

Housewall to take part in garage storage and organization industry consolidation, industry sources say

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As consumers increasingly try to fit more into their garages than just cars, a pack of companies have sprung up, vying for their attention. Consolidation is sure to follow in the next several years, industry players predicted.

Michael Dagen, founder of Florida-based Housewall Garage System, estimated a more conservative three years. The industry is likely to see separation and some smaller companies going out of business in the next year and a half to two years, then further consolidation and some buys, he predicted.

As Housewall grows to be a 150m company there might be a bigger Player such as Home Depot or someone else that is going to purchase the company, Dagen said. A division of Berkshire Hathaway previously approached the company, but at the time the company felt that it was too soon and wanted more time to grow. Other executives also suggested the USD 100m to USD 150m range as the right size for garage players to get picked up parties interested in the space.

Garages are South Floridians' favorite dumping ground.

Tools, toys, golf bags, high school yearbooks and the plastic Santa and his eight not-so-tiny reindeer get banished to the garage in many homes because we don't know where else to put them.

Frustration eventually sets in, which is why garage makeovers are big business these days in South Florida.

HouseWall Garage System in Hialeah is helping homeowners clean out the clutter.

"For the first time since I owned my home, I was able to fit three cars in my three car garage," said Buddy Nastase, a Coral Springs resident who hired HouseWall earlier this year.

The region's housing market turned soft in 2006 after a five-year boom. Residents complain that they can't afford to move, even to smaller houses, because they would pay dramatically more in property taxes. So they're staying put and working to improve what they already have.

Garage organization is the fastest-growing segment in the \$7 billion home organization sector, according to a survey by Peachtree Consulting Group of Atlanta. More than nine out of 10 new single-family homes built last year had garages, up from 59 percent in 1050, according to the National Association of Home Builders.

"You can't think of your garage as a space for your junk," said Michael Dagen, who launched HouseWall 3 years ago.

The Company generated \$980,000 in sales in 2004 and is expected to grow to \$4 million dollars in 2006. Dagen said he will have 20 franchisees, mostly in Florida and the Southeast, by the end of the year.

HouseWall Garage System uses cabinets, hooks, racks, baskets, shelving and accessories along with their exclusive paneling system for organization. There's also flooring that's impervious to oil, radiator fluid and other fluids. The items are available a la carte, so homeowners can pick and choose what they want.

Designers create a customized organization system for each customer, and the entire process through the installation is completed in a few days. The cost can range from \$1,000 up to \$15,000+. HouseWall offers a no interest financing program for 12-18 months.

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