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Kmart in Sunny Isle, St. Croix to Close Permanently This Summer, Ending Decades-Long Run on the Island

Transform KM LLC confirms permanent closure of Kmart #3972 in Sunny Isle Shopping Center, with lease termination ending all operations on St. Croix by late August 2025. A total of 96 employees will be let go, marking the end of the brand's island presence

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Kmart Sunny Isle on Sunday, May 11, 2025. By. ERNICE GILBERT, V.I. CONSORTIUM.

ST. CROIX, U.S. VIRGIN ISLANDS — The last remaining Kmart on St. Croix, located at the Sunny Isle Shopping Center, will permanently close its doors in the coming months, ending a decades-long presence on the island and marking a significant moment in the territory's retail history.

A formal notice dated May 9, 2025, issued by Transform KM LLC—the parent company of Kmart—confirms that the retail giant will “permanently cease its entire operations” at the Sunny Isle location. The closure affects Kmart Unit #3972, situated at Space 1 in the Sunny Isle Shopping Center.

The decision to shut down the store stems from the company's choice not to renew the lease on the property, according to the official document, which was distributed to employees in accordance with both the Worker Adjustment and Retraining Notification Act (WARN) and the Virgin Islands Plant Closing Act (PCA).

Approximately ninety-six employees are expected to be terminated as a result of the closure, according to the official document, obtained by the Consortium. Non-management associates are scheduled to have their last day of employment on August 8, 2025, while management personnel will exit on August 29, 2025, as outlined in the internal memo. Employees were reportedly briefed in both a general meeting and individual sit-down sessions to discuss their severance packages, according to individuals familiar with the matter.

“There are no applicable bump or transfer rights,” the letter states, noting that eligible employees who have worked with the company for at least one year will be provided with severance. The payout is calculated at one week of severance pay per year of service, with prorated amounts for partial years.

Kmart currently has no other operational sites on St. Croix, which means that transfers for existing staff are not an option within the island. However, the company says opportunities may exist at its St. Thomas locations.

An attached 2025 Benefit Termination Summary outlines additional information regarding wages and final compensation as it pertains to the end of employment. The notice also reminded employees of their rights under the PCA, which includes access to public programs and benefits provided by the V.I. Department of Labor, designed to assist affected workers.

For support, employees may contact the V.I. Department of Labor at (340) 773-1994, or reach out to the company’s representative, Ray Covarrubias, at ray.covarrubias@transformco.com or (224) 955-6412.

Transform KM LLC expressed a desire to “accomplish this closing with the least possible disruption to the lives of our associates,” though no plans to reopen, relocate, or restructure the Sunny Isle store have been announced.

This closure follows a [similar shutdown in 2023 of Kmart West](#), located at Sunshine Mall in Frederiksted. That closure also unfolded in phases, beginning with leaked reports that employees had been offered retirement packages, followed by in-store signage that informed customers of a June 5 return deadline and the end of services such as Western Union, Layaway, Money Orders, and Lottery. A large “Store Closing” banner was later hung at the mall entrance.

The shutdown of Kmart West was also listed on the website of SB360 Capital Partners, a liquidation firm that has managed store closings for multiple retailers including Sears, Charlotte Russe, Modell’s, and others, according to the Wall Street Journal.

At that time, Sunshine Mall owner Hatim Yusuf told the Consortium it was “disheartening to see the store close,” emphasizing Kmart’s role as one of the mall’s original and longest-standing tenants since its opening on June 30, 1993. “After 30 years at this location, we are saddened to

confirm the closing of the Kmart store,” Yusuf said. He added that management was working on a redevelopment plan to revitalize the property and find a suitable tenant.

Back then, the company had stated that the Sunny Isle location would remain open. But with this new announcement, it is now clear that Kmart’s footprint on St. Croix will be erased entirely by late summer 2025.

Kmart, originally founded in 1899 as the SS Kresge Corporation and rebranded in 1977, once stood as a pillar of American retail. Known for its “blue light specials,” the chain grew into a household name through the late 20th century. However, stiff competition from rival discount stores eventually led to its decline. After filing for bankruptcy in 2002, Kmart merged with Sears in 2005 to form Sears Holdings Corporation.

Despite the merger, financial troubles persisted. Sears Holdings itself declared bankruptcy in 2018, prompting another wave of store closures. The remaining assets, including Kmart and Sears stores, were acquired by Transformco, a company controlled by former Sears Holdings CEO Eddie Lampert.

In the years following, store closures accelerated across the country. From 2018 to 2021, hundreds of locations shuttered. By 2023, only a few Kmart stores remained in operation across the United States and its territories, including the U.S. Virgin Islands.

Once the Sunny Isle location closes, St. Thomas will host the only remaining Kmart in the Virgin Islands, and the legacy of Kmart on St. Croix—once home to multiple locations—will come to a quiet end.