UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X]QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 1999

[_]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from   to

Commission File Number 1-13087

BOSTON PROPERTIES, INC.
(Exact name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	04-2473675 (IRS Employer Id. Number)
800 Boylston Street Boston, Massachusetts (Address of principal executive offices)	02199 (Zip Code)

Registrant's telephone number, including area code: (617) 236-3300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, Par Value $.01 (Class)	67,904,698 (Outstanding on November 4, 1999)

BOSTON PROPERTIES, INC.

FORM 10-Q

for the quarter ended September 30, 1999

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BOSTON PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS

	September 30, 1999	December 31, 1998
	(unaudited) (in thousands, except share amounts)	
ASSETS		
Real estate:	$5,505,625	$4,917,193
Less: accumulated depreciation	(441,575)	(357,384)
Total real estate	5,064,050	4,559,809
Cash and cash equivalents	50,415	12,166
Notes receivable	--	420,143
Escrows	25,886	19,014
Tenant and other receivables, net	21,420	40,830
Accrued rental income, net	78,413	64,251
Deferred charges, net	49,590	46,029
Prepaid expenses and other assets	29,194	26,058
Investments in joint ventures	35,807	46,787
Total assets	$5,354,775	$5,235,087
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	$2,943,763	$2,653,581
Notes payable	--	420,143
Unsecured line of credit	334,000	15,000
Accounts payable and accrued expenses	49,070	42,897
Dividends payable	48,483	40,494
Accrued interest payable	9,611	7,307
Other liabilities	34,919	27,950
Total liabilities	3,419,846	3,207,372
Commitments and contingencies	--	--
Minority interests	780,910	1,079,234
Series A Convertible Redeemable Preferred Stock, liquidation preference $50.00 per share, 2,000,000 shares issued and outstanding	100,000	--
Stockholders' equity:		
Excess stock, $.01 par value, 150,000,000 shares authorized, none issued or outstanding	--	--
Common stock, $.01 par value, 250,000,000 shares authorized, 67,902,967 and 63,527,819 issued and outstanding in 1999 and 1998, respectively	679	635
Additional paid-in capital	1,068,050	955,711
Dividends in excess of earnings	(14,710)	(7,865)
Total stockholders' equity	1,054,019	948,481
Total liabilities and stockholders' equity	$5,354,775	$5,235,087

The accompanying notes are an integral part of those financial statements.

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Nine months ended September 30, 1999	Nine months ended September 30, 1998
	(unaudited and in thousands, except for per share amounts)	
Revenue		
Rental:		
Base rent	$ 476,261	$ 286,610
Recoveries from tenants	53,878	33,027
Parking and other	34,272	5,880
Total rental revenue	564,411	325,517
Development and management services	11,364	8,893
Interest and other	5,710	9,410
Total revenue	581,485	343,820
Expenses		
Operating	184,321	97,188
General and administrative	21,345	16,750
Interest	151,446	81,926
Depreciation and amortization	88,315	51,212
Total expenses	445,427	247,076
Income before minority interests and joint venture income	136,058	96,744
Minority interests in property partnerships	(4,473)	(390)
Income from unconsolidated joint ventures	648	--
Income before minority interest in Operating Partnership	132,233	96,354
Minority interest in Operating Partnership	(48,483)	(25,025)
Income before extraordinary item	83,750	71,329
Extraordinary gain, net	--	3,564
Net income before preferred dividend	83,750	74,893
Preferred dividend	(4,175)	--
Net income available to common shareholders	$ 79,575	$ 74,893
Basic earnings per share:		
Income before extraordinary gain	$ 1.21	$ 1.19
Extraordinary gain, net	--	0.06
Net income available to common shareholders	$ 1.21	$ 1.25
Weighted average number of common shares outstanding	65,672	60,101
Diluted earnings per share:		
Income before extraordinary gain	$ 1.20	$ 1.17
Extraordinary gain, net	--	0.06
Net income available to common shareholders	$ 1.20	$ 1.23
Weighted average number of common and common equivalent shares outstanding	66,280	60,744

The accompanying notes are an integral part of these financial statements.

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended September 30, 1999	Three months ended September 30, 1998
	(unaudited and in thousands, except for per share amounts)	
Revenue		
Rental:		
Base rent	$ 166,582	$ 119,535
Recoveries from tenants	19,212	13,665
Parking and other	11,261	3,174
Total rental revenue	197,055	136,374
Development and management services	3,706	2,734
Interest and other	1,444	1,069
Total revenue	202,205	140,177
Expenses		
Operating	66,665	43,255
General and administrative	7,383	6,129
Interest	51,768	33,183
Depreciation and amortization	31,078	21,523
Total expenses	156,894	104,090
Income before minority interests and joint venture income	45,311	36,087
Minority interests in property partnership	(179)	(161)
Income from unconsolidated joint ventures	206	--
Income before minority interest in Operating Partnership	45,338	35,926
Minority interest in Operating Partnership	(16,266)	(10,585)
Net income before preferred dividend	29,072	25,341
Preferred dividend	(1,654)	--
Net income available to common shareholders	$ 27,418	$ 25,341
Basic earnings per share:		
Net income available to common shareholders	$ 0.40	$ 0.40
Weighted average number of common shares outstanding	67,901	63,468
Diluted earnings per share:		
Net income available to common shareholders	$ 0.40	$ 0.40
Weighted average number of common and common equivalent shares outstanding	68,484	63,991

The accompanying notes are an integral part of these financial statements.

