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A developer has the closed Cheaters Gentlemen's Club property at 1545 N. U.S. 1 in Ormond Beach under a purchase contract. Real estate observers say it's one of several signals that interest in the area around Interstate 95 is increasing and improving. NEWS-JOURNAL/DAVID TUCKER

ORMOND BEACH — The closed Cheaters Gentlemen's Club along North U.S. 1 could soon be a distant memory.

A potential buyer has put the deteriorating pink building and land at 1545 N. U.S. 1 in Ormond Beach under a purchase contract to possibly tear it down and build a Dollar General retail store.

The possible acquisition reflects a growing interest by commercial developers in building out the rest of the area surrounding the Interstate 95/U.S. 1 interchange that has one major attraction — the motorcycle-themed Destination Daytona complex — but also has a number of vacant buildings and under-utilized properties, according to observers.

“That's great news,” said Peggy Farmer, a former Ormond Beach Chamber of Commerce executive director, of the proposed Dollar General store. “That area really needs improving.”

Farmer is a founder of the U.S. 1 Coalition, a private group that formed in 2010 to protest the opening of Cheaters.

Customers are drawn to the area mainly because of Bruce Rossmeyer's Daytona Harley-Davidson dealership at Destination Daytona. The area also has several support businesses including hotels, gas stations and fast-food joints.

However, a few eyesores need improving, including Cheaters, which is sandwiched between a boarded-up gas station and a former Wendy's restaurant/convenience store that has been vacant for the past seven years.

“The whole corridor is underused, and I just don't think there was enough traffic there. But just because of Destination Daytona, we have seen traffic counts rise, and people are looking to invest in the properties,” said Joe Mannarino, Ormond Beach economic development director.

Current efforts to improve the area include a \$1.7 million landscaping program that began in September, the construction of the future home for a recreational vehicle dealership at Destination Daytona, and the conversion of a former hotel into an assisted living facility.

A local real estate investor group is also working with the city to build a 160,000-square-foot commercial center called Ormond Gateway just west of the I-95/U.S. 1 interchange, south of Destination Daytona.

“The trend is good, very positive,” Mannarino said. “When you see these type investments, they accelerate more investment and raise property values. When you have higher property values, you are able to attract better uses.”

Other corridors off I-95, including International Speedway, LPGA and Granada boulevards, have received more attention over the years and are filling up.

That is spurring developers to look at alternative corridors along I-95 in Volusia County, said Chris Butera, a commercial real estate agent with NAI Realvest who is the listing agent for several properties along North U.S. 1.

“The interest is there. National (restaurant and retail) tenants are poking around because they want to plant their flag before competitors do,” Butera said. “In the next year or two, we'll see the start of the transition, and in five to six years it will not look as it does now.”

## LANDSCAPING

When business owners and others founded the U.S. 1 Coalition, one of its goals was to beautify the area. It raised \$20,000 in business donations and worked with the city, county and state to add landscaping along the stretch.

Palm trees have been planted along the I-95 overpass and ramps. Other trees and vegetation are being added to the medians. "Our donations showed how committed the business community is to beautifying the corridor as the first step to improving it," Farmer said.

## PROJECTS

Ormond Gateway is a planned commercial complex on 17 acres. Investors hope to have an annexation and rezoning done by the end of the year and begin developing or selling parcels by early 2017, said Butera, who represented the owners in purchasing the site.

Giant Recreation World is moving its Ormond Beach recreational vehicle sales and service center about two miles north along the corridor to a 7.5-acre site it bought last year in Destination Daytona. The \$6 million investment includes a 24,000-square-foot building.

"It gives us much more visibility and more room to display twice the inventory," said Tim Karr, general manager of the company's Ormond Beach location. "We started in July and hope to be open in late March or early April."

Giant Recreation World is a "perfect fit" for Destination Daytona, said Dean Pepe, general counsel for the Rossmeyer family, which owns the complex. "It will enhance the entertainment and leisure vision of Bruce's," Pepe said, referring to his late father-in-law Bruce Rossmeyer, who developed Destination Daytona in 2005.

The former La Quinta Inn & Suites on the northeast side of the interchange is being converted into the 110-bed Horizon Assisted Living Facility, said the property's owners, who acquired it in 2012.

"We bought the hotel to run it as a hotel, but we see the demand for assisted living in the area," said owner Tejinder "Gary" Singh, who hopes to open the assisted living facility in mid-February. He said he is also considering a similar conversion to the neighboring Motel 6, which he bought in 2011.

Several interested parties have talked to city officials about the former Wendy's/convenience store property to either tear down the building and rebuild or reuse the existing structure, Mannarino said.

A real estate agent representing the Cheaters Gentlemen's Club property confirmed that a potential buyer is in the "due diligence period" of a contract to purchase the property. The agent, Chris Charman of Total Realty Corp. in DeLand, declined further comment, except to say, "It will not be another adult club."

Mannarino said the buyer has informed the city of plans to convert the property into a Dollar General store.

Butera said there is also interest by potential buyers in the closed gas station property next door to Cheaters.

#### ROOFTOPS THE KEY

Observers say more nearby homes are needed for the I-95/U.S. 1 area to attract restaurant and retail chains that can support new development projects.

“The key is Ormond Crossings. It's the big dog in the area,” Mannarino said, referring to the long-proposed, but yet to be built mega-mixed-use development that could bring 3,000 homes and 5 million square feet of commercial space to the area.

The 3,000-acre Ormond Crossings development site is south of U.S. 1 on either side of I-95.

The owner is Tomoka Holdings, which developed the sprawling Palm Coast Town Center in Flagler County a few years ago.

“We are encouraged with all that is in play, but we have no immediate plans for Ormond Crossings itself,” said David Lusby, vice president of Tomoka Holdings. “It is such an enormous project with a large capital need for infrastructure. ... We're just biding our time until the market is better.”