

HOME INSURANCE

Report: Rates may hit record

Increase driven by intensifying storms, cost of reconstruction

By COCO LIU
Bloomberg News

U.S. home insurance rates are expected to reach a record high this year, with the biggest increases occurring in states prone to severe weather events, according to a new analysis.

The average premium for homeowners insurance in the U.S. is expected to hit \$2,522 by the end of the year, driven largely by intensifying natural disasters, rising reinsurance costs and higher fees for home repair, according to Insurify, a Massachusetts-based insurance-comparison platform. That figure would represent a 6% increase over the average U.S. premium at the end of 2023, and follows a roughly 20% increase over the past two years.

Texas is projected to have the fifth-highest insurance rates in the country, averaging \$4,437 per home.

"Many Americans are motivated to buy a home because they think their housing costs will remain fixed or stable when compared to renting," says Cassie Sheets at Insurify, who co-

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ENERGY

It's all about the long game

Leeward Renewable CEO discussed how it's standing out in sector

By ANNA BUTLER
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Leeward Renewable Energy plans to double the size of its Dallas, Houston and Chicago offices.

The company grew its workforce by about 55% last year. It currently has 340 employees and aims to end 2024 with a headcount of 400.

With 31 wind, solar and energy storage facilities across the U.S., the company, which is headquartered in Dallas, has another 125 projects in its pipeline amounting to about 30 gigawatts of power.

For perspective, a 1-gigawatt power plant powers approximately 876,000 homes for a year, according to advisory ser-

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Shafkat Anowar/Staff Photographer

Michael Karotkin is president of Milton Sleep Co. The mattress company grew out of Economy Furniture Industries, a furniture maker created by Karotkin's grandfather in the 1930s. Milton has been producing mattresses for Serta for 70 years.

Extra comfort layer

Mattress maker pads its lineup with Texas branding

Michael Karotkin, president of Milton Sleep Co., believes Texas born and bred means something when it comes to getting a good night's sleep.

The family-owned business, founded in Austin by Karotkin's grandfather Milton Smith, has been making mattresses incognito for Serta for 70 years and is its largest of five independent licensees in the country, he said.

Now, Karotkin intends to establish a private label line of mattresses and box springs — using his grandfather's first name — that will be made by locals in its 300,000-square-foot plant in southern Dallas.

His wholesaler's pitch to retailers: The Milton brand will have the same quality as the Sertas it makes at a more af-

IDEAS AT WORK



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fordable price but will be made in the U.S.

"The fact that we're made domestically is a big deal to us," the 55-year-old said recently at the sprawling plant near Dallas' border with DeSoto. "We see this as an avenue to say, 'Hey, we've been doing this for decades and know what we're doing. It's made right here in Texas. We're going to come straight to you with value that you can trust, because that's who Milton is.'"

Last year, Weir's Furniture featured two special edition Milton beds for Weir's 75th anniversary.

Dirk Smith, senior vice president of the well-known retailer known for cherry-picking bargains, said Milton earned these slots at all Weir's stores "by offering the best value, feel and construction at key price points. Because of this, these mattresses have become some of our top sellers."

Later this month, an entire mix of Milton products will hit the market with about three dozen different beds that retail from \$200 for a basic queen to \$1,000 for a two-sided queen that's a feet-dangling 16 inches high.

The beds are named for towns that have made Texas, well, Texas — even though they

might have lived past their prime.

"We felt it would be fun to give a shoutout to local municipalities given that Milton is a local, family-run business with origins in what was small-town Austin back in the '30s," Karotkin said.

The Bremond grouping of mattresses highlights the town near College Station. It's home to less than a thousand folks, having long ago outlived its days as a destination for mineral water springs enthusiasts.

But these days, in late June, you can celebrate its 1870s roots and be "Polish for a Day" at the "Polish Capital of Texas."

High-end Lometa is named for a tiny town near Killeen that got its first and only traffic

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THEN & NOW Milton Sleep Co.



Milton Sleep Co.

A 1960s image shows mattresses in production in Austin, where Milton made mattresses for Serta until 2006. Space constraints led the company to move its factory to Lockhart that year.



Shafkat Anowar/Staff Photographer

Workers package mattresses at Milton's plant in southern Dallas. The company moved to North Texas in 2016, drawn by the larger talent pool and proximity to much of Milton's customer base.



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Registration is open now, but seats are limited!

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Location

Devance Electronic Lifestyle, 2323 Tarpley Road, STE 112, Carrollton, TX 75006



Photos by Shafkat Anwar/Staff Photographer

Milton Sleep Co. employees William Delgado (left) and Luciano Reyes apply mattress coverings at the company's factory in southern Dallas. In honor of its Texas roots, the company this month is rolling out a lineup of mattresses named for old Texas towns, including Springtown, near Fort Worth, and others like Bremond, Lometa and Windcrest.

CHERYL HALL

Mattress maker boasts deep Texas roots

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light in 2003. The 100 families who live there celebrate with a spring Diamondback Jubilee, an annual livestock show and a summer junior rodeo.

Windcrest in Bexar County is known for its annual Christmas light-up of homes, which draws thousands of folks during the holidays. Milton's marketing line for these beds: "Every day is Christmas when you wake up on a Windcrest."

"One of our new beds is called The Springtown for a town northwest of Fort Worth," Karotkin said. "We saw a tie-in because the mattresses do have springs in them."

'Bonanza' and Sertas

Helen and Milton Smith started Economy Furniture Industries in the 1930s, making upholstered pieces, storage units, tables and chairs in what is now central Austin.

