Matt Slepin:

Hi, this is Matt Slepin, and welcome to Leading Voices in Real Estate. Today's episode recorded on August 20th, live in Washington D.C., is an interview with Jodie McLean, CEO of EDENS, a retail real estate owner with 110 shopping centers. I will quote the homepage of their website for their own description of EDENS, as a company with, "the purpose to enrich community through human engagement. We design our places to achieve 3.5 trips per week and five hours of dwell time. We know that when people come together, they feel a part of something bigger than themselves and prosperity follows economically, socially, culturally, and soulfully. Our work is bigger than real estate. We're in the business of humanity." These are highfalutin words for any company, but as I think about it, not much different in conversations we've had throughout leading voices, where our guests have deeply articulated mission and purpose in their businesses.

This has included leaders like Keith Oden from Camden, Daryl Carter from Avanath, Jonathan Rose and Robin Hughes from Abode Communities all in the apartment business. Lisa Picard from EQ Office, Gerald Hines, David Radcliffe from Google and architects like Andy Cohen from Gensler talking about office. Seniors housing CEO, Lynne Katzmann, student housing CEO, Bill Bayless, home builders like Larry Webb and Cheryl Palmer, and of course, where you'd expected in hospitality executive like Steve Wilson, Chip Conley and Jim Rosalio.

Real estate is not just about the buildings and the numbers across the board, at least from these guests on Leading Voices, it's much about the way it impacts people. And here you will have it again about the creation of community through the places that we go to shop, eat, and play, and the value creation when that really comes together. Jodie does a great job explaining EDENS approach to retail from that perspective. This conversation was recorded in a podcast studio in a new office building in the Union Market area of D.C. just recently delivered by Carr Properties.

When I moved to D.C. some 40 years ago, Carr was the household name of the office business way back when. Walking into a brand new office building was fascinating since A, they had a podcast studio on the highly amenitized penthouse floor, and B, walking into the lobby I was pretty sure I was walking into a hotel or apartment building, not an office building. This was my first pandemic era office tour. I loved how once again, trends on the design of the people facing side of the business is merging between product types. And cool to see the Carr name in such an innovative building in this emerging neighborhood in D.C.

I hope that you enjoy today's episode, and indeed that you go back and explore the archive around this common theme of vision and purpose, customer and client delight in community building. This is something that inspires me about our real estate business, and we've had a chance to explore these themes throughout the Leading Voices series. If you're enjoying the series, please follow us on your favorite podcast app and please evangelize. Please share episodes with your colleagues. And also with that next young person who pings you for career advice.

Rate us on your podcast app. Visit our website at terrasearchpartners.com/voices, and as always feel free to email comments, reactions, or advice on future guests to me at my email, which is matt@terrasearchpartners.com. I hope you enjoy the episode.

So Jodie McLean, welcome to Leading Voices in Real Estate. We were supposed to do this at the beginning of COVID and we got a little bit canceled because life got difficult, especially for you in retail right here in D.C.

Jodie McLean:

Yeah. Well, thank you for having me. Timing's a little bit better.

Matt Slepin:

A little bit better. And now we're live in person. We are in an office building that was just developed by Carr Properties in D.C. called the Signal House.

Jodie McLean:

It's beautiful.

Matt Slepin:

It's beautiful. It has its own podcast studio. And when I was in D.C. 30 years ago, Carr was the premier office builder in the city and they're still going at it. So the tradition continues.

Jodie McLean:

Absolutely.

Matt Slepin:

And we're here near your offices in Union Market. So is that where EDENS is now headquartered?

Jodie McLean:

Yes. We're about a block away. We like to think we have five or six headquarters, but I am here, our Chief Investment Officer, our Chief Development Officer, and several of our national officers all reside here. We still continue to have strong roots in Columbia, South Carolina, which is where we were founded in the mid '60s. We have an office well entrenched in Boston. We believe that retail is a really local business and decisions have to be made at the local level. So we're in Boston. We have a very strong presence in Atlanta and in Miami and in Dallas and in Denver.

Matt Slepin:

Wow. So pretty broad portfolio.

Jodie McLean:

Yes.

Matt Slepin:

And retail means a lot of different things to a lot of different people right now. So could you describe your company and where you play in retail or to multiple spaces in which you play in the retail business?

Jodie McLean:

Sure. So retail for us, our purpose, our mission is very singular. It is to enrich community. So two very small words, which are really powerful because we believe that if we can bring two people together in what I call the human analog format, if we can bring people together on a routine basis. So we strive three and a half times per week, five hours of dwell time, which are tremendous numbers. But when people come together routinely like that, that's where prosperity happens.

They start to feel a part of something much larger than themselves. They start to feel a part of community and prosperity happens economically. It happens culturally, it happens socially, and it happens [inaudible 00:06:10]. And so for us, retail is really now this canvas that is a heart and soul of communities. And we saw that more than ever during these last 18 months. And so our foot traffic, yes, it fell off. But what we saw were people making more trips every week to their grocer, to their local grocer, to the local places that remained open. Their buggies or tickets might have been smaller, but it was a place where they could come together and they could just connect with other human beings, which is really so fully important.

