

Healthcare Real Estate Insights™
INSIGHTS
Awards 2025
★ FINALIST ★



EL RIO HEALTH

Former hospital transformed into modern outpatient hub with flexible path to ownership

OBJECTIVES

El Rio Health, a nationally recognized integrated federally qualified health center (FQHC), needed to expand access to care in Tucson while balancing an urgent speed-to-market requirement with its long-term goal of facility ownership. Delaying the project would impact patients and operations, but moving too quickly into ownership could limit El Rio's ability to raise capital and pursue tax-exempt financing. The organization also needed to ensure that a new location would expand its reach without cannibalizing existing El Rio sites. Meridian was engaged to create a flexible real estate solution that would allow El Rio to move forward immediately while preserving financial stability, long-term ownership potential and access to care.

AT A GLANCE

ADDRESS

4888 North Stone Blvd.
Tucson, AZ 85704

DETAILS

95,000 SF
Repurposed hospital to outpatient facility
FQHC

SOLUTIONS

Meridian acquired the vacant, two-story, approximately 95,000-square-foot former Tucson Heart Hospital and developed a plan to repurpose the 27-year-old hospital into a modern, multi-specialty outpatient facility for El Rio Health. The transaction was structured with an affordable lease and flexible purchase option, enabling renovations to begin immediately and allowing El Rio to occupy the facility quickly while maintaining a clear path to future ownership through fundraising and tax-exempt financing. Meridian also utilized proprietary analytics and AI to evaluate patient demographics and help ensure the new location complemented, rather than cannibalized, El Rio's existing network.

Using its in-house land use and entitlement expertise, Meridian worked closely with governmental agencies to secure discretionary approvals and proceed directly to plan check without design review, Planning Commission or City Council approval, helping accelerate the project schedule. The former hospital was comprehensively renovated to support primary care, family medicine, pediatrics, OB/GYN, physical therapy, behavioral health, dentistry, radiology, laboratory services and a drive-thru pharmacy. Meridian also reconfigured the parking lot to accommodate modern outpatient use, partially decommissioned and modernized the existing central utility plant with a more energy-efficient mechanical system, and completed upgrades including a new roof, sanitary sewer system, fire sprinklers and low-water-use landscaping. The improvements to the building exceeded \$30 million.

RESULTS

Meridian successfully transformed the former Tucson Heart Hospital into a state-of-the-art, community-centered outpatient health hub for El Rio Health. The approximately 95,000-square-foot facility was delivered on time and within budget and now brings a broad range of medical and support services together in one convenient location, expanding access to integrated care for Tucson-area patients. Just as importantly, the transaction structure allowed El Rio to meet its immediate operational needs without sacrificing its long-term financial goals, providing the organization with flexibility today and a clear path toward future ownership.

