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For investors in industrial property, Bangalore offers a plethora of choices across micro markets. The town has been notching up strong growth in terms of highest workplace area absorption within the country consecutively for years along currently. The city's inherent strengths like healthy climate, cosmopolitan outlook, availability of professional manpower, give an atmosphere for corporates and MNCs to still expand their operations in and around the town.

A number of startup corporations give chance for smaller investors within the space vary of 5000 sq ft to 20000 sq ft in specific locations like Koramangala, CBD and Indira Nagar. For larger transactions, areas like Whitefield and Outer Ring Road give limited choices for investment.

The yield on workplace area varies reckoning on the placement and rentals offered within the space. In prime locations, it varies from 9.5% to 10.0% pre tax whereas in secondary business districts like Indira Nagar, Outer Ring Road, Koramangala and Whitefield, it ranges from 10.5 to 11.5%. Whereas the price tag size is 5000 sq ft for smaller investors in CBD, in Secondary Business Districts, availability lies from 10,000 sq ft and above.

There are green buildings that carry the advantage of operational benefits for occupiers and reduction in recurring maintenance value that the tenant is keen to pay a lot of rentals. There also are new entrants who are capable of committing buyback guarantees for investors if the yield dips below the benchmark level of 9-10 per cent each year. And therefore the net yield ranges from 7.5 to 8 per cent when TDS and native taxes.

The Bangalore commercial market has witnessed a healthy transaction activity throughout the month of May. Key transactions included Ericsson leasing in Umiya Business Bay, Longford Road, KPMG leasing space in Salarpuria Hallmark 1 and Axis Aerospace & Technologies leasing space in Vaswani Centropolis. Vacancy rates declined nominally because of stable demand amidst restricted fresh offer. Marginal appreciation of rents and capital values were recorded along the Outer Ring Road and SBD locations like Koramangala, Old Airport Road and Inner Ring Road.

Bangalore's commercial market is predominantly driven by IT/ITES sectors though biotech, banking, insurance and monetary services do generate needs in and around the town. There are inherent strengths like quality buildings and reasonable rentals compared to alternative cities like Mumbai and Delhi that makes Bangalore a most wanted destination for both residential and commercial property.

The surge in demand for leased commercial area clearly indicates the buoyant market situation and therefore the guaranteed return on investment that investors are possible to urge across micro markets. However, an accurate tenant-mix and placement are key parameters whereas investing in commercial property in Bangalore. For high net worth peoples, it makes higher sense to speculate in industrial properties, as investment in commercial property continues to urge the exemption from wealth tax.

NRI/PIOs are allowed to speculate in commercial properties and that they will repatriate the rentals once a year without the requirement to travel to RBI for approval as powers have currently been vested with authorised foreign exchange dealers to impact repatriation of rental income. All that's needed may be a certificate from a CA that tax has been completely paid and a certificate is issued in this manner. For NRIs, whereas repatriation for residential units is confined to 2 units when a lock-in duration of 3 years, there's no restriction on investment in commercial properties.

There's a slowdown within the commercial market of Bangalore for the past 2 months. Though the quantity of enquiries continues to drive the market resulting in clients's™ inspection of the premises and negotiations on lease rentals, usually there's a wait and watch perspective among corporates and MNCs.

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