Matt Slepin:

Well, it certainly was during COVID, it certainly was in COVID and grocery stores. In my little grocery store, I knew all the people and I go every day, my wife is crazy. Like, "Hey, just go once a week." I go every day. But make that real in terms of what we in real estate think of in terms of different types of grocery anchored neighborhood centers versus malls versus power centers versus strip centers versus this thing at Union Market that we're at today, that you're going to describe later.

Jodie McLean:

This thing is beautiful here. Well, first we're all open air. That is the first thing that would distinguish EDENS, is we're all open air. We believe that our places really have a 17 minute trade time. That's what we would tell you. We have to serve two things, we have to serve your essential needs and your emotional wants in the exact same place. So just about 90% of all of our places do have a grocery component to them. We think that really helps establish that everyday trip, but really we are designed for people to have an average dwell time. That's longer than a trip to the grocer. So we're looking at five hours per week. That means that sometimes the very best experience that I can give you is one that is hyper convenient. I know sometimes I would be running late. Not that I would ever run late for my family.

And all I needed to do was grab that gallon of milk and get home because that's what I needed to deliver to the house. So the very best experience I could have was to be in, grab that gallon of milk and home. And it would be five minutes and that was great. And emotionally that's what I needed. My very next trip was with a girlfriend. And we were going to work out. We spent our time. We saw other people we knew. We stopped afterwards. We had a juice. We caught up, we probably spent an hour and a half and it was great. I had this emotional connection with multiple people. So we have to be able to fill all of these needs in the same place. And for every time I can get you to slow down though, for every additional 1% of time, we can translate that into about 1.3% of additional dollar share.

So we have to think about that. And it's gotten wildly complicated too. If you think about what happened during COVID, for us, we really saw community matters. Community matters more than ever. 72% of Americans report that they feel happier. They are more fulfilled as human beings feeling a part of the community in which they live. And so we play that role. This is where people come together, but we've also seen this huge rise in e-commerce of course. About 50% of all new e-commerce sales are happening through a channel that we refer to as BOPIS buy online, pick up in store. That's not going to go away. So we've seen some e-commerce sales come back down as people are back in the stores, e-commerce is here. It's our partner. It's not our foe. It's not our enemy. It is in intertwined as a part of everybody's business.

So it's here, it's our partner. But as this BOPIS has expanded, we have to think about convenience. We have to think about logistics in a way we've never thought about it before. When I started at EDENS and we've always been pretty much open air, but when I started, success was building, signing a lease, turning the keys over, and probably not speaking to that retailer again, for another five years, 10 years. That's gone. We are in partnership from day one with our retail partners. We want partnership with every single person who lives in our community to make sure that we're establishing a place where people can come every day for their essential needs and every day for their emotional wants.

Matt Slepin:

Make that real for me, because I'm curious. I go shopping. I'm not a shopper.

Jodie McLean:

I love that. I love that.

Matt Slepin:

And drove by one of your centers in West Hartford the other day. But it looked like a center to me. So what do you do to make it have something different than the other guy's center across the street? And how do you interact, particularly with your tenants and both with shop tenants, mom and pops versus a chain? How do you inject this stuff you're talking about?

Jodie McLean:

Sure. Sure. It starts with, you know what? We start still every day with location. So people who say it's not about location, location, location, I disagree. I think that is consistent. So we picked the right location because what I said is we still have 17 minutes from the time you get up out to your seat to the time you walk in our front door. So we have to be conveniently located. We have to have everything about that trip to you, has to feel good. Then we think of about curation. So how are we curating to make sure that we're meeting that community need? So we have to understand the community. We have to understand what's important to them. People aren't that radically different from Boston to Miami, to Houston, it may be packaged slightly different, but this trend right now that we're seeing of health and wellness, it's pervasive. It is everywhere. It just may act out slightly different.

But we also think about what health and wellness might mean to this community. We think about how they want to spend their time. We think a lot about the women in community, because that's another thing that really hasn't changed over all the decades that I've been in this business. Women are still driving 80% of retail decisions. Men are showing up more often. You're showing up a little bit more often at the cash register, but typically there will be a wife, a daughter, a sister, a colleague who's behind that decision. So we really think about her. We think about what her life is like and what are the voids in her life right now that we can fill. We also think about curation of the space.

So here, one of the things, Union Market is beautiful. It is one of the authentic places in D.C. where you can come and really feel the authentic rich history over centuries in this city, but there was no green space here. That was a real void. So we've converted one of our roofs to a park, to an open public park. We do have food and beverage that's now set up around it. So there is a retail component to it, but it's public space, where last week-

Matt Slepin:

Do you have to get in an elevator to get to that route?

Jodie McLean:

You can walk right up there. You can walk, you can get in an elevator or you can walk up. So in West Hartford where you are, I'm assuming you are at Bishop's corner.

Matt Slepin:

I think so.

