



El Gaucho makes new reservations in Bellevue

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After years of effort, father and son restaurateurs Paul and Chad Mackay have finally secured a spot for an El Gaucho steakhouse in downtown Bellevue.

The Mackays have skittered like butter on a hot griddle through a series of potential deals during the past several years before securing space at the City Center Plaza building late last month.

The office tower is now under construction on the southwest corner of Northeast Sixth Street and 110th Avenue Northeast. The site is across the street from the new Bellevue City Hall and kitty-corner from the Bravern project where Microsoft and retailer Neiman Marcus have leased space.

Mackay Restaurants founder Paul Mackay says his steakhouse will be a good fit for the Eastside because the market has few high-end restaurants compared with the Seattle market.

Some new dishes for the El Gaucho restaurants will debut in Bellevue, said Chad Mackay, vice president of operations for Mackay Restaurants. Additionally, the Bellevue El Gaucho will serve lunch.

The Seattle restaurateurs operate El Gaucho restaurants in Seattle's Belltown, Tacoma and Portland, the Waterfront Seafood Grill on Pier 70 in Seattle, Troiani Ristorante Italiano in downtown Seattle, and the Inn at El Gaucho above the Seattle El Gaucho restaurant.

Chad Mackay expects the Bellevue restaurant will be the company's most profitable El Gaucho because of the potential lunchtime trade from nearby office workers and shoppers. The Bellevue El Gaucho could have annual revenue of up to \$12 million, compared with the Seattle El Gaucho, which offers no lunchtime service at its Belltown location and has about \$9 million in revenue.

The 12,000-square-foot Bellevue El Gaucho will be able to seat 125 persons in the main dining room, 50 in the lounge area and 40 in the outdoor patio, which will have fire pits to keep diners warm on cool fall evenings. There will also be six private rooms for small meetings and parties. The Mackays estimate they will spend about \$4 million turning the space into a restaurant.

The Mackays' odyssey began at the height of the dot-com boom in 2000. Bellevue's office market was booming, with developers jockeying to get their projects completed first. Mackay Restaurants was negotiating with Canadian developer Ian Gillespie to take a space at Lincoln Square when the dot-com bubble burst. The 1.4 million-square-foot project, which had started construction in 2000, was mothballed in 2002. Gillespie then sold his interest in the project to Lend Lease Real Estate Investments. The following year, Lend Lease sold the property to Bellevue developer Kemper Freeman, who owns the neighboring Bellevue Square and Bellevue Place properties.

The Mackays approached the shopping mall magnate about leasing space but, with a Ruth's Chris Steak House at neighboring Bellevue Square, Freeman was not interested in installing a rival steakhouse across the street.

The Mackays then landed a showcase location in the center of the \$1.2 billion proposed Washington Square mixed-use development in the superblock bordered by Northeast Eighth and Northeast Tenth Streets and 106th and 108th Avenues Northeast. But property owner Utah-based Wasatch Development Associates LLC later revised its plans, repositioning the restaurant under the project's proposed hotel. As further adjustments delayed delivery of their building, the Mackays began to look around once again.

Then a space became available at City Center Plaza as Seattle restaurant Wild Ginger opted instead to go to the Bravern mixed-use project. The Mackays jumped at the opportunity to take the space Wild Ginger had abandoned. But once again their potential deal was shaken apart by turmoil in the office market.

This time, the Mackays were swept up in the \$36 billion buyout of City Center Plaza owner Equity Office Properties Trust of Chicago by Blackstone Group. With a new owner coming onboard, the Mackays were once again in limbo.

Wright Runstad, the Seattle development company in charge of the construction project, advised the Mackays to have patience. They waited nervously as Blackstone executed a series of property flips in its newly acquired portfolio. The Mackays ultimately found themselves renegotiating their lease with Boston-based Beacon Capital Partners Inc., which had bought EOP's former holdings in the Puget Sound area.

After sending Beacon executives to check out El Gaucho restaurants in Seattle and Portland, the firm negotiated a new lease with the Mackays, celebrating the signing with a dinner at the

Seattle El Gaucho. The Mackays were thrilled to have finally secured a space in downtown Bellevue.

"To us it was a miracle," Paul Mackay said. "You couldn't ask for anything better than what we have."

With hundreds of new office workers and condominium residents expected to move into the high-rise towers now in the works for downtown Bellevue, the Mackays expect their new Eastside restaurant to do well.

Restaurant consultant Arnold Shain of the Eastside's Restaurant Group Inc. said he has seen little softening in revenue among rival Bellevue restaurants in the wake of a series of large chain restaurants opening in Lincoln Square.

Even with Ruth's Chris Steak House and Daniel's Broiler competing in the same niche, Shain expects El Gaucho to do well.

"I think there's room for a good operator," Shain said. "People go out more often."

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