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A turnaround in design work

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A Little Falls business is betting the remodeling market is about to bounce back in a big way and has begun construction on a \$5 million, 38,000-square-foot complex of remodeling, design and appliance showrooms.

The facility, the New Jersey State Kitchen Bath and Remodeling Center, at 24 Newark Pompton Turnpike (Route 23) just south of the Willowbrook mall, is slated to be completed by the fall. It will house a dozen showrooms for businesses related to kitchen and bath remodeling, such as countertop or appliance vendors, as well as the offices of Direct Depot Kitchen Wholesalers, the company behind the ambitious project.

The center will be built on the site of a former Entenmann's distribution center and located next to the current Direct Depot showroom.

Kenneth Trabona, president and chief executive officer of KLT Two LLC, the parent company of Direct Depot, said his goal is to create a "one-stop shopping" center for customers who are doing home renovations. And while the remodeling business is down nationwide, Trabona said his company is bucking that trend. He said sales climbed 50 percent in 2008 to \$9 million as a result of several moves to expand his customer base. Those measures included installing virtual kitchen design software that allows customers from other states to order kitchens, participating in the Buyer's Edge discount purchasing club, and creating buying programs for police and firefighters.

Deborah Hoffman, director of economic development for Passaic County, said the design center will be an asset to the county. Trabona "really has a vision," she said. He is able to expand in the current economy, Hoffman said, because "he has a very unique marketing plan. I think that's what gives him the confidence."

Trabona estimated that the new design center would create 50 jobs.

The housing slump has actually helped business over the past year, Trabona said, by encouraging people to remodel their homes. "People may be pulling back, but pulling back means instead of moving or putting on an addition, they're redoing

their kitchen," he said.

Trabona's optimism comes in the face of data that show the remodeling industry is struggling. The Joint Center for Housing Studies at Harvard University is forecasting home improvement spending will be down 12 percent for the year, by the third quarter of this year. And the National Association of Home Builders Remodeling Market Index in 2008 tumbled to its lowest level since the gauge was created in 2001.

"We're ahead of the curve," Trabona said. "I'm a strong believer that the economy is coming off the bottom, and we're going to be there when it does. There are three kinds of people — people who make things happen, people who watch things happen, and people who say, 'What just happened?' I make things happen."

At least one Wall Street analyst also thinks a turnaround could be on the horizon. Gary Balter of Credit Suisse, in a note to investors last week, said better-than-expected home-sales data are making him feel bullish on home-improvement stocks.

Oak Ridge-based Lakeland Bank is financing the project, and Rehab Construction Co., another of Trabona's businesses, is doing the construction.

Direct Depot Kitchen Wholesalers already occupies an 8,000-square-foot showroom on the site of the future complex. Trabona purchased a former Entenmann's distribution center adjacent to the showroom and began demolishing that building this month to make way for the design center.

A Paramus-based company that depends on remodeling trends also is bullish on the market for kitchen makeovers. Allmilmo USA, the U.S. branch of a German cabinet company, is scheduled to open a showroom and corporate headquarters on Route 4 in Paramus on May 28.

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