Jodie McLean:

Probably. We've designed a open space that has a lot of food and beverage. This builds out onto it. So a place where you might come with your laptop and you might sit there and work on your laptop because you've decided work from home. So sometimes it's what we refer to as small, intimate gathering spaces. A lot of our places you'll go, you'll see what we refer to as jewelry on our sidewalks, which means that we have invested in benches and chairs. We've invested so that if I was walking along with a cup of coffee and I bumped into you, we could sit for two minutes and just catch up and I could hear about your kids or your family. And when I walk our places, that's usually some of the happiest moments that I see. I'll see people just sitting. We do a lot of public art, my husband and I rode our bikes over here, not too long ago. And sometime during COVID, I said, we got to stop for a second.

And we were watching. I said, "Just watch this, make sure I'm just not making this up and seeing what I want to see." And we watched two complete strangers who were right across the street, but both had come upon these really beautiful photographs that we had up and they stopped. They could not from the eye, look like two more opposite people, how they were dressed, what they looked like, probably their backgrounds. And they were looking at the same photograph. And within not that long, they were looking each other. And they started talking about this piece of art. And it might have been just a 92nd exchange between them, but that's when real community is happening. When strangers find something in common. And if we can have conversations at that level, we should be able to have the deeper, more purposeful conversations.

Matt Slepin:

Makes total sense. We have an interesting drill down question, shade. What does that mean? And do you get the shade there? Because I love, I go to a market and I could sit outside. I'm a happy camper because I always have my iPad and I'm going to sit for five minutes, but if there's no shade, I'm not going to do it. And a comfortable seat, a seat that makes me want to be there, not a seat that's trying to push me away somewhere else.

Jodie McLean:

That is fantastic. So we do a lot of work on sun studies, because the funny thing is that people don't like to walk on the dark side of the street. They like to be on the bright side of the street, but you don't like to sit on the bright side of the street. So we think a lot about shade. We think a lot about canopy. We do use a lot of umbrellas. We do use a lot shade, but then we also have to think that people also don't like to be in the dark. They like to go into storefronts that have sun that is on them. So yes, there's a lot about now, I'm going to get this number wrong, so I'm just going to say 12 years. It could have been 15 years ago, we brought in-house an urban planner to lead all of our planning.

Now, probably 65% of all of our growth is coming from what we call mixed use. All of our portfolio now sits in urban markets and nine urban markets are first ring suburbs. And the consumer really wants a very urban experience even in the suburbs. A lot of that has to do with the 17 minute travel time. But a lot of that has to do with their lifestyle. They don't want to spend time commuting. So they want the amenities of their lives very, very close to where they're living. So we are doing a lot of mixed use work too.

Matt Slepin:

It's interesting, when you say urban planning, my daughter just graduated with an urban planning degree a few weeks ago, and we're sitting with one of my colleagues at Ellen Classon and she has an urban planning degree as well, but I'm thinking it needs to be urban psychology degree.

Jodie McLean:

I think that's just as important.

Matt Slepin:

Yeah. Urban psychology and sociology.

Jodie McLean:

We're planning for human beings. And I think that is one thing I would tell you probably distinguishes EDENS the most, is we've never forgotten about the humanity of our business. It says right on the front of our website, if you go to our website, we really believe our business is bigger than real estate. We really believe we're in the business of humanity.

Matt Slepin:

I understand. So let's talk about Union Market in that context. It gives some, and I used to come here, but my daughter lived on Capitol Hill and said, there's this cool place that's starting to happen, this is about 10 years ago, starting to happen. What was your role in the starting to happen? What's your role now? And there's many developers here, I think. And also this is at the ninth edge of changing demographics, which is a good thing and a bad thing around gentrification in this complicated city of D.C. So kind of unpack all those different things.

Jodie McLean:

Sure. I would start by telling you that nobody has lived at Union Market since the 1800s. The Union Market was in point in time, really, really vibrant in the food market, in the '30s. What happened was the open markets moved from being down on the mall, were relocated here for some of the buildings that were happening there. So it was relocated here, really vibrant market here with a really great history around it, probably until the late '60s. And when the riots happened in D.C., everything in this area closed down and never really fully re-energized. So we, in 2008-ish, entered into what's called the Mount Vernon Triangle area with an acquisition there. We came into the development of City Vista, which is a city block where Safeway is at K and 5th.

And in doing that, there were a couple things about the city that hit us like a ton of bricks. Number one, that Northwest felt like it had pretty much been built out with the height limits here with some of the other limiting factors. And it was interesting too, because at that time I was talking to anybody across the country who would talk to me and I probably surveyed thousands of people. And I'd say, well, where do you take your wife when you want to go away for a weekend? New York, Carmel, Chicago. Here or there. I mean, people were going Philly before they were coming to D.C. And people were coming to D.C. for that eighth grade spring break trip. They were coming here if they have federal business, but they were not coming here as a tourist.

