

# Bangalore: Best time to be landlord?

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*Delivering the highest rental returns amongst the 11 cities tracked in PropIndex, is Bangalore the best place to earn rental returns? The gross rental yields for the city was ranging between 3.22-5.15 per cent during the Jan-Mar 2014 quarter.*

If you are not living in the property you had purchased, one of its best utilization would be to lease it out. This not only helps you earn an additional income but may also aid in paying off your monthly EMIs. If you happen to be in a similar situation in Bangalore, this might just be the right time to be landlord.

As per the latest PropIndex (Jan-Mar 2014 quarter), Bangalore has registered the highest range of rental yield in the country. To be more precise, residential localities in the city has clocked rental returns to the tune of 3.22 – 5.15 per cent during the first quarter of 2014.

Localities that have recorded good rental returns in the city include Marathahalli (5.15 per cent), Sarjapur (5.07 per cent), Electronic City (5.05 per cent), HSR Layout (4.93 per cent), J P Nagar (4.34 per cent), Banerghatta Road (4.31 per cent) etc. All these localities have witnessed increase yield when compared to the previous quarter.

This is happening largely because rental values in the city have moved up in the last three months while the capital market has stayed subdued recording dropping values.

For instance, in Electronic city, the rental values around Rs 13.25 per sq ft in Oct-Dec 2013. This has gone up to Rs 14 per sq ft in the Jan-Mar 2014 quarter. This essentially means that a 1000-sq-ft apartment that gave you a monthly rent of about Rs 13000 till December 2013 now gives you around Rs 14,000 per month.

A similar trend has been noted in other localities as well. Thus, if you have a residential property that is leased out in any of these locations, then you have certainly hit the jackpot.

However, stable or dropping capital values have also played a crucial role in this trend. “Sales had remained slow in the last two quarters of 2013. However, there were many new launches in the city during the same period. This has resulted in unsold inventory stabilising capital values in the city,” says Vivek Jala, general manager, Colliers International.

Thus, while those looking for capital appreciation of their property in the city may have been disappointed, the improvement in the rental market would act as healing balm. Thus, this might not be the right time to earn capital appreciation, but definitely some handsome rental returns in Bangalore.

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