

REBUILDING THE CLIFFS

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The weight of the Great Recession crushed The Cliffs, the string of luxury real estate communities that Jim Anthony created in the Upstate and western North Carolina.

As lot sales plunged, the company couldn't pay its bills.

Its many lenders began seizing the property that had been used as collateral for their loans.

Eventually, Anthony turned to bankruptcy court for shelter. Ultimately, he lost control, and his portfolio broke into pieces.

Nearly five years after the recession hit, a trio of out-of-state companies has re-assembled many of the pieces of Anthony's former empire under a new venture called Silver Sun Partners.

Other interests control other pieces and are going their own way.

Time will tell whether the homegrown company that generated $450 million in real estate sales in 2005 and enlisted Gary Player and Tiger Woods as part of its efforts can return to its former glory.

OUR NATURAL BEAUTY

What is clear is that the new owners are investing in the business at a time when the market for luxury real estate is beginning to stir from a long sleep.

Attempts to interview Anthony for this article were unsuccessful.

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Since acquiring The Cliffs, Silver Sun Partners has been investing in the business, including improvements at The Cliffs at Keowee Springs. MIKAL MCELDOWNEY/STAFF

Importance of The Cliffs

Community leaders say the importance of The Cliffs to the Upstate goes beyond the jobs that the communities provide, more than 500, according to Silver Sun's chief executive.

In addition to the payroll, The Cliffs generates property tax revenue for local governments and draws affluent newcomers who donate to schools and patronize downtown restaurants.

Cliffs property owners include executives of major corporations "and you never know what influence they could have on a future business decision for our community or region," said Ben Haskew, president of the Greenville Chamber.

Cliffs marketing — amounting to more than $10 million a year in its heyday, according to a former top salesman — gave the Upstate national exposure and meant business for local advertising firms.

And conservationists say The Cliffs plays a key role in maintaining the character of scenic State 11.

Six of the seven Cliffs communities — thousands of acres — are located in the Upstate along State 11, which is also known as the Cherokee Foothills Scenic Highway.

The Cliffs' owners "are a major force in the Highway 11 area because they own and control so much land, and how they develop that land is critically important to the scenic beauty and natural resources of the area," said Brad Wyche, founder and executive director of Upstate Forever, a conservation group that has protected more than 17,000 acres in the Upstate, including mountain views along State 11.

The issue isn't whether The Cliffs' owners will develop their property, but how that property will be developed, Wyche said.

"We know they are a development company, and they're not going to be protecting all of their property," he said. "That's not their business. That's fine. But how they develop the land is important."

Not the same company

The Cliffs of today isn't the same company that Anthony built from scratch beginning in 1991 after an earlier career as a telephone company lineman.

Development is frozen at High Carolina, the Cliffs community in the mountains near Asheville where Woods said he'd put his first U.S. golf course design during a press conference with Anthony in 2007.

Today, Silver Sun owns two-thirds of the site, about 2,000 acres, but hasn't decided whether to develop the property, which consists of raw land and gravel roads, said Brett Johnston, chief executive officer of the partnership.

Silver Sun already has seven other Cliffs communities to "sell and monetize and market," Johnston said. "You just can't do that at High Carolina without putting a tremendous amount of money in it."

The former Cliffs headquarters at the intersection of U.S. 25 and State 11 in northern Greenville County is now owned by Dan Zinke, a resident of the nearby Cliffs Valley community, and his wife.

Zinke said they bought the 27,000-square-foot office building from the Bank of Georgia and now lease it to various tenants that profit from Cliffs-related business.

Zinke said he's willing to lease 13,000 square feet of available space in the building for a "pretty reasonable" rate.

The vacation properties in Chile and British Columbia that Anthony once made available as an amenity for Cliffs residents are no longer among their choices.

The French country inn off U.S. 25 in northern Greenville County where Anthony used to host prospective property buyers was sold by the Bank of Travelers Rest to Greenville businessman Rich Hincapie and his brother, George, the cyclist.

The Hincapies and a Canadian investor are spending several million dollars to redevelop the 13-room inn into a boutique hotel with a restaurant and pool, Rich Hincapie said.

The property, nestled among vineyards and mountain views, used to be called La Bastide, but now it's known as Hotel Domestique.

The Cliffs' portfolio no longer includes property fronting State 11 in northern Greenville County where Anthony had planned a commercial village next to one of his residential communities, The Cliffs at Mountain Park.

Silver Sun declined to buy the site because it doesn't think there's enough traffic on State 11 to support the retail uses that had been planned, Johnston said.

Cornerstone National Bank recently tried to auction 19 acres of the property and hopes to complete a sale soon, said Dan Bracken, president of Leonardi Bracken Real Estate, which the bank hired to liquidate the asset.

Two office buildings at the site are now owned by Stewart Spinks, founder of the Greenville-based Spinx convenience store chain.

"We're hoping right now that a developer will come in and complete the village the way Jim had envisioned, but we don't see any prospects of that right now," Spinks said.

One of the buildings formerly housed a health care service that catered to Cliffs residents, but it's empty now.

The other building houses an office of Player's golf course design company, which designed the course at Mountain Park.

Player, the legendary golfer, said during a 2006 press conference with Anthony that he would put the North American headquarters of his business interests at Mountain Park.

The Player company has operated a small presence at the State 11 site for years, but Scott Ferrell, president of Gary Player Design, declined to say whether that will continue. He said the golf development market is much different now, and most of his company's work is overseas.

