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LOVE IT OR (SUB)LEASE IT: A Strategic Guide for Occupiers Navigating Office Space Transitions

Washington, DC

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EXECUTIVE SUMMARY

Office space needs rarely remain static over the life of a lease. As organizations evolve, workforce expectations shift, and market conditions change, many occupiers find that their existing space no longer aligns with how their business operates today or plans to operate in the future. In this environment, the most effective path forward is a structured evaluation of whether to optimize an existing space or pursue alternative strategies, including subleasing. While subleasing can be a valuable tool, it requires careful consideration of lease constraints, market dynamics, and financial implications. With the right strategy and advisory support, organizations can navigate these decisions with greater clarity and better position their real estate to support long-term business goals.

WHEN YOUR OFFICE NO LONGER FITS

Office leases are often long-term commitments, but the needs of organizations can change quickly. As organizations evolve and workforce trends and expectations shift, business priorities may lead occupiers to reconsider whether their current office space still aligns with their operations.

In some cases, companies may find themselves with an excess or lack of office space. In others, the layout, location, or cost may no longer align with how the business operates today or anticipates operating in the future.

At the same time, the market continues to evolve. New buildings, changing amenity expectations and offerings, and an increase in available space create options that may not have existed when the lease was signed.

These shifts prompt many occupiers to step back and ask an important question: **Does our current office still work for us?**

When the answer is unclear, the instinct may be to immediately begin searching for new space. But the smarter first step is often to pause and evaluate the situation strategically. The right path forward may involve optimizing the space you already have, restructuring how it is used, or exploring options that provide greater flexibility.

That strategic evaluation is the first step in determining the most effective path forward.



DETERMINING THE RIGHT PATH FORWARD

A strategic review typically considers several key questions. How is the space being used today compared to when the lease was signed? Does the layout support how teams collaborate and work now? Are occupancy costs aligned with current business priorities? And how does the remaining lease term affect the organization's flexibility moving forward?

Office space decisions are closely tied to broader business considerations such as workforce planning, financial priorities, company culture, and long-term growth plans. Looking at the workplace through these lenses can often reveal opportunities that are not immediately obvious.

In many cases, that assessment ultimately points toward one of two paths: making the current space work more effectively, or pursuing alternative space strategies, including subleasing.

“The most important step is understanding how your current space is performing and what your organization actually needs. Subleasing is one tool that may come out of that evaluation.”

Jake Ruben
Senior Vice President, Cresa

MAKING YOUR CURRENT SPACE WORK

For some organizations, the strategic assessment may reveal that the best path forward is not leaving the space but improving how it functions. While the workplace may no longer feel perfectly aligned with current needs, the underlying lease, location, or infrastructure may still provide meaningful value.

In these cases, the opportunity lies in aligning the existing space more closely with how the organization operates today. This may include rightsizing underutilized areas, reconfiguring layouts to better support current work patterns, or adjusting how teams share and occupy the space.

Organizations may also find opportunities to renegotiate aspects of their lease or work with their landlord to introduce improvements that make the workplace more effective for employees. This can include restructuring lease terms, securing concessions for workplace upgrades, or adjusting how certain areas of the space are used to better support current work patterns.

When the underlying fundamentals of a space still work, **these types of adjustments can help organizations align the workplace with their current needs without the disruption of relocating.**



REPOSITIONING SPACE THROUGH SUBLEASING

In other cases, the strategic assessment reveals that the current space no longer aligns with the organization's needs. The size, layout, cost structure, or remaining lease term may create limitations that cannot be fully addressed through internal adjustments alone.

In these situations, subleasing can become a strategic tool for repositioning the organization's real estate commitments. **However, it is critical to understand the risks associated with subleasing.** Engaging an experienced advisor can help organizations evaluate these risks, navigate landlord requirements, and structure a strategy that aligns with broader business objectives.

Subleasing strategies generally fall into two categories: releasing excess space to another tenant, or occupying a sublease offered by another organization.

Subleasing Excess Space

For companies carrying more space than they need, subleasing allows them to market excess space to another tenant while maintaining the underlying lease. This approach can help reduce occupancy costs and recover value from space that would otherwise remain underutilized.