And we have such rich culture in this city and such rich history. And I said, "My gosh," and we did this deep dive about what makes a world class city. All these attributes were here in the city except for a few things. And we didn't have vibrant streets, and vibrant streets [inaudible 00:21:48] to make a world class city. And we didn't have this vibrant retail and we didn't have a vibrant food scene. It was coming, but we didn't have those things. And we had just gotten the baseball team, and sports is part of it and deep.

So we said the city's growing, there's this awesome Metro station that just opened called the NoMa-Gallaudet. So access and location seems right. And when we came here and our Chief Development Officer was with me and he's from New York, originally, being from Chicago, when we came here to this district and it's all warehouse district, it was like, both of us felt this kinship to it from our own backgrounds. Because that was the thing that was missing in D.C., this authentic place. And that's what you had here.

Matt Slepin:

Old buildings with bones.

Jodie McLean:

Old buildings with beautiful bones. So we started working with Gallaudet as a community based partner, with the churches that are in this area because that is a rich cultural tie to these neighborhoods and starting to understand how the community fell. But we knew if we did this right, it had to serve the local community, it had to serve the regional community. So it's a slightly different perspective-

Matt Slepin:

And the existing local community at the time was largely African American. And that probably is 50/50 from 80/20 or something during that period of time. I'm guessing.

Jodie McLean:

Yeah. It's why we went to the churches, because they were and continued to be such a focal point of the communities that were around and they were terrific partners. This is an ethnic melting ground. I mean, we have one of the best Mexican grocers. We have a deep Muslim culture that's here. We have an Asian culture that's here. This is much more than just a black in a white community. So we wanted to understand, we had to understand the history of this place from their eyes. So we learned, and we worked really closely with the city. We adopted a small area plan for these 45 acres, [inaudible 00:24:23] was running planning for the city.

Matt Slepin:

How much of the 45 acres at that time did you control? Just curious of how you get started in a control and investment part of that.

Jodie McLean:

I'm going to be wrong.

Matt Slepin:

That's okay. [crosstalk 00:24:36].

Jodie McLean:

But I'm going to tell you back then, back then we probably controlled something like 20%, 25%. Gallaudet was another, and today remains a major owner here. So they were heavily involved in this process as well. Between the two of us, we probably controlled just about 50% at that point in time. So we went through the small area plan, was a lot of community it in partnership. So what we thought we were doing was the right thing was getting the community involvement up front and setting a vision. Our vision really was, how can we be a precedent, because we couldn't find a precedent at that time of what inclusive development would look like. But what we knew was great places start at the street level, and because of our humanity, that is where we want to live, we want to work in places like that. There's a human curiosity amongst all of us that when places all of a sudden, we all look alike, they become sterile, they become boring. We like to be in places that bring content to our lives.

Matt Slepin:

It's funny if you think of Tokyo, it's one of the most exciting cities I've ever been to. And if you keep your eyes at street level, it's so cool and so multifaceted and so exciting. If you look up at the second, third, fourth story, which you tend not to, ugly. But that doesn't matter because what's down there is what's going on. You can put all kinds of office buildings and income up above.

Jodie McLean:

It's funny, I've learned this, the first mixed use project we're really heavily involved with where we said, we're going to design street level and then we're going to bring in our partners. And the first one we thought we needed to have full design approval. We were going to sign off on the interiors of the spaces and quickly what we realized was that everything that matters is at the street level. And yes, what happens above needs to be harmonious, but it really is so secondary. And again, we have learned in what we've delivered, our partners are out-performing market rents somewhere between 15% and 25%.

Matt Slepin:

Because [inaudible 00:27:09].

Jodie McLean:

Because [inaudible 00:27:11].

Matt Slepin:

It's the secret sauce. So two things to talk about before we talk about you and your career path and how you got here. One, is what happened during COVID and two, the kind of retail apocalypse and what that means or doesn't mean, and you started that a little bit before, but really how did you deal with COVID when it first came and the crisis. I mean, I guess [inaudible 00:27:33] crisis environment around that and employment restaurants and holy cow.

Jodie McLean:

To say that it is shocking is an understatement, to wake up one day and find out that 70% of your revenues are mandated closed by the government. That is a shocking moment. And for us, it wasn't that our revenues were mandated closed. These are our partners. We have 2,600 retail spaces in our portfolio. These are our partners. And in a lot of cases, we weren't prepared. We didn't have this pandemic manual that we went to. And so we did a couple of things. So we shut down, we shut down early. We centralized all decision-making. So we would spend years in decentralizing, everything.

And we shifted into a moment of what I've referred to in the past as radical communication. So we built this sort of hierarchy of communication, but we were communicating in a really transparent, a really authentic way. Because first and foremost, our people had to feel safe. And to make people feel emotionally safe was a lot of communication.

Matt Slepin:

And you say this at three levels, because it's the people who work for you. You're the retailers people, and then the community people, and you kind of have to hyper communicate to all of them.

