



# *Amerival*

## *Realty & Valuation Newsletter*

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### *AS THE SEASONS CHANGE*

*By*

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**NEW SCHOOL YEAR-** As the bus in the clip above indicates, the school year has begun. We have enjoyed a Summer in which we didn't have to worry about change of speed limits in the school zone. Unfortunately, many people drive under the influence of "not paying attention" or being in a trance. Think about it. Hasn't it happened to you. All of a sudden you realize you missed your exit or you got on a major roadway going the wrong way. No, you are not losing it. You are virtually in a daze. It happens most often when you are on a repetitive drive, one you have done many times before. Psychologists suggest that when your mind is bored it wanders unintentionally to a thought pattern which you didn't intentionally initiate. It is explained by neurologists as when the brain doesn't have to think, then time is perceived as being short. The opposite is then when time seems to take long, as when you are on vacation, it seems to go by slowly because your mind is active. So, the "trance" is brain directed, not in true time.

Now, why this discussion? (rhetorically) Because, you must overtly now think about school zones and reduced speed. Ladies and gentlemen we likely all have school age children close to us. They are the future of our country and the future of our lineage. Let's give them the chance to enjoy a long life and hopefully reach the goals they have and / or will set for themselves. So, watch the school speed zones. Then there is something termed "distracted driving". Those of us who make cell calls or insert discs in a CD player, or change the radio station or put on makeup while driving are being distracted and it far too often results with an accident. So, please stop it, if you are guilty.

**MIND PROVOKING-** Here are some terms which you may not be familiar. Give them some thought and you will find the understandings at the end of this edition of the Newsletter.

Standard of Living      Globalization      Quick Ratio

**WHEN IS THE RIGHT TIME TO BUY A HOUSE?-** The old adage, "buy low and sell high" certainly has merit but should not be the reason you purchase a house. Most Americans buy homes for family living which means location, safety and good value are some of the reasons homes are purchased. Presently, interest rates are low, but prices are high which isn't much different in financial return if you bought when rates are high but prices are low. It's always a matter of just one "thing", affordability. Americans buy housing because of a need, not a want, contrary to many who don't believe in that. Now, there are those who watch too much TV and decide they can get into flipping. That's rather like the stock market, or other forms of gambling. **CON'T**

*Courtesy of*

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**CON'T-** If you can afford to “burn” the money you invest, then go ahead, if you can’t, then don’t do it. Real estate is often seen as an investment and just as often results in financial loss. I recently read an article about professional athletes who earned millions of dollars during their careers and today are broke or very near it. The article wasn’t about 3 or 4 but closer to 30—40. Ironically, most went bankrupt due to bad real estate investments. Yes, many were taken advantage by unscrupulous financial advisors who made dreams of “not lifting a finger” profits for the rest of their lives. It is very easy to be duped. The one name which almost any sports aficionado will know is Dan Marino, quarter back for the Miami Dolphins. His problem wasn’t necessarily real estate but he invested under advisement into one company tagged as the next AT&T like investment. Well, it went bad quickly and he lost everything. How could anyone be that stupid? No, he wasn’t stupid but it’s a normal assessment. One of the most respected real estate attorneys in Ocean County, New Jersey was led to water while thirsting for riches in Florida. You got it. He was taken by people obviously smarter than he. He lost everything including the clothes in his closet.

The moral of the story is do what you do best and if real estate investment is not it, then avoid the pitfalls of being a rich land baron or baroness. With that said, rely on good real estate people, sales, attorneys and appraisers. But first do your homework. Just because there are those who are REALTORS, or real estate attorneys or “great” appraisers according to advertisements or recommendations, doesn’t mean they are. Ask to speak with people with whom they have worked and not one or two. You are making a serious investment so make sure you have the right person and when you do, you very likely will be properly advised. However, remember there are no guarantees in investments.

#### **THIS EDITION'S SELECT PROFESSIONAL**

Angela Cohen- Real Estate Sales-

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Ms. Cohen is one of those rare agents who truly cares about the clients she serves. She invests an inordinate amount of time to help find the right property for each who choose her. For her its not an issue of the “law of large numbers”; it is gaining the satisfaction that she helped the people who placed their trust in her. Whether for yourself or for one whom seeks your advice, have them call her and know you did the right thing. This recommendation is based on my experience with her.

### ***Standard of Living***

The financial health of a population, as measured by the quantity of consumption by the members of that population. The measure most frequently used to derive the estimate of standard of living is gross national income per capita (person). A drawback to this method of measurement is it does not consider some factors which are important but difficult to quantify, i.e. crime rate, unemployment and environmental impacts, etc.

### ***Globalization***

Basically, it is the process of increasing the connectivity and interdependence of the world’s markets and businesses. Over the past few decades the process has accelerated due to the dramatic advancements of various technologies. Two of the most recognized are telecommunications infrastructure and the growth of corporate relocations and international trade agreements.

**CON'T**

## ***Quick Ratio***

A measure of a company's liquidity and ability to meet its obligations. Quick ratio, often referenced as "acid-test ratio", is obtained by subtracting inventories from current assets and then dividing by current liabilities. Quick ratio is viewed as a sign of a company's financial strength or weakness (higher number means stronger, lower number means weaker).

As an example; if current assets equal \$15,000,000, current inventory equals \$6,000,000, and current liabilities equal \$3,000,000, then quick ratio amounts to:  $(\$15,000,000 - \$6,000,000) / \$3,000,000 = 3$ .

Since we subtracted current inventory, it means that for every dollar of current liabilities there are three dollars of easily convertible assets. In general, a quick ratio of 1 or more is accepted by most creditors; however, quick ratios vary greatly from industry to industry. Since we subtracted current inventory, it means that for every dollar of current liabilities there are three dollars of easily convertible assets. In general, a quick ratio of 1 or more is accepted by most creditors; however, quick ratios vary greatly from industry to industry.