

BXP: Which work comes next?

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On August 6, 2026, BXP filed its second-quarter report. Occupancy had improved, leasing activity was strong relative to the company's historical second-quarter average, and a large share of its commercial development and redevelopment pipeline was pre-leased. Yet the company also said its markets still needed consistent incremental absorption before a broad recovery could be declared. Some regions were gaining rent on replacement leases; others were giving ground.

The figures put one question back on the table for the people responsible for BXP's portfolio: where should the next increment of management attention and discretionary capital go? Should the company concentrate on delivering underway projects and converting signed leases into occupied space? Should it put more effort into leasing and repositioning existing buildings? Or should it preserve flexibility around any marginal speculative start that is not yet committed?

This case is set at the close of August 6, after the quarter's filing and the disclosed August 5 sale of Sumner Square. The decision assignment below is hypothetical; BXP did not disclose that a board or management committee had called this vote.

The assignment

Assume you are a portfolio strategy director preparing a briefing for BXP's executive team ahead of its next planning cycle. Your task is to propose how the company should sequence work across its existing office portfolio and the development/redevelopment work already underway. If you believe the evidence warrants it, address whether, when, and which marginal speculative starts—if any—that remain uncommitted should be deferred. This is a hypothetical role and assignment, not a description of BXP's internal process.

The current construction, financing, joint-venture and tenant obligations are constraints. The decision is not whether to cancel all projects, and the company's public filings do not identify a pipeline of uncommitted speculative starts. Liquidity and debt maturities matter to feasibility, but you are not being asked to value the company or build a financing model. Your recommendation should state what additional evidence would change your view.

A portfolio with two clocks

BXP's September 2025 three-year action plan linked occupancy growth with development of premier assets, a selective approach to future opportunities, asset sales intended to fund the pipeline and reduce leverage, and private-equity partnerships on selected assets. The plan emphasized projects already underway. Management said it could refine parts of the plan as conditions changed. [1]

At June 30, 2026, 88.4% of BXP's in-service portfolio was occupied and 91.3% was leased. The difference represented about 1.3 million square feet of signed space not yet commenced; BXP expected around 85% of that space to commence before year-end. The company defines "leased" to include signed vacant space before rent revenue begins, so the leased figure described commitments as well as occupied space. [2]

BXP signed 106 leases totaling 1,755,161 square feet in the second quarter, with a weighted-average term of 9.9 years. The release rounded the total to 1.8 million square feet and said it equaled 129% of the company's ten-year average for a second quarter. Most of the quarter's increase in portfolio occupancy came from improvement in existing buildings; the remainder came from 290 Binney Street, a new life-sciences property that was fully leased to AstraZeneca. [3]

The regional snapshot was less uniform. Boston was 92.9% occupied and 94.2% leased. New York was 86.7% occupied and 92.0% leased; San Francisco was 79.7% and 82.8%; Seattle was 81.9% and 85.9%. Washington, DC was 90.5% occupied and 92.7% leased. These regional measures included all of BXP's unconsolidated joint-venture properties, rather than only BXP's pro-rata share. [4]

Nor did leasing tell a single rent story. On 877,841 square feet of selected second-generation space that had been vacant for less than two years, BXP reported a weighted-average 1.58% increase in net cash rent relative to prior leases. The regional results ranged from increases of 23.66% in Boston and 19.92% in New York to declines of 17.76% in San Francisco, 20.11% in Seattle and 10.20% in Washington, DC. BXP's calculation describes a selected replacement-lease sample, not a market-wide rent index. [5]

Management described pockets of strength in Midtown Manhattan, Boston's Back Bay, Reston Town Center and selected San Francisco submarkets. It also said all markets needed consistent incremental absorption before a broader macro recovery could be declared, and that some life-sciences demand remained below historical levels, especially among earlier-stage companies. One interpretation was that premium assets were beginning to capture demand. Another was that improvement remained local and uneven, while signed leases and new deliveries made headline occupancy look stronger before all the new space had started paying rent. [6]

Work already underway

As of June 30, BXP's filing listed office development and redevelopment projects including Reservoir Place, 725 12th Street and 343 Madison Avenue. Their estimated stabilization dates ranged from 2027 to 2031. The company said the commercial space in its pipeline was about 65% pre-leased as of July 31, excluding residential projects. Project-level figures included 89% pre-leasing at Reservoir Place, 87% at 725 12th Street and 50% at 343 Madison. [7]