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the nine months ended September 30, 1999	For the nine months ended September 30, 1998
	(unaudited and in thousands)	
Cash flows from operating activities:		
Net income before preferred dividend	$ 83,750	$ 74,893
Adjustments to reconcile net income before preferred dividend to net cash provided by operating activities:		
Depreciation and amortization	88,315	51,212
Non-cash portion of interest expense	1,676	349
Extraordinary gain on early debt extinguishment	--	(4,641)
Income from investments in unconsolidated joint ventures	(648)	--
Minority interests	45,595	24,598
Change in assets and liabilities:		
Escrows	(6,872)	(8,702)
Tenant and other receivables, net	19,410	(2,839)
Accrued rental income	(14,162)	(5,490)
Prepaid expenses and other assets	(3,136)	(12,502)
Accounts payable and accrued expenses	3,766	17,680
Accrued interest payable	2,304	(1,797)
Other liabilities	6,969	14,715
Total adjustments	143,217	72,583
Net cash provided by operating activities	226,967	147,476
Cash flows from investing activities:		
Acquisitions/additions to real estate	(554,430)	(1,168,281)
Tenant leasing costs	(7,440)	(12,018)
Investments in joint ventures	11,628	(28,993)
Net cash used in investing activities	(550,242)	(1,209,292)
Cash flows from financing activities:		
Net proceeds from sales of common and preferred stock	241,003	819,326
Payment of offering costs	(254)	--
Borrowings on unsecured line of credit	589,000	195,000
Repayment of unsecured line of credit	(270,000)	(233,000)
Repayments of mortgage notes	(24,697)	(150,488)
Proceeds from mortgage notes	287,039	517,800
Repayment of notes payable	(328,143)	--
Dividends and distributions	(130,451)	(88,579)
Proceeds from exercise of stock options	815	--
Deferred financing and other costs	(2,788)	(259)
Net cash provided by financing activities	361,524	1,059,800
Net increase in cash	38,249	(2,016)
Cash and cash equivalents, beginning of period	12,166	17,560
Cash and cash equivalents, end of period	$ 50,415	$ 15,544
Supplemental disclosures:		
Cash paid for interest	$158,652	$ 87,186
Interest capitalized	$ 11,186	$ 3,812
Non-cash activities:		
Investing and Financing activities:		
Additions to real estate included in accounts payable	$ 2,407	$ --
Mortgage notes payable assumed in connection with acquisitions	$ 28,331	$ 246,626

Issuance of minority interest in connection with acquisitions	$ 2,888	$ 305,797
Dividends and distributions declared but not paid	$ 48,483	$ --
Notes receivable assigned in connection with an acquisition	$420,143	$ --
Notes payable assigned in connection with an acquisition	$(92,000)	$ --
Common stock issued in connection with an acquisition	$ --	$ 5,000

The accompanying notes are an integral part of these financial statements.

BOSTON PROPERTIES, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands)

1. Organization

Boston Properties, Inc. (the "Company"), a Delaware corporation, is a self-administered and self-managed real estate investment trust ("REIT"). Boston Properties, Inc. is the sole general partner of Boston Properties Limited Partnership (the "Operating Partnership") and at September 30, 1999, owned an approximate 67.35% general and limited partnership interest in the Operating Partnership. Partnership interests in the Operating Partnership are denominated as "common units of partnership interest" (also referred to as "OP Units") or "preferred units of partnership interest" (also referred to as "Preferred Units"). All references to OP Units and Preferred Units exclude such units held by the Company. A holder of an OP Unit may present such OP Unit to the Operating Partnership for redemption at any time (subject to restrictions agreed upon the issuance of OP Units to particular holders that may restrict such right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, the Operating Partnership must redeem such OP Unit for cash equal to the then value of a share of common stock, except that, the Company may, at its election, in lieu of a cash redemption, acquire such OP Unit for one share of common stock of the Company ("Common Stock"). Because the number of shares of Common Stock outstanding at all times equals the number of OP Units that the Company owns, one share of Common Stock is generally the economic equivalent of one OP Unit, and the quarterly distribution that may be paid to the holder of an OP Unit equals the quarterly dividend that may be paid to the holder of a share of Common Stock. Each series of Preferred Units bear a distribution that is set in accordance with an amendment to the partnership agreement of the Operating Partnership. Preferred Units may also be convertible into OP Units at the election of the holder thereof or the Company.

All references to the Company refer to Boston Properties, Inc. and its subsidiaries, including the Operating Partnership, collectively, unless the context otherwise requires.

To assist the Company in maintaining its status as a REIT, the Company leases its three in-service hotel properties, pursuant to a lease with a participation in the gross receipts of such hotel properties, to a lessee ("ZL Hotel LLC") in which Messrs. Zuckerman and Linde, the Chairman of the Board and Chief Executive Officer, respectively, are the sole member-managers. Messrs. Zuckerman and Linde have a 9.8% economic interest in such lessee and one or more unaffiliated public charities have a 90.2% economic interest. Marriott International, Inc. manages these hotel properties under the Marriott(R) name pursuant to a management agreement with the lessee. Under the REIT requirements, revenues from a hotel are not considered to be rental income for purposes of certain income tests that a REIT must meet. Accordingly, in order to maintain its qualification as a REIT, the Company has entered into the participating leases described above to provide revenue that qualifies as rental income under the REIT requirements.

As of September 30, 1999, the Company and the Operating Partnership had 67,902,967 and 23,816,811 shares of Common Stock and OP Units outstanding, respectively. In addition, the Company had 2,000,000 shares of Preferred Stock and the Operating Partnership had 8,713,131 Preferred Units outstanding.

The Properties:

The Company owns a portfolio of 132 commercial real estate properties (121 and 114 properties at December 31, 1998 and September 30, 1998, respectively) (the "Properties") aggregating over 35.3 million square feet. The properties consist of 119 office properties with approximately 27.2 million net rentable square feet (including 10 properties under development expected to contain approximately 3.5 million net rentable square feet) and approximately 5.9 million additional square feet of structured parking for 16,726 vehicles, nine industrial properties with approximately 925,000 net rentable square feet, three hotels with a total of 1,054 rooms (consisting of approximately 938,000 square feet), and a parking garage with 1,170 spaces (consisting of approximately 330,000 square feet). In addition, the Company owns, has under contract, or has an option to acquire 45 parcels of land totaling 465.6 acres, which will support approximately 10.0 million square feet of development.

2. Basis of Presentation and Summary of Significant Accounting Policies

The consolidated financial statements of the Company include all the accounts of the Company, its majority-owned Operating Partnership and subsidiaries. The financial statements reflect the properties acquired at their historical basis of accounting to the extent of the acquisition of interests from the Predecessor's owners who continued as investors. The remaining interests acquired for cash from those owners of the Predecessor who decided to sell their interests have been accounted for as a purchase and the excess of the purchase price over the related historical cost basis was allocated to real estate. All significant intercompany balances and transactions have been eliminated. These financial statements should be read in conjunction with the Company's financial statements and notes thereto contained in the Company's annual report on Form 10-K for its fiscal year ended December 31, 1998.

The accompanying interim financial statements are unaudited; however, the financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for other interim periods or for the full fiscal year.

