

NAVIGATING A DARK STORE ERA: STRATEGIC SOLUTIONS FOR RETAIL TRANSITIONS

*How proactive planning and expert management
can turn challenges into opportunities.*

.....



..... **TABLE OF** CONTENTS



Introduction: The Dark Store Era



Understanding the Challenges of Dark Stores



The Life Cycle of a Dark Store: Key Phases



Strategic Solutions for Managing Dark Stores



Real-World Impact: Walgreens/Rite Aid Case Study



Why Sevan Can Help

WHAT IS A DARK STORE?

- ✓ A shift in business strategies.
- ✓ Changes in consumer behavior.
- ✓ Increased economic pressures.

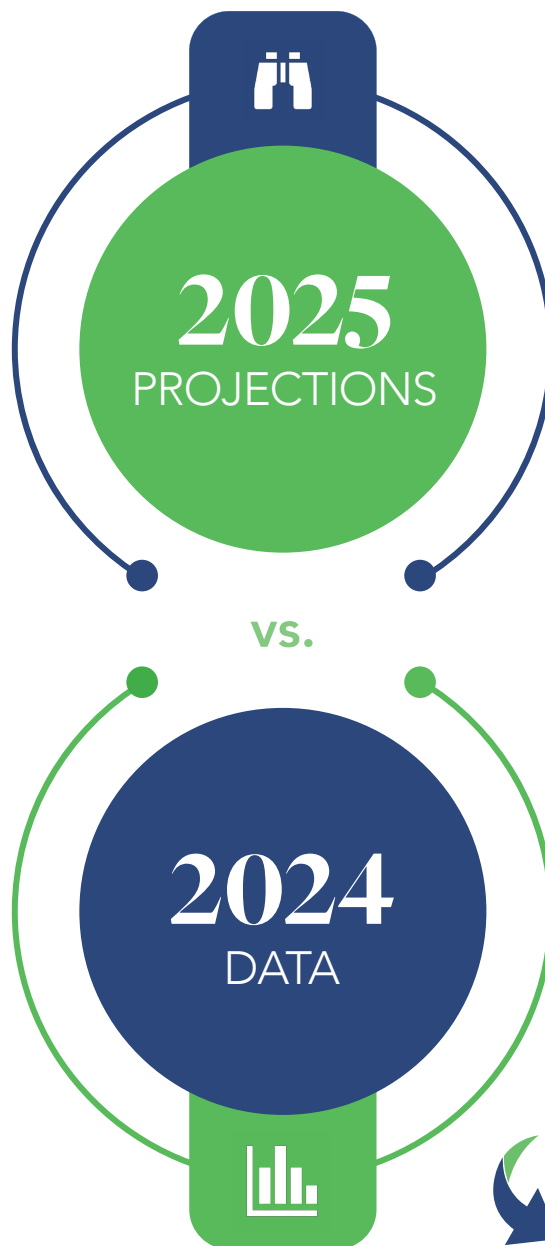
These are just some of the reasons why “dark stores” - vacant, non-operational retail spaces such as empty standalone locations, pharmacies, quick-service restaurants, and even massive, big-box stores - are becoming increasingly common.

A GROWING TREND

Unfortunately, this trend is only just beginning. Major brands, including a QSR chain (with 150 locations), multiple retail pharmacy chains (with 500-1000 locations), and a national retailer (with 700 locations), have all recently announced large-scale closures. Over the next 36 to 48 months, more companies are expected to restructure and reduce their national footprints.

PART 1:

INTRODUCTION: THE DARK STORE ERA



1,355 Net Loss*

*Coresight Research. (2025, January 23).
Coresight Research predicts 2025 store opening, closure numbers. Business Wire.

PART 2:

UNDERSTANDING THE CHALLENGES OF DARK STORES

Managing these store closures can be overwhelming for internal teams. Although unoccupied and no longer in use, they still require ongoing management to address any issues quickly and efficiently.

NAVIGATING STORE CLOSURES

When a store goes "dark," complex operational hurdles quickly become urgent. First, management must wrap its head around the logistics of closing a store. To minimize losses, they must consider what to do with the store's inventory, fixtures, and equipment. This complicated task requires a great deal of staff, organization, and strategy attuned to that unique business.

