under CCC. ⁴Includes CCC storage and drying facilities loans. ⁵Excludes value of CCC crop loans.

Source: USDA, Economic Research Service, Rural Economy Division (now eliminated).