Jodie McLean:

All of them. We also made a big bet and we brought on mask before they were mandated. We bought like 25,000 masks and it seemed like an incredibly big investment in a time where you didn't know what tomorrow was going to bring, but we needed to make the statement that we really cared. We rolled out hand sanitizers at all of our places that became very... we moved fast. We were first movers, but more importantly, we also centralized how we were going to make decisions. So that we were dealing with retailers somewhat consistently. I was on the phone with senators, with congressmen, giving them data and stats because there wasn't any central place that could represent small business. And so here's the data, here's the stats, here's what's happening real time. Here's what's happening at foot traffic. We can't wipe out main street.

And the food and beverage industry, if you think about it, the food and beverage industry is the second largest private employer in this country. But more importantly, it moves more people from economic instability to economic stability every single year by the numbers. That's so important in an underlying thought process about this country and how we are actually moving people into middle class. And for that industry to be wiped out, somebody needed to say, hold on, this isn't just about out saying, oh, we might lose a few entrepreneurs along the way. This is about thinking about what is the real fabric of this country.

Matt Slepin:

And when the fabrics rip the time it takes to get that fabric back.

Jodie McLean:

Yeah. Yeah. And I think one of the other things that we'll be eternally grateful for is we're a privately held company. We have three institutional partners who invest at our entity level. And we went to the board very early and said, "This is going to be ugly. This is the amount of loss we think we are in for," and it was shocking numbers. "We collectively need to make a decision. We're going to do everything we can to get rents back online. But most importantly, we're going to bring these retail partners over what we called the COVID bridge."

And we got on board early and made a game plan really early on in COVID. So the stress of continuously delivering bad news was sort of off the table. And I say this to every young person who asked me, what's the best advice you can give me. I say, "Pick your partners wisely." The best thing you can do in life is pick your partners at home wisely and pick your business partners and your teammates really wisely, because you don't know how much you need them to face-

Matt Slepin:

Till you really do.

Jodie McLean:

... to really face something like a pandemic.

Matt Slepin:

Yeah. And let's fast forward. So do you have a vaccination policy?

Jodie McLean:

So we may made a few early calls. We said, we're going to stay closed through the end of the year. So those of you who have children, you can make your plans. We kept our offices open, but we were a work from home. But we also had a lot of our community members who needed a little socialization in their lives. We spent a lot of time making sure that everybody understood the expectations of their role and their jobs, so that if you needed to be in the office more or less, it was more about your production more than about emotional.

Matt Slepin:

I've been traveling on the East Coast for the last week. When I go into an establishment, be at a hotel and I've stayed at a couple, or be at a restaurant, be at a grocery store, when there are protocols in place, I feel safe. I feel good. And I've been to a lot of places where there's no masks in a restaurant by the servers. And I just get a little bit nervous. I want to see them having protocols. How do you bring those protocols to your partners? Meaning those retailers, particularly when it's mom and pop, how do you even get down the food chain to communicate that?

Jodie McLean:

Well, we do have the ability to communicate with all of our retailers. We are willing, we have made many signs. We're willing to work with our retail partners in any way they need to, but yet our retail partners, for the most part, feel pretty consistently that they would like people to wear masks, especially early on. But in truth, we cannot mandate what people do. We can highly recommend. We can give examples. And the only thing that we've started to do is set up mentorship programs, where small locals are partnering with being mentored by the manager of Patagonia, just by way of example.

And so they can go and the mentor can say, this is how Patagonia's handles it. This is handled the masks or no masks in the store. This is what the feedback's been across. These are protocols we're following, and it's tremendously helpful. So we've also put in these mentorship programs where we're not carrying all the weight with our retail community.

Matt Slepin:

Last comment before we talk about you, your career, and the history of this company, which is any other comments on the challenged retail environment, which is such a continuum of different types of retail, but the headlines against your whole sector, or I think are the headlines of the mall sector, which aren't as good. But how do you think about that? How do you talk about investors at that? How do you maintain expectations around where you sit, where you stand and what your performance is?

Jodie McLean:

Personally, I love where we sit. I had a lot of time to think through this over the last year and what it really looks like post pandemic. We did have about 23 and a half square feet per capita. We probably have 20%, too much retail in this country. There will be a retail rationalization that continues to happen. If you do the math on that, that's about a billion and a half to two billion square feet of retail that will be rationalized. And we're seeing that accelerated now. But that is because it is retail that is no longer meeting a community need. Period. And if you think about how, we became overbuilt for various reasons, but this rationalization will continue. But what it will leave behind is really much more impactful space, but that space that's left also being the marketing tool for a lot of transactions that will happen online.

So I saw this earlier, we are intertwined with e-commerce. So I think one of the number one thing is yes, retail rationalization will happen. I wish we would rip the bandaid off and it would be done because those headlines would go away, but what's being left behind is much more impactful retail. And it's not only impactful by the transactions that are happening in this store. It's impactful because of the experiences that are happening, the tide of the community, and also the influence that's happening on eCommerce.