3. Real Estate Acquired and Placed in Service During the Quarter Ended September 30, 1999

On July 9, 1999, the Company acquired 206 Carnegie Center, a 161,763 square foot, Class A office property in Princeton, New Jersey for approximately $27.0 million. This property is part of the Carnegie Center Portfolio. The acquisition was funded with available cash.

On August 13, 1999, the Company acquired 302 Carnegie Center, a parcel of land in Princeton, New Jersey for approximately $1.3 million. This parcel is part of the Carnegie Center Portfolio. The acquisition was funded with available cash.

On August 16, 1999, the Company acquired the leasehold interest and ground rent credits in the 5 Times Square development site in New York City for approximately $152.5 million. The acquisition was funded with a draw down from the Company's Unsecured Line of Credit. The development site will support an approximately 1.1 million square foot, 37 story Class A office tower, which is currently 100% pre-leased.

On August 31, 1999, the Company acquired The Gateway, consisting of two Class A office buildings containing approximately 487,453 square feet, and two development parcels located in South San Francisco, California for approximately $117.6 million. The acquisition was funded through a draw down of approximately $113.1 million from the Company's Unsecured Line of Credit and a $4.5 million promissory note.

4. Investments in Joint Ventures

The investments in joint ventures represent (i) a 25% interest in a joint venture which owns and operates two office buildings in Reston, Virginia, (ii) a 25% interest in a joint venture which is developing one office building in Reston, Virginia, and (iii) a 50% interest in a joint venture which owns and operates a residential apartment building and is developing an office building in Washington, D.C. The Company also serves as development manager for the two joint ventures still under development. Under the equity method of accounting, the net equity investment is reflected on the consolidated balance sheets.

(unaudited and in thousands)

The combined summarized balance sheets of the joint ventures are as follows:

	September 30, 1999	December 31, 1998
	(unaudited)	
ASSETS		
Real estate and development in progress	$235,612	$172,417
Other assets	12,867	10,032
Total assets	$248,479	$182,449
LIABILITIES AND PARTNERS EQUITY		
Mortgage and construction loans payable	$153,875	$ 55,638
Other liabilities	15,945	20,595
Total liabilities	169,820	76,233
Partners' equity	78,659	106,216
Total liabilities and partners' equity	$248,479	$182,449
Company's Share of Equity	$ 35,807	$ 46,787

The summarized statements of operations consist of One and Two Reston Overlook and the residential building at Market Square North, the joint ventures placed in service during 1999:

	Three Months Ended September 30, 1999	Nine Months Ended September 30, 1999
	(unaudited)	(unaudited)
Total revenue	$3,564	$8,002
Total expenses	2,490	5,152
Net income	$1,074	$2,850
Company's Share of Net Income	$ 206	$ 648

5. Mortgage Notes Payable

On July 15, 1999, the Company obtained mortgage financing totaling $29.0 million collateralized by Eight Cambridge Center in Waltham, Massachusetts. Such financing bears interest at a rate of 7.73% and matures in July 2010.

On July 26, 1999, the Company obtained mortgage financing totaling $26.0 million collateralized by University Place in Cambridge, Massachusetts. Such financing bears interest at a rate of 6.94% and matures in August 2021.

On August 6, 1999, the Company obtained additional mortgage financing totaling $9.0 million collateralized by 1301 New York Avenue in Washington, DC. Such financing bears interest at a rate of 8.54% and matures in August 2009.

On August 23, 1999, the Company obtained construction financing totaling $27.0 million collateralized by the Orbital Sciences Phase I development project in Loudon, Virginia. Such financing bears interest at a rate of LIBOR + 1.65% and matures in August 2002. As of September 30, 1999, the Company had drawn approximately $4.6 million of this construction loan.

On September 27, 1999, the Company obtained construction financing totaling $203.0 million collateralized by the 111 Huntington Avenue development project in Boston, Massachusetts. Such financing bears interest at a rate of LIBOR + 2.00% and matures in September 2002. As of September 30, 1999, the Company had drawn approximately $7.4 million of this construction loan.

On September 30, 1999, the Company obtained mortgage financing totaling $75.0 million collateralized by the Gateway in San Francisco, California. Such financing bears interest at a rate of LIBOR + 1.60% and matures in September 2000 (7.2% at September 30, 1999).

6. Minority Interests

Minority interests in the Company relate to the interest in the Operating Partnership not owned by Boston Properties, Inc. and interests in property partnerships that are not owned by the Company. As of September 30, 1999, the minority interest in the Operating Partnership consisted of 23,816,811 OP Units and 8,713,131 Preferred Units held by parties other than Boston Properties, Inc.

On August 16, 1999, the Operating Partnership paid a distribution on the 2,500,000 Series One Preferred Units of $0.61625 per unit, based on an annual distribution of $2.465 per unit and paid a distribution on the 6,213,131 units of Series Two and Three Preferred Units of $0.68562 per unit.

On September 16, 1999, Boston Properties, Inc., as general partner of the Operating Partnership determined a distribution on the OP Units in the amount of $0.45 per OP Unit payable on October 28, 1999 to OP Unit holders of record on September 30, 1999.

7. Redeemable Preferred Stock and Stockholders' Equity

On August 16, 1999, the Company paid a dividend on the 2,000,000 shares of Series A Convertible Redeemable Preferred Stock (the "Preferred Stock"), $50 liquidation preference per share, of approximately $0.68562 per share. In addition, on September 16, 1999, the Board of Directors of the Company declared a dividend of $0.68562 per share on the Preferred Stock payable on November 15, 1999 to shareholders of record on September 30, 1999. These shares of Preferred Stock are not classified as equity as in certain instances they are redeemable for cash or convertible into shares of Common Stock at the election of the holder after May 12, 2009.

On September 16, 1999, the Board of Directors of the Company declared a third quarter dividend in the amount of $0.45 per share of Common Stock payable on October 28, 1999 to shareholders of record on September 30, 1999.