These projects did not all have the same profile. Reservoir Place was a redevelopment of roughly 363,000 square feet within an existing 528,000-square-foot building. Boston Dynamics had signed a roughly 322,000-square-foot lease there. At 725 12th Street, the filing reported 87% leased. At 343 Madison, BXP reported 50% pre-leased and an estimated Q2 2031 stabilization. The leases, remaining work, cost estimates, completion dates, tenant obligations and market exposure differed by asset. [7]

The filing's project table estimated BXP-share total investment of \$3.1564 billion and future equity requirements of \$2.0994 billion as of June 30. A nearby narrative described total investment as approximately \$3.3 billion, a difference of about \$144 million that the filing did not reconcile. The June 30 future-equity figure preceded a \$1.2 billion construction loan for 343

Madison that closed July 28. BXP said the loan reduced the project's future equity requirement from about \$1.541 billion to roughly \$341 million and described remaining pipeline equity after the loan as approximately \$900 million. The measures have different dates and scopes. The filing footnote said the June 30 future-equity estimate excluded \$94.7 million of accrued but unpaid construction costs and leasing commissions. [8]

The company's project table includes residential as well as office work; the 65% commercial prelease figure excludes residential. The reported estimates are not a guarantee of cost to complete. They do not disclose project-level stabilized returns, remaining contingencies, cancellation costs, or how much remaining spending could be changed without harming tenants or partners. [8]

Sales and the cash context

BXP's filing reported that it completed the Sumner Square sale on August 5 for \$63 million gross. The note did not give transaction-specific net proceeds. Separately, BXP said its share of gross prices for 19 property sales from January 2025 through August 5, 2026 was about \$1.5 billion and net proceeds were about \$1.3 billion. Those aggregate numbers cover a broader period and portfolio than the Sumner sale. [9]

As of July 31, BXP reported approximately \$345.7 million in cash, including amounts attributable to joint-venture partners, and about \$1.3 billion available on its revolving facility after the commercial-paper backstop. The company said these resources and other sources were generally sufficient for near-term project needs, debt maturities, REIT distributions and opportunistic investments. It also disclosed upcoming maturities and refinancing needs. [10]

The figures frame a constraint, not a project ranking. Cash included joint-venture partner amounts, revolving availability was not cash on hand, the sale proceeds were not all attributable to Sumner, and public disclosures did not map those resources to the returns or completion risks of specific projects.

What research can-and cannot-resolve

Office demand research provides reasons to measure different things separately. A study of leases in 105 U.S. markets through June 2022 found that pandemic-era revenue on in-force leases fell mainly through lower lease quantity, while rent patterns varied across property segments and markets. Its matched large-tenant results were observational associations. Its New York model generated outcomes under alternative remote-work assumptions; the authors did not estimate BXP's demand or the returns to renovating a particular property. [11]

Research on office construction in Singapore and Hong Kong examines how uncertainty, demand expectations, interest rates and irreversible investment can affect construction timing. Its city-level historical estimates do not supply a threshold for a U.S. property or resolve the economics of a project already underway. Waiting could preserve flexibility on a genuinely discretionary start; delay could also sacrifice leasing opportunities, market timing and learning. [12]

Your decision

Prepare a short recommendation to the hypothetical executive team. Explain how you would sequence work across current commitments, existing-portfolio leasing/repositioning and any marginal uncommitted start that you consider. State which facts carry the most weight, how you interpret conflicting signals, and what additional project- or market-level evidence you would request. If you propose decision gates, label them as your assumptions; BXP has not disclosed a numerical hurdle for this choice.

Discussion questions

1. Which indicators best describe the quality and timing of BXP's leasing recovery? What does each omit?
2. How should the team compare a signed but not yet commenced lease, a pre-leased development, and vacant space in an in-service building?
3. Which obligations make underway projects different from a hypothetical uncommitted start? What information is missing to identify truly discretionary spending?
4. How might lease-up, repositioning, completion and optionality reinforce or compete with each other?
5. What would you monitor over the next two quarters, and what evidence would cause you to revise your sequencing?

Exhibits

Exhibit 1. Occupancy and leasing by region

Region	Occupied at June 30	Leased at June 30
Boston	92.9%	94.2%
Los Angeles	88.2%	90.9%
New York	86.7%	92.0%
San Francisco	79.7%	82.8%
Seattle	81.9%	85.9%
Washington, DC	90.5%	92.7%
Total portfolio	88.4%	91.3%

Source: BXP Q2 2026 Form 10-Q, printed p. 45. Regional results include 100% of unconsolidated joint-venture properties. “Leased” includes signed vacant space not yet occupied or producing rent.

