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Houston firm buys former Magnolia tract in Charleston Neck area

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A Texas real estate firm has finalized its purchase of the Magnolia site in a deal that's expected to jump-start the long-stalled urban development project.

The sale of the 182-acre property near the Ashley River in the Charleston Neck area required multiple transactions that were recorded this week.

The buyers are affiliates of Highland Resources Inc.

The Houston-based firm was the high bidder at a U.S. Bankruptcy Court auction last year for part of the Magnolia tract. It offered \$8.6 million for that 31-acre portion and closed on the purchase this week.

At the same time, the rest of the land changed hands in a series of privately negotiated transactions. The deeds and sale prices had not been posted on Charleston County's website as of Friday.

Highland Resources has said it will invest up to \$30 million in additional environmental improvements before installing sewer lines and other infrastructure.

Afterward, the developer is expected to build a mix of multifamily residences, commercial space and parks on the infill site across from the Wagener Terrace neighborhood.

A Highland Resources spokesman said CEO Charles Wolcott was not available for comment this week.

Decades ago, the Magnolia property housed fertilizer factories, a lumber-treatment plant and other industrial businesses. Those users left a toxic mix of lead, arsenic, creosote and other contaminants in the soil.

Led by Raleigh-based Cherokee Investment Partners, the Magnolia backers set out to clean up the property, describing their effort as the largest redevelopment and reuse of polluted land in South Carolina.

Cherokee formed two companies, Ashley I and Ashley II, which began buying up real estate about 15 years ago. The master plan called for the equivalent of a small city: 4,400 residences, 900 hotel rooms, 2 million square feet of commercial space, parks and a marina.

The deal faltered. Bugged down by the economic downturn, cleanup expenses and litigation costs, Ashley I and Ashley II filed for bankruptcy in 2016, listing debts of more than \$23 million. The two companies also disclosed they had invested more than \$50 million in Magnolia.

When Highland Resources prevailed at last year's bankruptcy auction, its CEO said his firm has years of experience dealing with contaminated real estate and working with regulators.

"The path is well known," Wolcott said in September.

More than half of the land his company acquired was so polluted that it was designated a federal "Superfund" site in 1994 by the U.S. Environmental Protection Agency.

The cleanup of that property included removing contaminated soil and placing a cap over portions of the tract. Most of the remediation was completed in 2003, according to the EPA.

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