8. Earnings Per Share

For the quarter ended September 30, 1999

	Income (Numerator)	Shares (Denominator)	Per Share amount
	(in thousands, except per share amounts)		
Basic Earnings:			
Income available to common shareholders..	$ 27,418	67,901	$ 0.40
Effect of Dilutive Securities:			
Stock Options.........	--	583	--
Diluted Earnings:			
Net income...........	$ 27,418	68,484	$ 0.40

For the nine months ended September 30, 1999

	Income (Numerator)	Shares (Denominator)	Per Share amount
	(in thousands, except per share amounts)		
Basic Earnings:			
Income available to common shareholders	$ 79,575	65,672	$ 1.21
Effect of Dilutive Securities:			
Stock Options.........	--	608	(.01)
Diluted Earnings:			
Net income...........	$ 79,575	66,280	$ 1.20

For the quarter ended September 30, 1998

	Income (Numerator)	Shares (Denominator)	Per Share amount
	(in thousands, except per share amounts)		
Basic Earnings:			
Income available to common shareholders..	$ 25,341	63,468	$ 0.40
Effect of Dilutive Securities:			
Convertible OP Units related to 875 Third Avenue...............	--	92	--
Stock Options.........	--	431	--
Diluted Earnings:			
Net Income...........	$ 25,341	63,991	$ 0.40

For the nine months ended September 30, 1998

	Income (Numerator)	Shares (Denominator)	Per Share amount
	(in thousands, except per share amounts)		
Basic Earnings:			
Income available to common shareholders..	$ 74,893	60,101	$ 1.25
Effect of Dilutive Securities:			

Convertible OP Units related to 875 Third Avenue..............	--	92	--
Stock Options.........	--	551	(0.02)
Diluted Earnings:			
Net Income...........	$ 74,893	60,744	$ 1.23

(unaudited and in thousands)

9. Segment Information

The Company's segments are based on the Company's method of internal reporting, which classifies its operations by both geographic area and property type. The Company's segments by geographic area are: Greater Boston, Greater Washington, D.C., Midtown Manhattan, Greater San Francisco, and New Jersey and Pennsylvania. Segments by property type include: Class A Office, R&D, Industrial, Hotels and Garage.

Asset information by segment is not reported, since the Company does not use this measure to assess performance: therefore, the depreciation and amortization expenses are not allocated among segments. Interest income, management and development services, interest expense and general and administrative expenses are not included in net operating income, as the internal reporting addresses these on a corporate level.

Information by Geographic Area and Property Type:
For the nine months ended September 30, 1999:

	Greater Boston	Greater Washington DC	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue						
CLASS A................	$116,722	$150,840	$102,515	$115,235	$29,652	$514,964
R&D....................	4,655	13,967	--	1,332	--	19,954
Industrial.............	1,251	1,062	--	905	525	3,743
Hotels.................	23,999	--	--	--	--	23,999
Garage.................	1,751	--	--	--	--	1,751
Total..................	148,378	165,869	102,515	117,472	30,177	564,411
% of Grand Totals......	26.29%	29.39%	18.16%	20.81%	5.35%	100.00%
Rental Expenses						
Class A................	46,520	41,500	35,341	42,398	8,895	174,654
R&D....................	1,369	2,731	--	331	--	4,431
Industrial.............	388	300	--	173	86	947
Hotels.................	3,682	--	--	--	--	3,682
Garage.................	607	--	--	--	--	607
Total..................	52,566	44,531	35,341	42,902	8,981	184,321
% of Grand Totals......	28.52%	24.16%	19.17%	23.28%	4.87%	100.00%
Net Operating Income....	$ 95,812	$121,338	$ 67,174	$ 74,570	$21,196	$380,090
% of Grand Totals......	25.21%	31.92%	17.67%	19.62%	5.58%	100.00%

(unaudited and in thousands)

For the nine months ended September 30, 1998:

	Greater Boston	Greater Washington DC	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue						
Class A................	$56,350	$122,095	$95,899	$ --	$8,734	$283,078
R&D....................	4,491	12,405	--	1,074	--	17,970
Industrial.............	1,216	1,084	--	976	595	3,871
Hotels.................	19,277	--	--	--	--	19,277
Garage.................	1,321	--	--	--	--	1,321
Total..................	82,655	135,584	95,899	2,050	9,329	325,517
% of Grand Totals......	25.39%	41.65%	29.46%	0.63%	2.87%	100.00%
Rental Expenses						
Class A................	21,254	31,879	33,195	--	2,816	89,144
R&D....................	1,378	2,664	--	337	--	4,379
Industrial.............	428	231	--	218	55	932
Hotels.................	2,356	--	--	--	--	2,356
Garage.................	377	--	--	--	--	377
Total..................	25,793	34,774	33,195	555	2,871	97,188
% of Grand Totals......	26.54%	35.78%	34.16%	0.57%	2.95%	100.00%
Net Operating Income....	$56,862	$100,810	$62,704	$1,495	$6,458	$228,329
% of Grand Totals......	24.90%	44.16%	27.46%	0.65%	2.83%	100.00%

The following is a reconciliation of net operating income to income before minority interests and joint venture income:

	Nine months ended September 30, 1999	1998
Net Operating Income.................................	$ 380,090	$228,329
Add:		
Development and management services.................	11,364	8,893
Interest and other..................................	5,710	9,410
Less:		
General and administrative..........................	(21,345)	(16,750)
Interest expense....................................	(151,446)	(81,926)
Depreciation and amortization.......................	(88,315)	(51,212)
Income before minority interests and joint venture income...	$ 136,058	$ 96,744

(unaudited and in thousands)

Information by Geographic Area and Property Type:
For the three months ended September 30, 1999:

	Greater Boston	Greater Washington DC	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental revenue						
Class A................	$41,445	$51,082	$34,381	$40,398	$10,644	$177,950
R&D....................	1,489	4,869	--	497	--	6,855
Industrial.............	432	361	--	287	171	1,251
Hotels.................	10,299	--	--	--	--	10,299
Garage.................	700	--	--	--	--	700
Total..................	54,365	56,312	34,381	41,182	10,815	197,055
% of Grand Totals......	27.59%	28.57%	17.45%	20.90%	5.49%	100.00%
Rental Expenses						
Class A................	16,551	15,375	12,321	15,687	3,468	63,402
R&D....................	420	942	--	129	--	1,491
Industrial.............	122	85	--	51	23	281
Hotels.................	1,287	--	--	--	--	1,287
Garage.................	204	--	--	--	--	204
Total..................	18,584	16,402	12,321	15,867	3,491	66,665
% of Grand Totals......	27.88%	24.60%	18.48%	23.80%	5.24%	100.00%
Net Operating Income....	$35,781	$39,910	$22,060	$25,315	$ 7,324	$130,390
% of Grand Totals......	27.44%	30.61%	16.92%	19.41%	5.62%	100.00%

