

## Ruth's Chris relocates to Pacific Center

**Published: December 9, 2010**

By relocating its Portland steakhouse to Pacific Center, Ruths Hospitality Group Inc. is making a smart move to place itself closer to its key customers business executives, travelers and theater-goers.

Ruths Hospitality, based in Heathrow, Fla., leased 9,400-square feet at the corner of Southwest Broadway and Taylor streets in the Pacific Center building. It will move its Ruths Chris Steak House next summer after construction is complete.

It is the only Ruths Chris in Oregon.

The new location offers the steakhouse far more visibility than its current quarters at the Sherlock building, 309 S.W. Third Ave. It is closer to Portlands executive office buildings and its most significant hotels, as well as the theater district. The neighborhood boasts a much lower crime rate than the present location, according to Portland Maps.

All those factors should contribute to a fairly successful store, said **Craig Sweitzer**, principal for Urban Works Real Estate and a leading restaurant broker in Portland, who said steakhouses typically look for spots where executives congregate. You normally see these types of steakhouses in hotels.

The new home for the 240-seat restaurant is a 16-story office building serving attorneys and a mix of other tenants.

But the neighborhood includes more than 1,200 of the toniest hotel rooms in the state. The 782-room Portland Hilton & Executive Tower is a block from the new spot; the 331-room Nines Hotel and the 150-room Heathman Hotel are also in the neighborhood.

We would definitely refer business. We keep restaurants around here very, very busy, said **Doug Brecht**, director of sales and marketing at the Hilton. Any guest that walks in the hotel, the first thing they ask is, Wheres a good restaurant?

Ruths Chris reportedly plans to bolster its appeal to executives by adding lunch-time hours, a rarity in the steakhouse industry. The new restaurant will compete head-to-head with RingSide Steak House, which has a temporary location across the street in Fox Tower, as well as El Gaucho, a steakhouse at the Benson Hotel.

Mortons the Steakhouse operates its lone Oregon location a few blocks to the southwest at KOIN Center, and Portland Prime is a new steakhouse operating at the former Portland Chop House to the northeast.

In a third quarter earnings call with analysts, **Michael ODonnell**, president and CEO of Ruths Hospitality, said the 156-unit chain has added new franchisees and partnerships with the casino and hospitality industry. Regionally, it is focused on the Northeast and West coasts. It has no current agreements to open new restaurants.

However, ODonnell told analysts growth depends on its current restaurants.

Our largest growth opportunity is organic, that is our rebuilding traffic, he said, according to a transcript of the call.

For the third quarter, comparable sales at company-owned Ruths Chris locations rose 4.9 percent over the prior year. Fifty of its 64 restaurants reported positive income. It did not break out the numbers by location.

The company operates under several names, including Ruths Chris steakhouses and Mitchells Fish Markets.

### **Lease represents the crown jewel for building**

The Ruths Chris deal represents a major win for its landlord, Harsch Investment Properties. The Portland-based real estate investment and management firm originally developed the space Ruths Chris is leasing for Zell Bros. Jewelers after displacing another tenant to make room.

Zell Bros. never moved in. It went out of business when its parent, Finlay Enterprises Inc., filed for bankruptcy. Its departure left a major hole in Harschs efforts to restore the buildings Class A office status after acquiring it in 2005.

This lease is the crown jewel in the five-year, multi-million dollar repositioning of the Pacific Center office building, said **Jordan Schnitzer**, president.

Harsch has covered the windows in anticipation of construction of the bi-level restaurant.

The main entrance on Broadway will lead to a large staircase. The kitchen and some balcony seating will be on the second level. The main dining room will be at street level.

Ruths Chris currently leases space at the Sherlock building, a historic six-story building acquired in June by the Church of Scientology for \$6.4 million. The church plans to convert it into its local headquarters