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SUNDAY International Drive has been the Main Street of Central Florida tourism for almost 35 years -- but it's on the verge of major changes.

MONDAY I-Drive was the creation of a land speculator, the first of a long list of colorful characters who shaped its development.

TODAY I-Drive is getting ready to go upscale with major new luxury resorts -- raising questions about what happens to its older areas.

Standing in a field between the Lockheed Martin Co. plant and Orange County's new convention center annex, developer Marc Watson is laying out his vision for the 1,800 acres around him.

He sees 5,400 hotel rooms, 6,200 condos and time-shares, 2.2 million square feet of upscale shopping and a water resort, all in a setting ringed by horse pastures, a citrus grove, lakes and cypress- tree wetlands. Its name: Universal Boulevard Orlando.

To Watson, the future of the International Drive corridor lies on Universal Boulevard.

"We will clearly raise the bar on lifestyle experiences in this district," he says. "Once we raise that bar, any surrounding area [including I-Drive] will have to look at how it's going to compete . . . I think that is absolutely the best thing that could happen to this community."

Midway through its fourth decade as the Main Street of Central Florida's tourism economy, I-Drive is anticipating big changes -- and big problems. Among them:

A wave of upscale resort development, including Watson's and the 1,500-room hotel and golf resort that hotelier Harris Rosen is building to the south. In sharp contrast to the budget-minded family tourists who have flocked to I-Drive for 35 years, the visitors to these developments may never go near the original strip that put the place on the world's map.

The construction of thousands of luxury time-shares, by companies such as Marriott, Hilton and Starwood, on top of the nearly 3,000 they've built in the past 15 years in the area south of SeaWorld. Other developers are eyeing hundreds of acres of as-yet undeveloped land along the 7 1/2 miles of divided roadway between SeaWorld and Osceola County.

Major, unresolved traffic issues. The 1.1 million conventioners projected to come here this year already produce gridlock during big conventions. More delegates, hotel guests and time-share owners will make the situation worse -- and there's little money to fix it. Solving the traffic problem also is necessary to bring local residents to the area to dine and shop -- something developers say must happen if they are to succeed.

The possibility that the boom will bypass I-Drive's original, northern section, now the faded home of budget hotels, gift shops and discount stores. The future of this area is unclear. Without a major face-lift, it will continue to deteriorate until, ultimately, it's torn down.

But few are looking at I-Drive's past role in the region's hospitality history. Instead, they're focusing on the future.

County Mayor Rich Crotty cited the recent \$748 million addition to the county's convention center -- now the second largest in the country -- and projections that Central Florida will attract a record 51 million tourists this year and 55 million by 2007 as reasons why he's so bullish.

"We've kind of set the stage for success," Crotty said. "And it will only get better when [Watson's] project unfolds."

## A MIX OF OLD AND NEW

As envisioned by Watson and Georgia-based developer Stan Thomas, Universal Boulevard Orlando will offer visitors a look at "old Florida" and its natural past. It will feature horseback riding, canoeing, hiking and fishing, as well as upscale hotels, restaurants and shopping.

A former Universal Studios Florida executive who helped build the cutting-edge Spider-Man and Incredible Hulk thrill rides at Islands of Adventure, Watson, 50, is the point man on the billion-dollar project. Thomas, also 50, whose company builds mega-shopping centers all over the country, is the money man. This is his first resort venture.

Their 1,800-acre parcel was sold in 1998 to Universal Studios by Lockheed Martin. It was part of 7,300 acres its predecessor company had bought in 1956 to build a missile-production plant. Watson was put in charge of a joint \$50 million project to clean up chemical groundwater contamination and six dump sites -- and develop a theme-park site.

But Universal's plans died when it was taken over by a French company. Vivendi Universal sold the tract to Thomas in 2003; he then partnered with Watson to design an "urban resort" on what he considers ideally located land, five minutes off of I-Drive.

"When you look at the theme parks and Orlando, this really is Main [Street] and Main [Street]," Thomas said. "It had huge cleanup issues and risk. But we thought the upside was far greater."

Watson said a Vivendi confidentiality agreement prevents him from disclosing the purchase price, but land records show Thomas took out a \$64 million mortgage to buy the land in 2003 -- and has a \$128 million line of credit. So far, they have sold 110 acres to time-share and condo developers for \$94.5 million, land records show.

Up to now, the developers are best known for triggering a fight with the Orange County tax assessor over an agricultural tax exemption worth more than \$1.4 million a year and for becoming the center of a fight between Crotty and Orlando Mayor Buddy Dyer over whether the city could annex the property.

But that will change soon, when the first stages of the project come out of the ground.