"The industry has changed dramatically in North America over the last five years and more golf courses are closing than opening," he said.

Major assets remain

Silver Sun still comes to a reviving marketplace with many valuable assets. Company executives say their portfolio of seven distinct communities offers an uncommon variety of settings for high-end homes — from Lake Keowee shoreline to the mountains of the Blue Ridge.

Also uncommon, they say, is The Cliffs policy of letting property owners at any community who buy memberships use the amenities in all communities — clubhouses, golf courses, wellness centers with swimming pools, hiking trails, tennis courts, an equestrian center, marinas and restaurants.

Of The Cliffs' seven golf courses, two were designed by Jack Nicklaus' company, two by Tom Fazio's and one by Player's.

"Most of our competition does not have the variety, and then from there, once you identify that variety, you have to beat everybody at hospitality and the delivery of the experience," said Davis Sezna, chief executive officer of Cliffs Club Partners, a Silver Sun unit that operates the clubhouses and other common amenities.

Silver Sun executives also say the 4,500 property owners at The Cliffs, and the 2,700 dues-paying club members, constitute a critical mass they can leverage.

The communities generated more than $80 million in real estate sales last year, Johnston said.

He said The Cliffs enjoyed $450 million in real estate sales in 2005.

Another asset Silver Sun has in The Cliffs is a nationally known brand, thanks to Anthony's previous marketing in national publications.

And Sezna said The Cliffs concept remains sound in the post-recession market.

"We're very fortunate," he said. "We're not having to reinvent the concept. We just have to refine it and take it forward."

Johnston said Silver Sun is the biggest owner of land formerly controlled by Anthony, with about 650 home sites and 5,000 acres of undeveloped land, a 10- to 15-year inventory.

However, it's not the only company that owns a lot of land that was formerly controlled by Anthony.

Another major landowner

Worthington Hyde Partners of Atlanta owns 250 home sites and about 2,500 acres of raw land, most of it in the Falls South section of The Cliffs at Keowee Falls.

A bankruptcy court awarded the property to Worthington Hyde after Anthony's operation became delinquent on a $20 million loan, said Bob Worthington, chairman and chief executive officer of the Atlanta company.

Worthington said the Silver Sun partners never approached him about joining their partnership.

However, he said, Worthington Hyde and Silver Sun recently struck a deal that gives buyers of Worthington Hyde property the right to access Cliffs amenities on the same terms as buyers of Silver Sun property.

"It really encourages us to be supportive of them and them to be supportive of us," Worthington said.

He said Worthington Hyde is getting ready to announce new amenities that Falls South property owners will be able to use whether or not they have a Cliffs membership. He declined to detail the planned improvements but said they would include a pool.

Worthington Hyde will also donate land and maybe cash to Oconee County to build a new firehouse to serve Falls homeowners, Worthington said.

"The people in Falls would have expected to have an active fire station long before now, but it went into the deep freeze," he said.

Investing in the business

The Silver Sun Partners consist of two companies from Texas, SunTx Urbana and The Carlile Group, and one from Florida, Arendale Holdings.

Johnston said the partnership is committed to The Cliffs for the long term, an expected 10 to 12 years.

"If we were someone that wanted to flip the land, we would have already done that," he said.

Instead of selling the real estate quickly, Silver Sun is investing in the business.

Johnston said the partnership is spending $7.5 million to finish the golf course at Mountain Park.

The course is scheduled to open in September, but the clubhouse won't be ready until late this year or early next, a company spokeswoman said.

Silver Sun has also made other, less-costly improvements, such as turning a former golf school at The Cliffs at Keowee Springs in Pickens County into a community center known as The Porch.

Improvements there include a pro shop and retail center, bar and food service, an exercise room and a screened porch overlooking a driving range.

Rutledge Livingston, sales director for The Reserve at Lake Keowee, a luxury real estate community in Pickens County that competes in the same marketplace as The Cliffs, said Silver Sun is starting off right by shoring up club operations and supporting existing residents.

That's better "than simply coming in and paving some roads and opening 10 new lake lots to sell," Livingston said. "I think they've done something that will add to the long-term security and stability of their membership base, which is critical."

Silver Sun also cut the initiation fee for a Cliffs Golf Membership, which provides unlimited access to all seven courses, from the high of $150,000 to $50,000.

The new owners are also allowing property owners to start off with less expensive memberships, such as a wellness membership for an initiation fee of $20,000, and trade up to a golf membership later.

Those are good moves, said David Robertson, broker-in-charge at Carolina Mountain Real Estate and the former co-director of sales for three of The Cliffs communities.

Robertson said the golf membership is a "tremendous value" at $50,000, compared with competing offerings around the country.

Silver Sun also relocated The Cliffs real estate sales operation, basing it along Main Street in downtown Greenville, and is launching tours with prospective property buyers from downtown.

"It always amazed me before that a lot of tours would start at The Cliffs. And then people would go, 'What's there to do around here?'" Johnston said.

Starting on Main Street "sets a lot better tone," he said. "The host community is really important."

Johnson said home sales are up 20 percent across the country, year over year, but sales of second homes are up 50 percent.



While The Cliffs at Mountain Park remains in the Silver Sun portfolio, a commercial site next to the property does not. KEN OSBURN/STAFF

FRESH START

Go to GreenvilleOnline.com to watch excerpts of an interview with Cliffs leadership and hear the new general manager of Hotel Domestique detail improvements coming there.



Davis Sezna



Brett Johnston