I think number two, we'll probably see more brands. And so we'll see many more brands launch online, all of whom realize, without exception, that they need brick and mortar stores to really be able, for consumer acquisition, you're going to see buy online, pick up in store continue to be huge. But for us, as we think about the future, we have a reputation. And I think the well deserved one as being pretty good place makers, but I think we're going to have to evolve to think about not only being place makers, but experienced makers. And what does that really mean when you go from just a physical space that looks good and to something that feels good, and an emotional connection. But I think that's where we're going, because I think that's where our communities are demanding that we go.

Matt Slepin:

And that will continue to evolve even when you get to the place you get to.

Jodie McLean:

Yeah.

Matt Slepin:

It used to be, and you said you use this word transactional. It used to be okay, go to sports authority. I go get my thing and I get out, there's a parking lot with a big place, I go in. Just, there's nothing emotional.

Jodie McLean:

No. No, emotional-

Matt Slepin:

It was 100% transactional.

Jodie McLean:

... but you got the pair of socks or the shoes or the ball that you needed and you're done. But now you can have that experience. If all you need is this balding basketball, you can do it online. It'll be at your house tomorrow.

Matt Slepin:

Right. But there's places I want to go that makes my heart sing. [crosstalk 00:38:17].

Jodie McLean:

Of course. But you can also go and take your daughter with you and shoot hoops for a little bit. And then buy the basketball and what a great experience that is.

Matt Slepin:

Exactly. Okay. So I want to hear the Jodie story and the EDENS story and how they connect. And it's going to connect to us personally together, which we'll talk about in a few minutes, in a funny way. But where are you from? How do you get to South Carolina, and how did you connect EDENS?

Jodie McLean:

So where I am from, I'm a Midwestern girl at heart. I was born right outside of Chicago. Grew up in Chicago, then went to high school in Connecticut. So I went to boarding school at Hotchkiss. And then I wound up at the Honors college at the University of South Carolina because my godfather was president of the university. And then I graduated. My whole story fits in a postage stamp. So then I graduated from USC and I met Joe Edens, who was the founder of EDENS through an independent study I did my senior year of college. I was going to graduate with a degree in finance and management. And I really didn't understand commerce. How is business really made? And I wanted to know more than just learning about the time value of money. And so a professor put together an independent study with entrepreneurs. Joe was one of the first that I met.

Matt Slepin:

And they were based in Columbia, South Carolina?

Jodie McLean:

In Columbia. They were founded in Columbia, and he offered me a job, which I said, "No, thank you. I'm flattered. I can't take that. I'm going to go back to Chicago." I had this dream of having lunch with my dad once a week in Chicago and being there and being close to home. And when my dad showed up at graduation, he was like, what do you mean? You said no to that job. This is 1990. Chicago was a mess. There were very few jobs. So he said, take it for two years, learn all you can learn. Take in everything you can learn. So I told Mr. Edens I would accept the job, but I was going to go back to graduate school in two years and he was fine. And he gave me great opportunity. So I started as an analyst.

Matt Slepin:

What year was this?

Jodie McLean:

1990. I got exposure to literally every single division in the company. It was great exposure. The company at that point was probably worth about $150 million. We were coming out of, in 1989 Hurricane Hugo had ripped through the state of South Carolina, probably turned about 70% of the portfolio on its head.

Matt Slepin:

Portfolio all in the Carolinas?

Jodie McLean:

Pretty much all in the Carolinas. So that was number one, the SNL debacle had happened. So our biggest lender was the RTC. And Revco, which was the second largest retail partner had filed bankruptcy. So what I didn't realize was this really was probably the single best time to enter real estate. Everything I own fit in the back of my hatchback Corolla. I had very little to lose, but everything to gain. So I've always been an early riser.

Matt Slepin:

[inaudible 00:41:43] in Chicago?

Jodie McLean:

We were in the suburbs. So yes, we had chickens and yeah, my first job was an egg [inaudible 00:41:51], but always an early riser. So I would still get up early. And I realized that Joe came into the office every morning, around 5:00 or 5:30. So I made a habit of meeting him at the coffee pot, and he'd always thought, "Why are you here?" And I'd say, "I'm working on all these things," but really I was there because I wanted to engage with him. I had my dad in the back of my head, learn everything you can learn. And this was the person I wanted to learn from and we would engage. And I would tell him what I was working on. I'd think of million questions to ask him.

And he'd always take the time to sit down with me. I didn't realize till later on in life that I was probably like the easiest moment of his whole day based on everything he was going through. But those conversations then would lead to him asking me, "Hey, can you do X, Y, Z for me?" I never said no to anything. Then I'd go away and I'd find somebody who could help figure out what it was that I was doing. That was great.

And we worked through a lot of issues together. I learned a ton. And then in 1996, I guess, he asked me if I would help lead the recapitalization of the company. And I said, "Yes, sure. Of course I would. I'd love to do that." And I went right back to my office and I called my dad and I told him, and he's like, "Oh, that's great." And that is when we met Anderson Capital and we met Diane and we met Terry.

Matt Slepin:

Diane's my wife.