STAYING ON TOP OF MAINTENANCE

It's also important to consider regular maintenance tasks, such as snow removal and landscaping, that must be performed. Vandalism can quickly become a problem with dark stores, so management may consider installing a variety of security measures to proactively mitigate any issues.

Additionally, the empty store must have regular wellness checks to ensure the property retains its value. Broken pipes or a roof leak can quickly become costly and difficult to repair, especially if the space is left unchecked for months at a time. Pests can also become an issue without regular foot traffic to deter insects and animals from making themselves at home.

PREPARING FOR A NEW TENANT

Ideally, a dark store shouldn't stay dark for long! The best way to prepare your property for resale or new tenants is to transform the space from a dark store to a "white box."

A white box is an empty store that serves as a perfect blank slate for new tenants. The essential structures and utilities are all present, allowing the new tenant to easily step into the space and customize it entirely to their unique vision and needs.

Check out the Quick Guide on the following page for a detailed checklist on converting dark stores to white boxes!

From the Experts:

The longer inventory, equipment, and fixtures sit, the greater the chance for their value to diminish. To mitigate this, timely, organized, and proactive measures can significantly cut expenses over time.

QUICK GUIDE:

How to Turn Your Store into a White Box



Out with the old.

Remove any custom features left behind by the previous tenant.



Check the basics.

Ensure the roof, floors, and overall structure are in good shape and meet code requirements.



Get the systems in place.

Install essential systems, including HVAC, plumbing, electrical, and fire protection, and ensure they comply with all relevant codes.



Keep the finishes simple.

Add basic lighting, drywall, concrete floors, and drop ceilings. This keeps the space clean, move-in ready, and easy for the next tenant to customize.

Phase 1: Closure Support

Shutting down operations and handling inventory is no small task, since most assets will need to be transferred to other locations or liquidated. However, assessing each item for its condition and market value is essential. Once you know its worth, you can decide whether to transfer, sell, auction, or donate it for a potential tax write-off.

The exact process applies to the store's fixtures and equipment. Your team can resell shelving, counters, display cases, cash registers, and other well-maintained equipment, as well as other items. Removing any branding is crucial; logos, signage, colors, and decor must be taken down or sold when the store closes.

Remember, these tasks occur on different timelines and involve various teams, so coordination and organization among teams are essential. Planning helps ensure everything is completed on time, avoiding costly delays or disruptions.

PART 3:

THE LIFECYCLE OF A DARK STORE: KEY PHASES

Phase 2: Interim Property Management

As mentioned earlier, after a store closes, regular maintenance is essential to keep the property in good condition and prevent costly problems. In addition to landscaping, ensuring all essential systems run smoothly is vital. Regular HVAC, plumbing, fire prevention, and electrical system checks, as well as servicing, are also crucial.

Security concerns can be further mitigated by installing a security system, cameras, and proper locks on doors and windows to help prevent vandalism, damage, theft, and other costly liabilities. Although called a "dark" store, keeping the facility completely dark can be dangerous and make it an easy target for theft and vandalism. Adding site and basic interior lighting will enhance safety and improve its appearance.

Dark Store Maintenance Checklist

Phase 3: Transition to New Use

The next phase is to prepare the property for sale, leasing, or returning it to the owner. This process often involves turning the space from a "dark store" into a clean, empty "white box." Along the way, your team must also meet any requirements set by the property owner or lease agreement. This includes ensuring the building is safe, structurally sound, and well-maintained.

Be sure to reference local and state laws (building codes, health regulations, and landlord-tenant rules) to help ensure a smooth transition for the space.

- ✓ Cleaning services
- ✓ Leaf removal
- ✓ Snow/ice removal
- ✓ Landscaping services
- ✓ Roof maintenance
- ✓ Plumbing maintenance
- ✓ HVAC checks and maintenance
- ✓ Fire prevention system maintenance
- ✓ Pest control measures

Managing dark stores across multiple areas takes expertise. From project management and construction to navigating local and state regulations, it can quickly become overwhelming for any team, especially if the spaces have unique requirements or special considerations.