Once a space is brought to market, it enters a competitive environment. Sublease space competes directly with other sublease opportunities as well as direct leasing opportunities marketed by landlords. Positioning the space effectively through pricing, term structure, and marketing is critical to attracting the right tenant. Successfully navigating this environment requires a strong understanding of tenant demand, current market conditions, and how landlords approach competing space within the same building.

Occupying a Sublease

Instead of signing a new lease directly with a landlord, companies may choose to occupy space that another tenant is offering for sublease, providing a faster, lower cost, and often more flexible alternative to traditional leasing.

Many sublease opportunities include fully built, move-in ready space, shorter remaining lease terms, and pricing that may be more competitive than direct lease options. For organizations seeking speed to occupancy or greater flexibility, these characteristics can make subleasing an attractive alternative.

In both cases, subleasing can serve as a strategic tool for aligning an organization's real estate commitments with its current needs.



EXECUTING A SUBLEASE STRATEGY EFFECTIVELY

While subleasing can be a powerful tool, executing it effectively requires careful coordination across a number of factors.

One of the most important factors is the terms of the existing lease, and how subleasing may impact existing tenant rights in the lease.

Many leases include provisions that can limit or delay a sublease, including landlord consent requirements, recapture rights, use restrictions, and limitations on how the space can be marketed. These provisions can directly impact both timing and deal structure if not addressed early.

Another important consideration is the financial and operational terms of a sublease.

Credit requirements, security deposits, operating expense pass-throughs, and restoration obligations can all affect the overall value of the transaction. How these terms are structured can have implications well beyond the initial agreement.

Successfully executing a sublease requires aligning these elements, from lease constraints to market positioning to deal structure. **Without a coordinated approach, organizations may encounter delays, reduced financial recovery, or unintended risk.**



“A successful sublease must be well positioned, priced against competing space, and marketed to the brokers who are actively representing occupiers.”

Jake Ruben
Senior Vice President, Cresa

HOW CRESA HELPS OCCUPIERS NAVIGATE THESE DECISIONS

Cresa works with organizations to evaluate their current real estate strategy and determine the path that best aligns with their business needs.

Whether that means optimizing an existing space, repositioning it through subleasing, or pursuing a new opportunity, our approach is grounded in understanding how the workplace supports the broader organization.

Because Cresa exclusively represents tenants, our guidance is aligned solely with our clients' interests. This allows us to provide objective advice and advocate effectively throughout every step of the real estate decision-making process.

When subleasing is identified as the right strategy, Cresa manages the process from start to finish, including navigating the terms of the existing lease, positioning the space in a competitive market, and structuring the transaction to support the client's financial and operational goals.

Cresa's experience working with landlords provides insight into how they evaluate sublease requests, manage competing space, and structure approvals.

This allows us to anticipate potential challenges, navigate constraints more effectively, and help position transactions for a smoother path forward.

At the same time, we position sublease opportunities based on real-time occupier demand and competitive market conditions. Rather than simply listing space, we approach each sublease as a product, identifying the most likely tenant profile and aligning pricing, term structure, and marketing accordingly.

Throughout the process, our team provides end-to-end execution, from strategy and marketing through negotiation and landlord coordination, helping organizations reduce risk and move efficiently through the subleasing process.

Cresa is the world's leading commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. Our purpose is to think beyond space, strengthening those we serve and enhancing the quality of life for our clients. Delivered across every industry, Cresa's services include Transaction Management, Workplace Solutions, Project Management, Transition & Relocation Management, Advisory, Lease Administration, Technology, Capital Strategies and Portfolio Solutions. In partnership with London-based Knight Frank, Cresa provides occupier-focused services throughout across the globe.

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CONCLUSION

The question is not simply whether to stay or move, but how to align your real estate strategy with the evolving needs of your organization. A thoughtful approach can uncover opportunities to optimize your existing space, reposition it through subleasing, or pursue a new solution altogether. Working with an experienced advisor can help organizations evaluate these options, avoid common pitfalls, and navigate the path forward with clarity and confidence.

Informed by a Cresa Subject Matter Expert



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