Jodie McLean:

Yes. And we met Diane, and Diane introduced us to two or three of the most important people as it would turn out in my career to meet. But through her relationships, we met the State of Michigan Retirement Systems. We did those first recapitalization of the company with the State Michigan Retirement Systems. We closed in June of '97. The company's value then was about $250, $275 million. And there was conversation going on in Joe's office, but they were saying, oh my gosh, okay, we've closed this transaction now. And we've sort of the dog that caught the truck. How are we going to deploy this capital? And we need a Chief Investment Officer.

And I was sort of sitting in the corner because as a young woman, I wasn't sitting at the table. And so I should have scooched my chair right up there. But I said, "Joe, I'm going to do that." And they all looked at me startled, like you can't do that. And I said, "Joe, I'm going to do that." And he said, "Okay." And there's just total sentence. And I left to go get my cards made before anybody has a chance to say anything. I became the Chief Investment Officer and we deployed and really diversified, but deployed about $2 billion worth of capital.

Matt Slepin:

Did you have a strategy, when Michigan came in, was there a defined strategy of what you would then do with that? Or do you have to like figure out what recapitalization means? Figure out what a strategy means?

Jodie McLean:

Yeah. For me, it was really about diversification, because I felt like we were too heavy in the Carolinas. We were too heavy with just a few retailers. We needed diversify. So one of the first moves was we bought a portfolio. And there was a lot of capital to be put out. Our sector, the open air sector was not really institutionalized at all. So we quickly in '98 bought a portfolio based in Boston and Cleveland, the Samuel's portfolios. And then in 2002, Joe had basically retired. I mean, he was still chairman of the board, but he was still CEO, but he was pulling out the day to day business.

Matt Slepin:

And you were still CIO. When did Terry come?

Jodie McLean:

So in 2002, when Anderson went through its own changes, Terry, who had been our investment banker with Anderson Capital came over and joined as CEO. At that point in time, I became President and Chief Investment Officer.

Matt Slepin:

It's interesting, the first seven ACE of this conversation was about operations, culture, tenants, and how all that works. And then your whole work up until the moment we're talking right now has been all investment strategy.

Jodie McLean:

Yeah. Yeah. When I think about my career, I think about it that way. Up front, I was all about just a sponge, just learning. I was learning a sort of a mile wide and an inch deep. And I was really trying to learn the whole business. Then I spent time trying to really build an expertise, and in building an expertise, I think I built confidence in myself and building confidence from the industry around me. And that expertise was more in transactional and in building the portfolio.

Then my career shifted, and this happened probably more around 2002 into sort of thought leadership. Tat was really like, okay, we've been building, building, building, but what is the real strategic thought? In 2006, I would say, was that magical moment because in 2006 broadband went into about 50% of all households. I had a young child at home who was probably nine. At this time, I had a career that was sort of on fire. We were thinking about doing our first major, big, mixed use project in a totally different way than we had done things before.

We were going to go into being purely transactional because that's what all these places were, or we are going to be connective because I don't feel connected to anything. And if I don't feel connected-

Matt Slepin:

That you're doing, your whole company. It's all there, these transactions [crosstalk 00:48:24]-

Jodie McLean:

But as a human being, as a human being if I'm not connected to community and I'm not connected, and I'm just going to places for transactions, our business is going to move away. So we had this real aha moment and I think that's where for me, things moved into sort of thought leadership. So about culture, about what we were doing, why we were doing, purpose, mission. We looked at the business radically different. We changed everything.

Matt Slepin:

Hang on one sec. This was you. So you're talking about you having your aha moment, tie that aha moment to your colleagues, Terry Brown, maybe, to your investors, and then how the whole business is willing to change to your personal aha moment. Which I think is the right aha moment.

Jodie McLean:

Well, I think without having gone through this period where I built a track record of being highly successful in transactions, I don't think people would've had the confidence to hear my voice. And I just sort of sat down Indian style and home plate and said, things have got to change. And we made a lot of big move changes. So we made big move changes in our balance sheet so that we could build vibrant streets. We were going to take some different risks, I guess, by 2009. I mean, I had everybody in the company read the book, The Good Great Place by Ray Oldenburg.

Matt Slepin:

The Good Great Place.

Jodie McLean:

The Good Great Place. That's when we developed our purpose, our mission, which was to enrich community. And it's when we changed our name from Eden's name to EDENS. But that was when thought leadership from me became that moment in my career from there, until I would say 2015. In 2015, I transitioned from being president, Chief Investment Officer to CEO. I thought, "Oh, I got this." I've been here forever. I've done all these things. I know this team. I know this portfolio, being CEO, I got this. But when you just shift your seat just a little bit to the right, it's such a radically different point of view.

Matt Slepin:

So a couple other things, because we will have to wrap up shortly. So you became CEO that shifted your perspective. Also Blackstone came in and that may change some things as well.