Watson and Thomas say they are aiming at the "sophisticated business traveler," vacationing families looking for "luxury resort amenities," and Central Florida residents, who they say are "essential" to the success of restaurants and shops but who traditionally haven't frequented I-Drive.

Besides time-share and residential development, their plans call for five man-made springs and a water attraction. Designer-label merchants, posh restaurants and hotels with nightly rates from \$150 to \$500 also are planned, most by 2012.

Plans call for linking it all together with eight miles of bicycle and walking paths, six miles of equestrian trails and seven miles of vehicle paths that will go over or under surface roads to avoid traffic. Commuter carts or mini-buses will run to the convention center on a private road.

Orlando attorney John Morgan, a partner in several hotels across the country and two I-Drive attractions, said he thinks there is a need for upscale hotels to house conventioners. But he questions whether outdoor eco-activities will succeed in Florida's intense summer heat.

"I don't know who in the hell wants to ride horses around I-Drive in the summer," Morgan said. "We do most of our business Memorial Day to Labor Day -- and it's hot."

Others question whether much of the project will even get built. "We'll see if he can pull it off," says one skeptical area developer.

Watson, an intense, affable man who graduated from the U.S. Naval Academy with an engineering degree, accepts the challenge. "There's no chance we won't succeed," he says. ". . . I had an army of people telling me that we would never make Spider-Man or Hulk work."

And Thomas insisted he's in for the long haul. "There ain't no rush," he said. "I don't care if it takes 10 years. We're going to do it right. . . We could have blown [sold] out and gone home already. But that's not our intention."

The Watson project reminds Luann Brooks -- executive director of the I-Drive special taxing district that oversees marketing, beautification and transportation issues -- of the mid-1980s hotel and retail expansion that followed the convention center's opening.

"It's going to get bigger and better," she said. "Someone new will always be moving in. There will be new attractions on South I- Drive. I think you'll see a massive explosion."

#### TIME-SHARES, CONDOS BOOM

Universal Boulevard Orlando's proposed 5,400 hotel rooms -- plus the 1,500 under construction at neighboring Rosen's Shingle Creek Resort -- are just a small piece of the tourist accommodations. There are 3,500 time-shares and condo-hotel units along I-Drive today. Another 3,600 are in the planning stages, in addition to 6,200 at Watson's project; and there is talk of thousands more.

Industry leader Marriott Vacation Club International now operates 1,500 units -- assessed at nearly \$506 million -- along South I- Drive and is planning to build 800 more, according to Edward Kinney, a time-share vice president. Prices range from \$8,200 to \$30,000 for an annual one-week stay.

Hilton Grand Vacations Club, another national brand, operates two I-Drive time-shares totaling 1,000 units, and has plans to expand. Starwood Vacation Ownership Inc., which like the Marriott and Hilton time-share divisions is headquartered in Orlando, operates 310 units in its Sheraton Vistana Villages and plans to open 1,090 more, said Vice President David Matheson.

Other developers are equally ambitious. Local time-share king David Siegel is spending \$30 million to turn two failed 18-story hotel towers off North I-Drive into 408 units. And five parcels totaling 365 acres along South I-Drive are being purchased by U.S. and British groups for time-shares and condo hotels, said Susan Morris, vice president of investment sales with Colliers Arnold Commercial Real Estate Services in Orlando.

Longtime Orlando real-estate investor Maury L. Carter & Associates will buy 113 acres south of SeaWorld for a mixed-use development including more than 1,500 time-shares and condos, said Daryl Carter, the company's president. He and other brokers say investors are forsaking a stagnant stock market to buy land along all parts of I-Drive.

"If you talk to anyone in the world who is a real-estate investor and show them a map of the area, they'll recognize it," Carter said. ". . . It's irreplaceable real estate."

All this construction has potential implications for I-Drive hotels. Time-shares are being marketed to visitors who now are staying in hotels -- and some of those owners will choose to rent out their units rather than staying in them themselves. According to the Orlando/Orange County Convention & Visitors Bureau, time-shares already account for 12 percent of the room rentals in the region.

For families planning to spend a week in the area, a time-share resort can be an appealing alternative. Marriott's Grande Vista, for instance, has a professional golf school and nine-hole course, a lake with boats, four pools, tennis courts, restaurants, a convenience store, gift shops, game rooms, supervised childcare and dozens of activities for young and old, all spread over 162 acres.

"It's so much nicer [than a hotel]," said Margarett Stott, 29, an assistant lumberyard manager from Westwood, R.I., vacationing with her three children ages 18 months to 8 years. "For the kids, you can cook. With a washer and dryer, you can do wash instead of carrying 20 loads of clothes.