Information by Geographic Area and Property Type:
For the three months ended September 30, 1998:

	Greater Boston	Greater Washington DC	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue						
Class A................	$32,664	$46,995	$32,315	$ --	$8,636	$120,610
R&D....................	1,503	4,461	--	373	--	6,337
Industrial.............	410	366	--	327	202	1,305
Hotels.................	7,692	--	--	--	--	7,692
Garage.................	430	--	--	--	--	430
Total..................	42,699	51,822	32,315	700	8,838	136,374
% of Grand Totals......	31.31%	38.00%	23.70%	0.51%	6.48%	100.00%
Rental Expenses						
Class A................	13,373	13,073	11,239	--	2,785	40,470
R&D....................	458	970	--	94	--	1,522
Industrial.............	146	73	--	60	32	311
Hotels.................	825	--	--	--	--	825
Garage.................	127	--	--	--	--	127
Total..................	14,929	14,116	11,239	154	2,817	43,255
% of Grand Totals......	34.52%	32.63%	25.98%	0.36%	6.51%	100.00%
Net Operating Income....	$27,770	$37,706	$21,076	$ 546	$6,021	$ 93,119
% of Grand Totals......	29.82%	40.49%	22.63%	0.59%	6.47%	100.00%

=======	=======	=======	=====	======	========

The following is a reconciliation of net operating income to income before minority interests and joint venture income:

	Three months ended September 30, 1999	Three months ended September 30, 1998
Net Operating Income	$ 130,390	$ 93,119
Add:		
Development and management services	3,706	2,734
Interest and other	1,444	1,069
Less:		
General and administrative	(7,383)	(6,129)
Interest expense	(51,768)	(33,183)
Depreciation and amortization	(31,078)	(21,523)
Income before minority interests and joint venture income	$ 45,311	$ 36,087

10. Unaudited Pro Forma Consolidated Financial Information

The accompanying unaudited pro forma information for the nine months ended September 30, 1999 and 1998 are presented as if the following real estate acquisitions had occurred on January 1, 1998: Riverfront Plaza, the Mulligan/Griffin Portfolio, the Carnegie Center portfolio, Metropolitan Square, The Prudential Center, University Place, Reservoir Place and Embarcadero Center. This pro forma information is based upon the historical consolidated financial statements and should be read in conjunction with the consolidated financial statements and the notes thereto.

This unaudited pro forma information does not purport to represent what the actual results of operations of the Company would have been had the above occurred, nor do they purport to predict the results of operations of future periods.

	Nine Months Ended September 30, 1999 (pro forma)	Nine Months Ended September 30, 1998 (pro forma)
	(in thousands, except per share data)	
Total revenue	$581,485	$477,511
Net income available to common shareholders	79,575	78,096
Net income per share available to common--basic	$ 1.23	$ 1.23
Weighted average Common Shares outstanding--basic	64,539	63,370
Net income per share available to common shareholders--diluted	$ 1.22	$ 1.22
Weighted average Common Shares outstanding--diluted	65,147	63,974

11. Subsequent Events

On October 25, 1999, the Company obtained construction financing totaling $48.6 million collateralized by the New Dominion Technology development project in Herndon, Virginia. Such financing bears interest at a rate of LIBOR + 1.60% and matures in August 2000.

ITEM 2--Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results or developments could differ materially from those projected in such statements as a result of certain factors set forth in the section below entitled "Certain Factors Affecting Future Operating Results" and elsewhere in this report.

Results of Operations

Comparison of the nine months ended September 30, 1999 to the nine months ended September 30, 1998.

Rental revenue increased $238.9 million or 73.4% to $564.4 million from $325.5 million for the nine months ended September 30, 1999 compared to the nine months ended September 30, 1998. The increase is primarily due to rental revenue earned totaling approximately $222.0 million on the operations of properties acquired and placed in service since September 30, 1998.

Development and Management Services revenue increased $2.5 million or 27.8% to $11.4 million from $8.9 million for the nine months ended September 30, 1999 compared to the nine months ended September 30, 1998. The increase is due to new contracts earning fees during the first nine months of 1999.

Interest and other revenue decreased $3.7 million or 39.3% to $5.7 million from $9.4 million for the nine months ended September 30, 1999 compared to the nine months ended September 30, 1998. The decrease is the result of interest earned during the nine months ended September 30, 1998 related to higher cash balances resulting from the proceeds from a follow-on public offering of common stock in January 1998.

Operating expenses increased $87.1 million or 89.7% to $184.3 million from $97.2 million for the nine months ended September 30, 1999 compared to the nine months ended September 30, 1998. This is primarily a result of approximately $79.2 million of expenses related to the operations of properties acquired and placed in service since September 30, 1998.

General and Administrative expenses increased $4.6 million or 27.4% to $21.3 million from $16.8 million for the nine months ended September 30, 1999 compared to the nine months ended September 30, 1998 as a result of payroll and other related costs of the new employees hired to support the operations of additional properties acquired and placed in service since September 30, 1998.

Interest expense increased $69.5 million or 84.9% to $151.4 million from $81.9 million for the nine months ended September 30, 1999 compared to the nine months ended September 30, 1998 as a result of interest expense of approximately $62.2 million on debt related to the properties acquired subsequent to September 30, 1998.

Depreciation and Amortization expense increased $37.1 million or 72.5% to $88.3 million from $51.2 million for the nine months ended September 30, 1999 compared to the nine months ended September 30, 1998. This was primarily attributed to approximately $33.2 million of depreciation expense related to the operations of properties acquired subsequent to September 30, 1998.

As a result of the foregoing, net income before minority interest in the Operating Partnership increased $35.9 million to $132.2 million from $96.4 million for the nine months ended September 30, 1999 compared to the nine months ended September 30, 1998.

Comparison of the three months ended September 30, 1999 to the three months ended September 30, 1998.

Rental revenue increased $60.7 million or 44.5% to $197.1 million from $136.4 million for the three months ended September 30, 1999 compared to the three months ended September 30, 1998. The increase is primarily due to rental revenue earned totaling approximately $51.8 million on the operations of properties acquired and placed in service since September 30, 1998.

