

# Greenville News

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## **BUSINESS**

# From The Coast To The Cliffs, When Opportunity Knocks, South Street Partners Answers

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South Street Partners looks for opportunities.

The Charlotte and Charleston-based real estate investment, management and development company owns The Cliffs, seven golf and residential communities that dot northern Greenville and Pickens counties, the shores of Lake Keowee and the mountains just minutes away from Asheville.

Two of the four partners, Patrick Melton and Jordan Phillips, worked for Arizona-based Discovery Land Company, a developer and operator of luxury private residential communities and golf resorts, in 2008 when the real estate market started to collapse. Both are from North Carolina and were tired of traveling 300-plus days a year.

While working on a project in Mexico, they discussed going home and starting a development and investment company that focused on the Southeast, a fast-growing region ripe for real-estate investment.

“In our space, a lot of money is made on the buy, so if you can get at the right point in the cycle and start a company at the bottom of the market instead of the top of one, that’s a step in the right direction,” Melton said.

South Street Partners was founded in 2009.

“Back then, there wasn’t that much institutional capital looking for investment opportunities in the Southeast. That money was focused more on the Northeast and what they call the 24/7 coastal cities,” said Chris Randolph, who joined South Street as a partner shortly after its founding. Randolph had been running acquisitions for the real estate group at Summit Capital Management, a private equity firm.

As the partners surmised, there was plenty of opportunity in the Southeast. The 2010 Census showed the region contains 14 of the nation's 15 fastest growing cities. Much of that growth came from people escaping high-tax, high cost-of-living areas in the northeast.

“It was a great time to start a company buying real estate,” Phillips adds. “We weren't necessarily targeting high-end master-planned communities at that point in the cycle, and we still have a segment of our business outside of that space. It was a good time to buy anything, and we were focused on the Southeast generally.”

The fourth partner, Will Culp, joined the company a couple of years later after serving as vice president for investments for Crescent Resources, a \$1 billion real estate development and investment firm headquartered in Charlotte. Melton, Phillips, Randolph, and Culp all attended the University of North Carolina – Chapel Hill, although not at the same time.

“We all had a familiarity with each other, so it all made sense,” Melton said.

Culp said, “Anyone can start a company and have colleagues, but the four of us are really good friends, and we have a unique communication style because of that. It's not just Monday through Friday 9-to-5. It's all the time. I think it creates a unique dynamic.”

South Street Partners landed its first big deal in 2011 when it and Starwood Capital Group acquired North Beach Towers, the largest oceanfront condominium ever constructed on the Grand Strand at nearly 1 million square feet.

“That helped put us on the map,” Melton said.

South Street Partners started looking at The Cliffs in 2010.

“The timing wasn't right,” Randolph said.

By 2019 the timing was perfect. Greenville and Asheville's growing “drive to” markets made The Cliffs and its lake and mountain properties the perfect complement to the investment South Street had made on South Carolina's coast. In 2013, the company bought Kiawah Partners, the master developer of Kiawah Island and owner of Kiawah Island Club & Real Estate, and still commands a dominant share of the real estate development and sales on Kiawah.

“The bones of The Cliffs are unlike any other we've ever seen in terms of the quality of construction and development of the golf courses and other amenities,” Randolph said. “So, the good news from our perspective is we didn't have to develop huge amenity sets for each

property. That's not to say there aren't certain amenities we're now building and developing, but a lot of it was already there.

“From our perspective, the genuine opportunity was to breathe new life into The Cliffs, similar to what we did at Kiawah. We knew if we had the right management, the right team in place, and the right programming, meaning more family-centric amenities and activities, we knew that would be meaningful to the existing owners as well as future buyers.”

Clubhouse and associated amenity projects at Keowee Springs and Mountain Park should break ground in early 2021. A wellness center is also in the works for Mountain Park, as is a new lake club at Keowee Springs.

South Street Partners also started a new homebuilding program, Cliffs Builders, with its first development at The Cliffs at Walnut Cove. The program has expanded to Keowee Springs and will soon launch at other communities offer a range of options, from turnkey cottages clustered around amenities to higher-end spec homes with various floor plans and interior packages.

Sales are up significantly, much of that has happened during the coronavirus pandemic. Third quarter results alone represented a 166 percent increase in sales volume year-over-year.

“The Cliffs was almost like a sanctuary for those who were living here. All in all, it was a special safe place to be during an otherwise scary time,” Randolph said. “What ended up happening is people in the market wanted to be a part of it, too. And, we're certainly happy about that.”