"It's more family-oriented. Hotels aren't like that."

#### TRAFFIC WOES WORSENING

All of this new development means more traffic. Congestion is already nightmarish at rush hour and during big-convention and tourist seasons, especially at I-Drive and Sand Lake Road. Now, traffic is becoming a problem even along the newer divided highway south of Sand Lake Road.

When nearly 105,000 homebuilders attended a four-day convention in January, there was gridlock along the two miles between the convention center and Sand Lake Road.

"It took an hour and a half to get from our [North I-Drive] hotel to the convention center," said Dee Maltese, a Virginia Beach, Va., real-estate executive, during the homebuilders show. "This area needs a monorail."

Most nights aren't nearly that bad, but traffic flow is still frustrating. North I-Drive -- much of it without turn lanes, so that left-turning drivers hold up everyone behind them -- carries 37,000 cars a day, 50 percent more than its designed capacity. The strip south of Sand Lake Road will exceed its 33,000-vehicle capacity in two years, according to a state Department of Transportation study.

"You get a congested road, you'd just as soon not be there," said DOT's Steve Homan.

Even Watson, who lives in the nearby Dr. Phillips area, drives north on Universal Boulevard and past Universal Studios to avoid Sand Lake Road traffic. "I can go home quicker through a resort than I can through Orange County streets," he said.

Watson said his project will build overpasses and underpasses to keep pedestrians from crossing roadways and causing traffic problems like the I-Drive "disasters" at the convention center, Sand Lake Road and Universal Boulevard intersections. Ultimately, he said, some kind of circulator bus or rail system will be needed to connect with his development's transport system.

But I-Drive hoteliers have rejected at least three mass-transit proposals during the past two decades. Their reasons: money to operate the system would come from the tourist tax, which hoteliers want to keep to promote tourism and the convention center, and the lengthy construction period could kill small businesses.

DOT, Orange County and two I-Drive-area government advisory boards are ranking which roads and intersections need to be widened and how to pay for them. But there is a long list -- totaling at least \$160 million -- and little money. And that doesn't include a proposed extension of Kirkman Road to the Bee Line Expressway that Watson wants extended through his resort.

Better traffic management is also essential to lure more local residents to the area's restaurants and shopping. "It's hard to bring the locals to the tourist area a lot of times," said Marty Belz, whose family developed Belz outlets and still owns The Peabody Orlando hotel. "The road system [including I-4] is part of the difficulty. If it was easier, people might come from [the other] part of town."

Richard Kessler, who owns two hotels on North I-Drive and one near the convention center, said the city and county should start work now on better mass-transit solutions -- as well as sidewalk and street improvements -- if the area is to flourish as a 21st-century vacation destination.

"In the future, we're not only going to be competing with New Orleans and Chicago," he said. "We're going to be competing . . . more with Paris, Budapest and Shanghai."

#### MUCH-NEEDED MAKEOVER

On North I-Drive, problems go well beyond traffic.

Much of the original 1.5-mile strip of North I-Drive seems stuck in time. Small-business owners say they are hurting; some shopping centers north of Kirkman Road have been knocked down or remain vacant. Several large parcels just off the strip, south of the Belz outlets, remain undeveloped and serve no one except a few long-haul truckers who park there and sleep during the day.

Though the strip has been cleaned up and improved during the past few years, some joke the makeover will last "indefinitely." The recently completed first phase of sidewalk, landscaping and street improvements was 10 years behind schedule. Up next are improved pedestrian crossings and more "streetscape" renovations.

Orange County Code Enforcement officials have assigned a full-time inspector at the request of local businesses, said manager Robert Spivey. In the past three years, 131 warnings or citations have been issued -- mainly on North I-Drive -- telling owners to remove illegal signs, move ticket booths, maintain their landscaping and pick up their trash.

Inspectors even helped deputies shut down a few homeless camps behind strip centers.

"In general, we're trying to avoid that carnival-type atmosphere," said Spivey. "We're here for the conventioner and families . . . to make the area as nice as it can be."

With Disney and even some South I-Drive hotels offering more low-cost family rates, the smaller North I-Drive hotels are feeling a squeeze. Area officials and businessmen say several of these hotels need to be

refurbished and a number of strip centers need to be razed and replaced with more appealing ventures such as restaurants to attract a better clientele.

"The thing killing this part of I-Drive is there are so many dollar stores," said Ben Hammou, a Dowdy Plaza gift-shop owner since the late 1990s who said he is considering selling his store because of stiff competition. "Their prices are very cheap. And they cut our profit margin."

