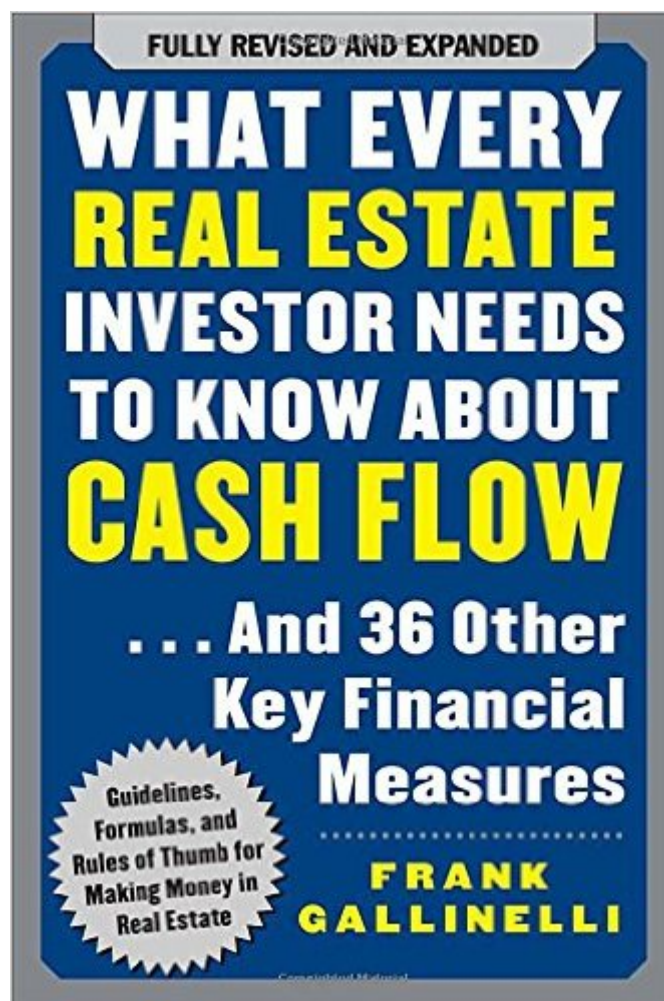


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# What Every Real Estate Investor Needs To Know About Cash Flow... And 36 Other Key Financial Measures



## Synopsis

Formulas that make the difference between making profits and losing equity The only way to win the real estate investing game is by mastering the numbers. This revised and updated edition of the popular reference shows how to target the best investments in the present market. It answers all your real estate questions, and provides new discussions of capital accumulation and internal rate of return. This book's basic formulas will help you measure critical aspects of real estate investments, including Discounted Cash Flow Net Present Value Capitalization Rate Cash-on-Cash Return Net Operating Income Internal Rate of Return Profitability Index Return on Equity

## Book Information

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## Customer Reviews

I'm a university business teacher and have an MBA, and I've taught a number of introductory courses in business finance, including processes for sizing up general corporate investments. I'm also familiar with methods for valuing stocks and bonds. I'm also a bit new to the United States so the implications of U.S. tax laws aren't entirely second-nature for me. Before reading this book, I had also purchased a couple small, single family investment properties that have worked out satisfactorily so far, but wanted to refine my approach using terms and methods that are native to the real estate investment industry. As an educator, I not only expect authors to provide information, but also, to help you practice your skills. Therefore, I tend to judge a book by how well it guides me in truly learning and understanding its concepts. Overall, this book stood up well against my goals and expectations. The author's methods seemed consistent with general business practices in the various courses I've taught, but have been modified to fit the nuances of the real estate investment

industry. I picked up a few things as well, mostly surrounding the impact of accounting rules on taxable income and financial ratios that are specific to real estate investments. I also liked how the author wasn't short on examples of the math in action. Within each chapter there is usually one or two example calculations, and then, at the end of the book, he repeats each calculation or ratio giving it a bit more explanation. He also gives you a problem to solve, with a solution provided at the end of the chapter to check your knowledge. In this end-section of the book, he also provides a bit more detail for each ratio than you find in the body of his work.

The book I read this week was *What Every Real Estate Investor Needs to Know About Cash Flow* by Frank Gallinelli. I feel I have gone back in time... sitting in the University library stewing over an accounting book. If I were reading an accounting book for this blog, I wouldn't even know what to tell you without risk of having you pass out due to boredom half-way through my first sentence. This will not be a long post because I will not be going in to detail on how to calculate a present value or future value formula. I will not be computing simple or compound interest and I certainly won't be laying out a amortization table. If that's something you are interested in learning you can buy an old accounting book on for pennies (literally). There is no doubt that the formulas and knowledge in this book have a purpose. Even though computer programs can compute the majority of these formulas it is nice to know what is really happening and what it means. For instance, you don't need to know how to do your own taxes and create a maximum refund, but you should know the skeleton of what your tax pro is going to be doing for you and what formulas are used. For real estate, pretty much every computation that you'll ever have to do can be done in Microsoft Excel. The more familiar you are with setting up an excel formula, the easier it will be to complete your pro forma. The author has a website that has almost every formula you'll ever need. It makes a great reference when you are making your own formulas. Here is where you can find them [...] The biggest eye-opener for me from this book were the 4 different means of making money from a real estate investment. I never thought of two of the ideas as means for making money, but they really are.

I am a commercial real estate attorney. I am a commercial real estate investor. I have read many, many real estate books over the last 20 years. This is the BEST book I have ever seen on "real world" commercial real estate investing. Honestly--- this is what you need to know. There are lots of books out there that claim to tell you the secret to making millions in real estate. Most of them claim you can do it in your spare time with "no money down". Trust me-- they are all full of bull. If it seems too good to be true-- it usually is. If you think you can get rich investing in real estate in your spare

time, with no money down-- you are fooling yourself.If it was that easy--- everyone would do it. Many people try to invest in real estate and many fail. This book will give you the tools and the knowledge to be one of the small percentage who succeed and even thrive.It is not easy. This will take time. But you can do this, and understand this, and become a pro.If you are already a pro-- this book will hone your skills and refresh your memory on what is important.I would be shocked if this book didn't have a worthwhile lesson for every reader, no matter what their background or experience level.However-- If you are a beginner, you may need to read this book more than once to have all of the nuggets of wisdom that are in here sink in. But if you do--- you will able to compete with the best of them.....I have read this book 4 times. It is that good. That informative. And THAT entertaining.Do you know how many people try to be a landlord and hate it? Most of them.Why is that?

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