Exhibit 2. Selected second-generation lease rent changes

Market	Net cash rent change
Boston	+23.66%
New York	+19.92%
San Francisco	–17.76%
Seattle	–20.11%
Washington, DC	–10.20%
Weighted average	+1.58%

Source: BXP Q2 2026 Form 10-Q, printed pp. 45-46. Selected 877,841-square-foot sample of second-generation space vacant less than two years; comparison is new versus expired lease net cash rent. This is not a market rent index.

Exhibit 3. Underway office pipeline

Project	Estimated BXP-share total investment	Estimated future equity at June 30	Pre-leased	Estimated stabilization
Reservoir Place	\$87.0M	\$75.0M	89%	Q2 2027
725 12th Street	\$349.6M	\$240.0M	87%	Q4 2030
343 Madison Avenue	\$1,971.0M	\$1,541.4M	50%	Q2 2031

Source: BXP Q2 2026 Form 10-Q, printed pp. 71-72. Values are company estimates and BXP-share project table amounts. On July 28, a \$1.2B construction loan closed for 343 Madison; BXP then described its estimated future equity requirement as approximately \$341M and total remaining pipeline equity as approximately \$900M. Commercial pipeline preleasing was reported at approximately 65% as of July 31, excluding residential. The project table's \$3.1564B total includes office and residential projects and differs from the nearby approximately \$3.3B narrative.

Exhibit 4. Evidence at a glance

Signal	What it may suggest	What it does not establish
88.4% occupied / 91.3% leased	Space is being leased ahead of occupancy	That all signed space has commenced or is paying rent
1.755M sf of Q2 leases	Leasing activity was strong versus BXP's historical Q2 average	That every market or asset is improving
1.58% weighted-average replacement rent increase	Net cash rent edged up in a selected sample	A broad rent recovery; market outcomes varied materially
Approximately 65% commercial pipeline pre-leased	Tenant commitments cover a substantial share of commercial space	Guaranteed tenant performance, project returns, or cost-to-complete
\$63M Sumner Square sale price	Portfolio disposition activity continued	Net proceeds from that sale or funds available for a specific use

Source notes

1. BXP 2025 Form 10-K, filed Feb. 27, 2026, Item 1, "Business and Growth Strategies," printed pp. 5-7; "Dispositions," p. 14. [SEC filing](#).
2. BXP Q2 2026 Form 10-Q, filed Aug. 6, 2026, Item 2, printed pp. 44-46. [SEC filing](#).
3. BXP Q2 2026 Form 10-Q, pp. 45-47; BXP July 28, 2026 Q2 release, "Leasing & Occupancy" and "Development." [Official release](#).
4. BXP Q2 2026 Form 10-Q, p. 45, regional occupancy and leased table and JV-scope note.
5. BXP Q2 2026 Form 10-Q, pp. 45-46, second-generation cash-rent table and definition.
6. BXP Q2 2026 Form 10-Q, Item 2, "Outlook" and "Leasing Activity and Occupancy," pp. 44-46.
7. BXP Q2 2026 Form 10-Q, project table p. 71, footnotes pp. 72 and leasing/delivery discussion p. 47; July 28 Q2 release, "Leasing & Occupancy."
8. BXP Q2 2026 Form 10-Q, pp. 71-72 and Note 14 p. 41. Project table and narrative figures use different dates/scopes as described in the case.
9. BXP Q2 2026 Form 10-Q, Note 14 p. 41 (Sumner Square); Item 2, "Overview," p. 70 (aggregate sales).
10. BXP Q2 2026 Form 10-Q, Item 2, "Liquidity and Capital Resources," pp. 69-70.

11. Arpit Gupta, Vrinda Mittal and Stijn Van Nieuwerburgh, "Work from Home and the Office Real Estate Apocalypse," NBER Working Paper 30526 (2022), §§2.1-2.4, pp. 7-21; model §§3-4, pp. 22-43. [Full text](#). NBER working-paper evidence is cited; later 2026 journal full text was not read.
12. Yuming Fu and Maarten Jennen, "Office Construction in Singapore and Hong Kong: Testing Real Option Implications," *Journal of Real Estate Finance and Economics* 38(1) (2009), 39-58. [DOI/full text](#).