Development and Management Services revenue increased $1.0 million or 35.6% to $3.7 million from $2.7 million for the three months ended September 30, 1999 compared to the three months ended September 30, 1998. The increase is due to fees earned on new contracts entered into subsequent to September 30, 1998.

Interest and other revenue increased $0.4 million or 35.1% to $1.4 million from $1.0 million for the three months ended September 30, 1999 compared to the three months ended September 30, 1998. The increase is primarily due to interest income earned totaling approximately $0.4 million on properties acquired and placed in service since September 30, 1998.

Operating expenses increased $23.4 million or 54.1% to $66.7 million from $43.3 million for the three months ended September 30, 1999 compared to the three months ended September 30, 1998. This is primarily a result of approximately $19.3 million of expenses related to the operations of properties acquired and placed in service since September 30, 1998 as well as a full quarter of operating expenses recognized in 1999 on the properties acquired during the quarter ended September 30, 1998.

General and Administrative expenses increased $1.3 million or 20.5% to $7.4 million from $6.1 million for the three months ended September 30, 1999 compared to the three months ended September 30, 1998 as a result of payroll and other related costs of the new employees hired to support the operations of additional properties acquired and placed in service since September 30, 1998.

Interest expense increased $18.6 million or 56.0% to $51.8 million from $33.2 million for the three months ended September 30, 1999 compared to the three months ended September 30, 1998 as a result of interest expense of approximately $14.9 million on debt related to the properties acquired subsequent to September 30, 1998 and a full quarter of interest expense recognized in 1999 on the debt associated with the properties acquired during the quarter ended September 30, 1998.

Depreciation and Amortization expense increased $9.6 million or 44.4% to $31.1 million from $21.5 million for the three months ended September 30, 1999 compared to the three months ended September 30, 1998. This was primarily attributed to approximately $9.0 million of depreciation expense related to the operations of properties acquired subsequent to September 30, 1998 as well as a full quarter of depreciation and amortization expense recognized in 1999 on the properties acquired during the quarter ended September 30, 1998.

As a result of the foregoing, net income before minority interest in the Operating Partnership increased $9.4 million to $45.3 million from $35.9 million for the three months ended September 30, 1999 compared to the three months ended September 30, 1998.

Liquidity and Capital Resources

The Company's consolidated indebtedness at September 30, 1999 was approximately $3.3 billion and bore interest at a weighted average interest rate of 7.01% per annum. Based on the Company's total market capitalization at September 30, 1999 of approximately $6.5 billion, the Company's consolidated debt represents 50.5% of its total market capitalization.

The Company has a $500 million unsecured revolving line of credit (the "Unsecured Line of Credit") with BankBoston, N.A., as agent, that expires in June 2000. The Company uses the Unsecured Line of Credit principally to facilitate its development and acquisition activities and for working capital purposes. As of November 4, 1999, the Company had $334.0 million outstanding under the Unsecured Line of Credit.

The following represents the outstanding principal balances due under the first mortgages at September 30, 1999:

Properties	Interest Rate	Principal Amount		Maturity Date
		(in thousands)		
Prudential Center	6.72%	$ 296,512		July 1, 2008
599 Lexington Avenue	7.00%	225,000	(1)	July 19, 2005
280 Park Avenue	7.00%	220,000	(2)	September 11, 2002
Embarcadero Center One	6.70%	158,720		December 10, 2008
Embarcadero Center Two	6.70%	158,720		December 10, 2008
Embarcadero Center Four	6.79%	158,127		February 1, 2008
875 Third Ave	8.00%	153,175	(3)	December 31, 2002
Embarcadero Center Three	6.40%	148,729		January 1, 2007
Two Independence Square	8.09%	118,811	(4)	February 27, 2003
Riverfront Plaza	6.61%	118,429		January 21, 2008
Democracy Center	7.05%	109,424		April 9, 2009
Metropolitan Square	6.75%	105,701	(5)	June 1, 2000
Embarcadero Center West Tower	6.50%	99,168		January 1, 2006
100 East Pratt Street	6.73%	93,723		November 1, 2008
Reservoir Place	6.88%	75,959	(6)	November 1, 2006
One Independence Square	8.12%	75,682	(4)	August 21, 2001
The Gateway	7.20%	75,000	(7)	September 30, 2000
2300 N Street	6.88%	66,000		August 3, 2003
Capital Gallery	8.24%	58,412		August 15, 2006
Ten Cambridge Center and North Garage	7.57%	40,000		March 29, 2000
10 and 20 Burlington Mall Road	8.33%	37,000	(8)	October 1, 2001
1301 New York Avenue	(9)	33,783		August 15, 2009
Eight Cambridge Center	7.73%	28,968		July 15, 2010
510 Carnegie Center	7.39%	28,239		January 1, 2008
Lockheed Martin Building	6.61%	26,900		June 1, 2008
University Place	6.94%	25,916		August 1, 2021
Reston Corporate Center	6.56%	25,394		May 1, 2008
191 Spring Street	8.50%	23,215		September 1, 2006
Bedford Business Park	8.50%	22,329		December 10, 2008
NIMA Building	6.51%	22,001		June 1, 2008
212 Carnegie Center	7.25%	20,763		December 31, 2000
Sumner Square	6.44%	20,000		April 22, 2004
202 Carnegie Center	7.25%	19,280		December 31, 2000
214 Carnegie Center	8.19%	13,474	(10)	October 31, 2000
101 Carnegie Center	7.66%	8,714		April 1, 2006
Montvale Center	8.59%	7,707		December 1, 2006
111 Huntington Avenue (11)	7.40%	7,392		September 27, 2002
Newport Office Park	8.13%	6,271		July 1, 2001
Hilltop Business Center	6.81%	5,940		March 1, 2019
Orbital Sciences (12)	6.60%	4,647		August 19, 2002
201 Carnegie Center	7.08%	538		February 1, 2010
Total		$2,943,763		

- --------

(1) At maturity the lender has the option to purchase a 33.33% interest in this Property in exchange for the cancellation of the principal balance of approximately $225 million.

(2) Outstanding principal of $213,000 bears interest at a fixed rate of 7.00%. The remaining $7,000 bears interest at a floating rate equal to LIBOR + 1.00%.

(3) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at September 30, 1999 was $150,000 and the interest rate was 8.75%.