Having a plan to tackle a dark store is essential because idle locations can quickly become costly and disruptive. Without a clear strategy, businesses risk draining valuable resources on spaces that no longer contribute to growth or customer engagement. A proactive approach helps minimize financial strain, streamline operations, and maintain organizational flexibility during times of transition. It also allows teams to move with purpose—whether shifting to new models, reallocating resources, or rethinking how they serve customers.

Ultimately, thoughtful planning ensures that dark stores don't stall momentum, but instead become an opportunity to adapt, refocus, and build smarter.

PART 4:

STRATEGIC SOLUTIONS FOR MANAGING DARK STORES

On-Going Lease Obligations

Problem	Solutions		
Long-term leases remain active even after closure, creating a financial drag.	Sublease or Assign: Market vacant properties to other tenants.	Renegotiate Terms: Seek restructuring or early termination with landlords.	Shared Use: Partner with other brands or services to co-occupy the space.

Vacant Properties and Blight Risk

Problem	Solutions		
Empty locations may fall into disrepair and/or attract vandalism.	Basic Maintenance: Secure entrances, maintain curb appeal, and monitor regularly.	Temporary Use: Lease for pop-ups, community events, and seasonal retail.	Sell or Redevelop: Offload/re-purpose struggling locations for higher-value uses.

Opportunity Costs

Problem	Solutions		
Unused real estate ties up capital and misses operational potential.	Store Conversion: Convert for fulfillment and last-mile logistics.	Returns/Processing: Use for back-end ops like returns, restock, or click-and-collect.	Re-purpose Analysis: Use ops/market data to identify property's highest and best use

REAL WORLD IMPACT: WALGREENS / RITE AID CASE STUDY

THE CHALLENGE:

Walgreens decided to close 743 of the 1,900 Rite Aid locations they acquired. These closures required the removal of all branding elements and FFE, maintenance of mechanical equipment and a plan for turnover of utilities. The majority of leases required ongoing property management until the lease could be canceled or a new tenant could assume the remaining term. Walgreens had no staff available to manage the closures and ongoing property requirements.

THE SOLUTION

Sevan's program management team provided property management plans, project management for the de-branding, FFE removal and ongoing management of the locations. The Sevan CAPTURE™ app verified the de-branding at each location reporting deficiencies to address. Sevan initially managed 743 locations for landscaping, repairs, utilities verifications, lot lighting and other bits. At the time of a Dark Store turnover, Sevan conducts a second survey to verify all conditions at surrender.

THE RESULT

Sevan successfully managed the scheduled de-brand of 743 locations and surrender of ~150 stores to new lessees or back to landlords. The ongoing program is expected to generate a return on store closing costs and reduced future liability for deferred maintenance prior to property surrender.

WHY SEVAN CAN HELP



TRUSTED EXPERTS

When you have multiple dark stores to manage, your challenges multiply: store closures, maintenance, renovations, risks, pressures, details, and deadlines. When you can't be there, Sevan can. Trusted by some of the world's top brands, Sevan has extensive experience delivering customized solutions nationwide.



SCALABLE SOLUTIONS

Whether you have a single location or over fifty dark stores to manage, you receive the same level of expert solutions. Regardless of the project's scale, Sevan is committed to providing customized design, program management, and construction services that help your organization move forward.



CUSTOM-FIT PLANS

Regardless of the sector in which you work, we recognize that every business has unique needs, and we're here to meet them with flexibility and care. Our experienced team is well-versed in the intricacies of each industry, allowing us to deliver tailored strategies and solutions that support you at every stage of your dark store project.



THE BOTTOM LINE

Successful dark store transitions start with innovative, proactive planning and expert guidance. The right partner can transform complex, challenging tasks into significant opportunities. Sevan delivers custom solutions designed for the evolving needs of businesses.

*You only have two hands; imagine what you could do with **Sevan**.*

Ready to make your dark store transition easier? Our dedicated team of experts will help manage the process with efficiency and confidence. Contact us today!