Jodie McLean:

So Blackstone entered in 2013. So in early 2013, Michigan in all fairness have been in since '97 and wanted to monetize their position. And so we thought about multiple different exits and we had multiple exit opportunities available to us, but J.P. Morgan and NYSTRS really did not want to exit through public or private. They wanted to continue. So we went out to try to figure out the best way to go about doing this. We soon had some choices of where to do. So Blackstone at that point in time put together a club investment. So it's not really through one of their funds. It's through club investment, if really blue chip pension fund investors. Blackstone has been a great strategic partner for us alongside of J.P. Morgan and NYSTRS.

Matt Slepin:

I would think they'd amp up the discipline a little bit.

Jodie McLean:

They're not passive investors. Let's just say that. They are not passive. We're a pretty disciplined group though. I think that is something unique about where we sit. We are private, but we run a pretty institutional balance sheet and reporting.

Matt Slepin:

So a few minutes ago you talked about the shift of perspective from president and CIO over to CEO. Talk about that.

Jodie McLean:

When you become CEO, you don't get to do all the things you love to do. I love to do transactions, and you have to step aside and you have to think about a strategy and you have to think about not strategy of the deal or strategy of the single investment. You're thinking about strategy as the whole and it forces you to see things much differently.

Matt Slepin:

Two last questions for our conversation. One is you're a female person.

Jodie McLean:

Yes, I am.

Matt Slepin:

And you're a female person leader in a male person business. Did I put that the right way?

Jodie McLean:

Sure.

Matt Slepin:

So talk about what it's been like being a female leader and the challenges for being a woman in this business.

Jodie McLean:

I have no idea what the challenges of being a female are versus male because I have always been a female leader. You are right. So I don't know, but I do love being in a position of leadership. I am comfortable here. I do think it requires being decisive. I have gotten comfortable not looking like a lot of my peers and that's okay. I think our industry is starting to become much more inclusive. I mean, I now in retail have some great female peers and other CEOs, decisiveness is important, but humility, vulnerability might come a little bit more natural. I think people really respect that. We listen in probably a different way than our male counterparts. Listen, I really try to listen for understanding. I think probably the most underrated values of leadership that I hope I can bring is kindness and empathy.

I think all those things roll up together. And the other thing that I've learned is that I am being invited to the table because I don't look like anybody else at the table. I think when you're younger, you're trying to figure out how to look like all these other people, because those are the people you're looking up to and it sort of squelches your own voice. And once you have that moment where you realize, wow, that's following, that's not leading. Leading is bringing my own unique talents and perspective to the table and being confident in that voice, and other people might not get it at first, they'll come back around to it. I always try to amplify other women's voices at the table like, "Oh, she just said something really smart." Because it might sound different than what people are used to. But I think that is a part of it.

Matt Slepin:

It's interesting. Through this conversation, you have used your authentic voice and there have been moments of your heart coming out into your business. That aha moment, 10 years ago, when you said, hey, we have to have a strategy, we have to have a plan and it has to be authentic for me because I'm bored with what we do. Well, that was you coming from that place. And you also said that 80% of shopping decisions are from more women. So us guys over here don't know what to do with those decisions. We can't read those customers in the way that you might be able to do.

Jodie McLean:

I think there is some truth in that. I do think that's an advantage that I have.

Matt Slepin:

Yeah. Okay. Last question on Leading Voices is always, what is your advice for a young person getting into the real estate business?

Jodie McLean:

Well, first and foremost, I would say pick your partners well. Pick your partners in life well. Pick your partners at home well. Pick your business partners well. I have really great partners in every aspect of my life. So that's number one. I would say as a young person say yes, especially to the young women out there. We find a million little voices in our heads of reasons why to say no. Go ahead, take the opportunity when you're 65% ready to do it. Jump in there, don't be afraid to make mistakes, be afraid to not own them and quickly correct them, but fail a little bit every day. I feel that in myself, days that are just perfect and I haven't failed just a little bit somewhere. I probably am not growing. I'm probably not learning, even at this point in life. So take on things maybe you're not fully prepared for, but be smart and listen and find people who can help you grow, but don't be afraid of failure.

Matt Slepin:

It's interesting when you said failure, I also thought of something occurred to me as you talked about your own perspective, don't be generic.

Jodie McLean:

Yeah. Don't be generic.

Matt Slepin:

Because there are things you know inside of your body that are the right things. And if you try to be generic and question yourself at the end of the day, not going to work [crosstalk 00:57:23].

Jodie McLean:

Yeah. You're just going to be one of everybody else.

Matt Slepin:

Yeah. Hey, Jodie, thank you very much-

Jodie McLean:

Thank you.

Matt Slepin:

... for doing this today.

Jodie McLean:

Well, thank you.

Matt Slepin:

I really, really appreciate. Fun conversation.

Jodie McLean:

Good to see you. Thank you for having me.

Matt Slepin:

You're welcome. Thank you for listening in to Leading Voices. And I hope that you enjoyed today's episode. I have a request, if you enjoyed the episode and found it to be valuable, please share it with a friend or two. If they're podcast wary, take their smartphone in your hand and subscribe for them and teach them to listen. You'll change their life. Seriously, thanks for listening and keep in touch. You know you could reach me at matt@terrasearchpartners.com. See you next time.