(4) The principal amount and interest rate shown has been adjusted to reflect the effective rates on the loans. The actual principal balances at September 30, 1999 were $118,719 and $75,688, respectively. The actual interest rates are 8.50% and continue at such rates through the loan expiration.

(5) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at September 30, 1999 was $104,040 and the interest rate was 9.13%.

(6) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at September 30, 1999 was $66,260 and the interest rate was 9.09%.

(7) Outstanding principal bears interest at a floating rate equal to LIBOR + 1.60%.

(8) Includes outstanding indebtedness secured by 91 Hartwell Avenue and 92 and 100 Hayden Avenue.

(9) Includes outstanding principal in the amounts of $20,000, $9,000 and $4,783 which bear interest at fixed rates of 6.70%, 8.54% and 6.75%, respectively.

(10) The principal amount and interest rate shown has been adjusted to reflect the effective rate on the loan. The actual principal balance at September 30, 1999 was $13,450 and the interest rate was 9.13%.

(11) Total construction loan in the amount of $203.0 million at a variable rate of LIBOR + 2.00%.

(12) Total construction loan in the amount of $27.0 million at a variable rate of LIBOR + 1.65%.

The Company expects to meet its short-term liquidity requirements generally through its existing working capital and net cash provided by operations. The Company's operating properties and hotels require periodic investments of capital for tenant-related capital expenditures and for general capital improvements. For the three months ended September 30, 1999, the Company's recurring capital expenditures totaled $2.7 million.

The Company expects to meet its long-term requirements for the funding of property development, property acquisitions and other non-recurring capital improvements through long-term secured and unsecured indebtedness (including the Unsecured Line of Credit) and the issuance of additional equity securities of the Company.

The Company has development projects currently in process, which require commitments to fund to completion. Commitments under these arrangements totaled $714.5 million as of September 30, 1999. The Company expects to fund these commitments using available cash, construction loans and the Unsecured Line of Credit. In addition, the Company has options to acquire land that require minimum deposits that the Company will fund using available cash or the Unsecured Line of Credit.

Funds from Operations

Management believes Funds from Operations is helpful to investors as a measure of the performance of an equity REIT because, along with cash flows from operating activities, financing activities and investing activities, it provides investors with an understanding of the ability of the Company to incur and service debt and make capital expenditures. The Company computes Funds from Operations in accordance with standards established by the White

Paper on Funds from Operations approved by the Board of Governors of NAREIT in 1995, which may differ from the methodology for calculating Funds from Operations utilized by other equity REITs, and accordingly, may not be comparable to such other REITs. The White Paper defines Funds from Operations as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Further, Funds from Operations does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations, or other commitments and uncertainties. Funds from Operations should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flows from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company believes that in order to facilitate a clear understanding of the historical operating results of the Company, Funds from Operations should be examined in conjunction with net income as presented in the consolidated financial statements.

The following table presents the Company's Funds from Operations for the three months ended September 30, 1999 and 1998:

	Three months ended September 30, 1999	Three months ended September 30, 1998
Income before minority interests..............	$45,311	$36,087
Add:		
Real estate depreciation and amortization....	30,882	21,359
Income from unconsolidated joint ventures....	206	--
Less:		
Gain on sale of land........................	(68)	--
Minority property partnership's share of Funds from Operations......................	(211)	(178)
preferred dividends and distributions........	(8,303)	(1,505)
Funds from Operations........................	$67,817	$55,763
Company's share..............................	$50,207	$41,053

Reconciliation to Diluted Funds from Operations:

	For the three months ended September 30, 1999		For the three months ended September 30, 1998	
	Income (Numerator)	Shares (Denominator)	Income (Numerator)	Shares (Denominator)
Funds from Operations...	$67,817	91,718	$55,763	86,208
Effect of Dilutive Securities				
Convertible Preferred Units................	6,649	10,377	--	--
Convertible Preferred Stock................	1,654	2,625	--	--
Stock options.........	--	583	--	524
Diluted Funds from Operations............	$76,120	105,303	$55,763	86,732
Company's share of Diluted Funds From Operations (77.38% and 76.79%, respectively)..	$58,902	81,485	$41,142	63,991

Certain Factors Affecting Future Operating Results

This Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding the Company's business, strategies, revenues, expenditures and operating and capital requirements. The following factors, among others, could cause actual results, performance or achievements of the Company to differ materially from those set forth or contemplated in the forward-looking statements made in this report: general risks affecting the real estate industry (including, without limitation, the inability to enter into or renew leases, dependence on tenants' financial condition, and competition from other developers, owners and operators of real estate); risks associated with the availability and terms of financing and the use of debt to fund acquisitions and developments; failure to manage effectively the Company's growth and expansion into new markets or to integrate acquisitions successfully; risks and uncertainties affecting property development and construction (including, without limitation, construction delays, cost overruns, inability to obtain necessary permits and public opposition to such activities); risks associated with downturns in the national and local economies, increases in interest rates, and volatility in the securities markets; costs of compliance with the Americans with Disabilities Act and other similar laws; potential liability for uninsured losses and environmental contamination; risks associated with the Company's potential failure to qualify as a REIT under the Internal Revenue Code of 1986, as amended, and possible adverse changes in tax and environmental laws; risks associated with the Company's dependence on key personnel whose continued service is not guaranteed; and risks associated with Year 2000 computer problems.

Inflation

Substantially all of the office leases provide for separate real estate tax and operating expense escalations over a base amount. In addition, many of the leases provide for fixed base rent increases or indexed increases. The Company believes that inflationary increases may be at least partially offset by the contractual rent increases described above.

Year 2000 Compliance

The Year 2000 issue relates to how computer systems and programs will recognize and process dates after the year 1999. Most computer systems and programs, which use two digits to specify a year, if not modified prior to the year 2000, will be unable to distinguish between the year 1900 and the year 2000. This could result in system failures or miscalculations that could result in disruptions of normal business operations. The Year 2000 issue can also affect embedded technology systems and programs of a building such as elevator, security, energy, fire and safety systems. The Year 2000 issue affects virtually all companies and organizations.

In March 1998, the Company formed a Year 2000 project team that consists of Company personnel. The team includes a coordinator from Property Management in each of its regions and a representative from Legal, Risk Management and Information Systems. The project team conducts monthly meetings to coordinate a common work plan, to share information and to review the progress of activities in each region.

The Year 2000 Project encompasses a review of compliance risks for the Company's computer information and building systems and is divided into three phases.