The same is true with the electronics shops that dot the northern strip and flank Boaz Nitzachon's Foto Outlet south of Wet 'n Wild.

"We lost a ton of business from the hurricanes," said Nitzachon, an Israeli who opened his store early last summer. ". . . We hope things will be better during the [summer] season. If there is not a big change after the season, a lot of stores will be closing."

Nitzachon said his may be one of them.

"We need to modernize this area," said Ron Dowdy, a 30-year veteran of I-Drive who owns two strip centers and leases several restaurant sites. ". . . Are we going to be dueling with the big boys at the other end? Not in five or 10 years."

Still, Dowdy is confident low-cost hotels will survive. In a few years, he said, "I could knock down buildings when the leases expire. I could build a hotel."

For now, he is keeping his options open. He's also keeping open some of his vacant land on I-Drive's backside on Canada Avenue -- just in case a rail station is built in the area.

One possible bright spot is Belz Factory Outlet World, the 24-year-old icon at the top of North I-Drive. Last month, it was bought by the parent of Prime Retail, operators of 29 upscale Prime Outlets around the country.

Prime Retail President Bob Brvenik promises a drastic makeover in 2006 for the dated complex, which is dropping the Belz name. Belz took a "major hit" when the Orlando Premium Outlets opened in June 2000 off I-Drive near Lake Buena Vista, he said, but he likes the area's potential. "There is no other market in the world like Orlando," Brvenik said. "Who else can boast 50 million visitors a year?"

And those visitors spend a lot of money. In 2003, according to the Florida Department of Revenue, the I-Drive corridor -- including Universal Studios -- generated nearly \$6 billion in sales and \$300 million in sales tax.

Eventually, rising land values -- and lower profits at existing businesses such as gift shops -- will trigger redevelopment along the original roadway, said Abe Pizam, dean of the University of Central Florida's Rosen College of Hospitality Management.

"I know it won't look like it does 10 years from now," Pizam said. "The value of the land is too expensive for the [small] business on it. It's like an old lady sitting on a piece of property surrounded by high-rises. How long is she going to hold out sitting on valuable land?"

[Illustration]

PHOTO: WHAT'S NEXT: Marc Watson stands in a grove of cypress trees two miles east of International Drive. The resort he and his partner are planning is one of several major projects planned for the tourist strip.

ROBERTO GONZALEZ/ORLANDO SENTINEL PHOTO: The signature Raggedy Ann statue is removed recently from the closed FAO Schwarz toy store at Pointe Orlando. Raggedy Ann is headed to a New Orleans park, and sidewalk restaurants will take the place of the store.

AUTUMN CRUZ/ORLANDO SENTINEL PHOTO: Margarette Stott of Rhode Island and her daughters, Natalie, 8 and Jessica, 4, head to one of the many pools recently at the Marriott Grande Vista time-share resort. The resort includes tennis, golf, a lake with boats, restaurants, gift shops and more.

AUTUMN CRUZ/ORLANDO SENTINEL PHOTO: Soaking in the sun poolside is a popular activity recently at the Marriott Grande Vista time-share resort on International Drive. Many more time-shares are in the works.

AUTUMN CRUZ/ORLANDO SENTINEL . BOX: INTERNATIONAL DRIVE: DID YOU KNOW? There are at least 7 tattoo shops on I-Drive, and customers are not just twentysomethings or British tourists. "When the Southern Baptist Convention is in town, teachers or doctors, we're doing good," said Peter Kohler, 31, a

tattoo artist at Inkredible Ink. "You'd be surprised who gets tattooed." Darden Restaurants' first Olive Garden, in 1982, and first Bahama Breeze, in 1996, were opened along International Drive. The tradition of the Peabody ducks began in the 1930s at The Peabody Hotel in Memphis, Tenn. The hotel's general manager and a friend, after a few drinks, thought it would be funny to put some of their live duck decoys in the fountain. The reaction was enthusiastic, and thus the tradition was born. .

MAP: A CHANGE OF UNIVERSAL PROPORTIONS The 1,800-acre Universal Boulevard Orlando, with 5,400 hotel rooms, upscale shopping and 6,200 time-share and condo-hotel units, is the biggest of several projects planned in the I-Drive area. Hotelier Harris Rosen is building a 1,500-room hotel and golf resort to the south. Nearly 4,000 other time-share and condo-hotel units are planned, and there is talk of thousands more. The area's first outlet mall on North I Drive has just been sold and is slated for refurbishment. (locator map of Proposed land use)

ORLANDO SENTINEL . DRAWING: Harbor Square at Lake Cay This artist's rendering shows a town center consisting of a condo hotel above retail shops. Watson's Village of Lake Cay will have 994 condo units.