

Rapid Recovery Center, Partially Completed, Sells for \$14.04 Million in Tucson



TUCSON, Arizona – Mainstreet, one of the largest developers of post-acute properties in the United States, is having a rocky launch for its Rapid Recovery Center offering in Arizona and recently sold off the partially completed transitional care property at 5151 East Pima Street in Tucson for \$14.04 million to an affiliate of the Aspen Group of Scottsdale.

The property sold in an REO transaction and a loan assumption.

A year ago, Mainstreet's plan was to open 11 Rapid Recovery Centers over 18 months, in Arizona and Texas. Now, the Carmel, Indiana-based company has decided to pull out of the Arizona market entirely, laying off 70 workers. All of these jobs are in Arizona; Mainstreet has not made workforce changes to its other operations or offices in response to the situation in the Grand Canyon State, CEO Zeke Turner told Senior Housing News.

One of its Arizona Rapid Recovery Centers, in the Phoenix suburb of Surprise, is open but has only a few patients, the Indianapolis Business Journal first reported Thursday. The other three locations—in Phoenix, Tucson and Chandler—will not open. Mainstreet plans to close the Surprise facility and either sell all four properties or lease them to a different operator. Originally, they were to be managed by Mainstreet's operating arm, Mainstreet Health, which was formed in 2014.

Start-up costs for the Arizona facilities ran higher than

projections, and this was a major factor in the decision to pull out of the state, Mainstreet CEO Zeke Turner told Senior Housing News. A “challenging local reimbursement environment” and slower than expected real estate sales also caused unexpected difficulties, he said.

Turner declined to share specific cost figures for the developments. The Phoenix Business Journal previously reported that Mainstreet would invest more than \$100 million to develop and staff the four properties.

The Rapid Recovery Center concept is to create buildings with a luxurious feel and to staff them with high-level clinicians, including having physicians on site daily. The goal is to be a post-acute provider of choice for managed care systems, by achieving better outcomes in a shorter time period for rehabilitation patients. Specifically, the centers are meant to help prevent readmissions while shortening length of stay—two major objectives for health systems that are eager to control costs and that face Medicare penalties tied to re-hospitalization rates.

Mainstreet is moving ahead with Rapid Recovery Centers in Texas, Turner said.

“We are committed to Rapid Recovery Center and believe in it,” he said. “We have three centers open in Texas right now and are scheduled to open five more over the next 12 months. This is already a huge undertaking and commitment, which did contribute to the Arizona decision.”

This is just the latest news highlighting challenges in the skilled nursing and post-acute sector.

We reported the Mainstreet land purchase in September 2016, see Real Estate Daily News, [Transitional Care Center Coming to 5151 E Pima Street, Tucson](#).

For prior transaction, see RED 4169.