The traditional furniture maker zeroed in on a Western motif. The timing was fortuitous. It became the largest independent furniture manufacturer west of the Mississippi River, in large part by riding the *Bonanza* craze that lasted for 14 seasons beginning in 1959.

That same year, the Smiths signed a licensing agreement with Serta to become an independent manufacturer, making mattresses at an adjacent factory separated from the furniture plant by a 50-foot driveway, shipping docks and a garage.

The actual name of the company is Dormae Products Inc.

As family lore goes, when Milton Smith was at the bank signing final papers for the Serta license, he called Helen to come up with a name. Helen, a wordsmith who'd attended law school in Brooklyn, came up with Dormae on the spot — from all places the nursery rhyme, "Frère Jacques, Dormez-vous?"

"Dormez means sleep," Karotkin said. "Change a letter or two around, and there you have it, Dormae Products was born."

Helen worked side by side with Milton every day until her death in 2002 — three days after she could no longer physically make it into the factories.

Karotkin never intended to go into the family business but gravitated to it in 1991. He chose mat-



Milton employee Jaden Aguilera preps a folded mattress for packaging. Milton jumped on the bed-in-a-box trend, which has been a hit across the mattress industry.

tresses over couches and tables.

"I could see the handwriting on the wall with a lot of imports from China," he said. "The furniture factory really didn't have enough bandwidth to keep going."

The Serta business continued to grow while furniture petered out, closing its doors in 2003.

His grandfather stayed active in the business and was "sharp as a tack" until his death in 2006 at 95.

"I had the privilege of working with him for 14 years, absorbing his wisdom. He didn't have a succession plan, but there was a passing of the torch of sorts," Karotkin said. "He looked over my shoulder when I needed it without looking over our shoulder when I didn't. No pressure. No intimidation."

"I feel very fortunate to have that foundation to work from. Hopefully, we're doing it justice."

Making its way to Big D

After its Serta business outgrew the Austin factory, it moved the plant in 2006 to Lockhart, 36 miles southeast of Austin. It quickly outgrew that, too, and leased more space around Lockhart and Austin.

"Other parts of the country were suffering but not here in Texas. It was grow, grow, grow — and chaotic."

In 2016, the company moved

its factory to southern Dallas, near the convergence of U.S. Highway 67 and interstates 20 and 35E.

"Transportation and logistics are certainly a big part of why we came here," said Karotkin, who did not receive incentives to move. "Much of our business is in North Texas and adjacent to it. Another factor is that the labor and talent pool is better here than it was in Lockhart."

The company asked Penske Logistics, which handles its third-party shipping and knows its routes, where it would put a manufacturing plant.

"They basically put a dot right over where we were already looking. We can go to West Texas. We can go to East Texas," Karotkin said. "We can go around the city and really negotiate the traffic."

Maximizing productivity

Karotkin is into metrics.

In the factory, workers operate in pods, putting together "kits" of raw materials, fabrics, plastics, metal grids, springs and other vendor-supplied components that go into mattresses and box springs.

The plant averages about 100 mattresses and box springs a day and doesn't carry an inventory of finished products.

"We know how many pieces a

person or a department should be making," he said. "It helps us manage and make sure that we're getting the most productivity out of any department."

That goes down to the number of staples being used on a box-spring frame. "It's that kind of minutiae so that we know they're not just spraying staples willy-nilly," he said. "It's about cost as much as anything."

Wages for manufacturing positions start at \$17 an hour depending on experience. The most skilled workers are in demand and get paid significantly more.

Combined sales of Serta (the biggest chunk) and Milton are expected to be \$64 million this year, Karotkin said, but he admits times are challenging.

That's why he's so hopeful about Milton's bed-in-a-box — the hottest trend in the sleep world, which uses all-foam mattresses that can be shrunk in size for easier transport.

"We have the ability to make a mattress, compress it, roll it and put it in a box," he said. "You can put it in your SUV or we can ship it to your door like Amazon. It 'blooms' when it's taken out of the box."

In 2020, during the pandemic, he decided to use the machinery bought to make Serta's bed-in-a-box to make Milton as "the tip of the spear" to get into the direct-to-consumer market.

IN THE KNOW About the company

MILTON SLEEP CO.

Founded: 2020 doing business as Dormae Products Inc. Originally founded as Economy Furniture Industries in Austin by Milton Smith in the 1930s

Ownership: Family-owned

Operations: Manufacturer of Serta and Milton Mattresses

Employees: 127

Manufacturing plant: 300,000 square feet in southern Dallas

Revenue: \$64 million forecast for 2024

MICHAEL KAROTKIN

Title: President of Milton Sleep Co.

Age: 55

Born: Austin

Education: Attended North Texas State University

Personal: Married to professional photographer Ana Laura Karotkin for three years. They have three grown children and a Labradoodle.

SOURCE: Michael Karotkin

"If you look at the industry, the mattress-in-a-box, direct-to-consumer products are about 20 to 25% of the market," he said. "We jumped on it and created Milton Sleep Co."

Some retailers carry beds in boxes, but most are ordered online.

"It's been a very fun, exciting few years," Karotkin said.

A natural pivot

How does Serta feel about all this?

"We own the license for eastern New Mexico and most of Texas," Karotkin said. "Serta is our baby. Great brand. But we have the ability — both in capacity and legally — to offer a private label brand. We're not cannibalizing ourselves. We're trying to use it as an add-on to our overall business as a family."

And the pivot has been a natural one.

"Our history of making products for decades coupled with our retailers' input makes it a very simple process to create a bed that's simple and provides simple comfort," Karotkin said. "Some beds might have better benefits — a nicer cover or an extra level of foam — but it's a very simple process that's easy for retailers and consumers to understand."