Phase I targeted the discovery of issues, an inventory of all building and internal systems, and an initial assessment of risks. Correspondence has been sent to vendors, including equipment manufacturers, service providers, maintenance and utility companies, requesting letters regarding Year 2000 compliance for specific systems. To date responses have been received from all vendors that were sent a request.

In Phase I, correspondence was sent to tenants highlighting the Year 2000 issue and providing a general statement of the Company's progress. The Company has decided not to survey its tenant base; other than its largest tenant (the General Services Administration), as no single tenant represents more than 5% of the Company's annual revenues. Due to the Company's large tenant base, the success of the Company is not closely tied to one particular tenant. As a result, the Company does not believe there should be a material adverse effect on the Company's financial condition and results of operations if a limited number of the Company's tenants were unable to pay rent on a timely basis due to Year 2000 related problems.

Phase II began in September 1998 and was largely completed by June 30, 1999. It consisted of the following:

- Continued assessment of risks, including follow up with vendor responses deemed inadequate (if any)

- Remediation of identified compliance problems by June 30, 1999

- Testing of building systems

The Year 2000 project team adopted a test protocol and procedure. Property managers, working with service vendors, conducted tests of building systems. As of June 30, 1999, successful tests have been carried out and documented for critical building systems at every property in the portfolio with the exception of buildings where the tenant has taken full responsibility for specific building systems per the lease. Buildings where tenants have taken responsibility for building systems are typically industrial or research and development properties and include 17 Hartwell Street in Lexington, Massachusetts, Fourteen Cambridge Center in Cambridge, Massachusetts, Virginia 95 Office Park in Springfield, Virginia, Hilltop Business Center in South San Francisco, California, 2391 West Winton Avenue in Hayward, California and 560 Forbes Boulevard in South San Francisco, California.

As a result of Phase II assessment and testing, the Company found building-card access, energy management and garage access systems to commonly require remediation. All remediation work for building systems was completed by October 31, 1999.

Recent upgrades to desktop computers and internal networks throughout the organization combined with the replacement of the electronic mail and the accounting systems during 1998 has addressed Year 2000 compliance issues with core operating systems. The Company has conducted organized tests of several internal systems and components to validate vendor certifications. The Information Systems Department of the Company continues the upgrade of work order processing software at several properties and is scheduled to complete all work and audits by the end of November 1999. In addition, the Information Systems Department continues to take action on any Year 2000 notices or updates provided by the Company's hardware and software vendors.

Phase III began in July 1999 and will prepare a contingency plan for each property in the portfolio. A standard planning document is being used across the portfolio. The Company is assessing the security and support requirements of tenants for the night and weekend of December 31, 1999 and the required on-site staffing presence of Company personnel. Most systems supporting the operation of a building can revert to manual operation if necessary.

The Company has instituted a no-vacation policy for all personnel deemed critical to the operation of each building including management and engineering staff. The Company plans to have a staff presence at every property in its portfolio on the night and weekend of December 31st with the exception of buildings where the tenant takes full responsibility for building systems per the lease.

The Company has hosted Year 2000 information sessions for its tenants in several locations that include presentations by representatives of the Company and outside utilities such as Con Edison in New York, Boston Edison, Bell Atlantic, Pacific Gas & Electric and the San Francisco Police Department.

All work to date has been performed by current employees of the Company. No third parties have been used during this process nor has the Company hired an employee specifically for Year 2000 issues, and as a result, the personnel costs incurred to date relate only to internal payroll costs, which at this time are not material.

The total costs associated with the Year 2000 issue are not expected to be material to the Company's financial position. The estimated cost of remediation efforts is approximately $1.2 million that excludes costs for all internal personnel working on the project. To date, the Company has incurred 100% of these costs. In most cases, the upgrade of non-compliant systems will represent an acceleration of a planned replacement date.

The discussion above regarding the Company's Year 2000 Project contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company's assessment of the impact of the Year 2000 issue may prove to be inaccurate due to a number of factors which cannot be determined with certainty, including the receipt of inaccurate compliance certification from third party vendors, inaccurate testing or assessments by Company personnel of Company equipment or systems, and inaccurate projections by the Company of the cost of remediation and/or replacement of affected equipment and systems. A failure by the Company to adequately remediate or replace affected equipment or systems due to the factors cited above or for other reasons, a material increase in the actual cost of such remediation or replacement, or a failure by a third party vendor to remediate Year 2000 problems in systems that are vital to the operation of the Company's properties or financial systems, could cause a material disruption to the Company's business and adversely affect its results of operations and financial condition.

ITEM 3--Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss from adverse changes in market prices and interest rates. The primary market risk facing the Company is mortgage debt, which bears interest at fixed rates, and therefore, the fair value of these instruments is affected by changes in the market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted average interest rates by expected maturity dates for the fixed rate debt. The interest rate of the variable rate debt as of September 30, 1999 ranged from LIBOR plus 1.00% to LIBOR plus 2.00%.

	Mortgage debt, including current portion							
	1999	2000	2001	2002	2003	Thereafter	Total	Fair Value
Fixed Rate.............	$7,751	$228,583	$150,011	$393,521	$212,874	$1,836,984	$2,829,724	$2,829,72 4
Average Interest Rate...	7.0%	7.1%	7.9%	7.4%	7.5%	6.9%		
Variable Rate..........	--	$ 79,647	--	$ 14,392	--	$ 20,000	$ 114,039	$ 114,039

BOSTON PROPERTIES, INC.

PART II. OTHER INFORMATION

ITEM 6--Exhibits and Reports on Form 8-K

(a) Exhibits

EXHIBIT NUMBER	DESCRIPTION
27.1	Financial Data Schedule

(b) Reports on Form 8-K

A Form 8-K dated July 29, 1999 was filed with the Securities and Exchange Commission to report under Item 5 of such report the information presented to investors and analysts and the Company's press release for the quarter ended June 30, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOSTON PROPERTIES, INC.

November 5, 1999

/s/ David G. Gaw

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David G. Gaw,
Chief Financial Officer
(duly authorized officer and
principal financial officer)

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1,000

3-MOS
DEC-31-1999
JUL-01-1999
SEP-30-1999
50,415
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21,420
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5,064,050
31,078
5,354,775
0
0
0
100,000
679
1,0
5,354,775
197,055
202,205
0
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51,768
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