

Feasibility Snap Shot Study
For
Proposed Miniature Golf Course
Planned for
New Victory Lanes
Entertainment Center
Located in
Mooresville North Carolina

Prepared
For
Paul Kreins

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By

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EXECUTIVE SUMMARY

Feasibility Snapshot for Planned 18 Hole Miniature Golf Course New Victory Lanes – Mooresville, North Carolina

This feasibility study evaluates the potential feasibility of developing an 18 hole miniature golf course planned for construction on the site of the current New Victory Lanes Entertainment Center located at 125 Morlake Drive, Mooresville NC 28117 and its impact on the existing attractions.

The existing facility currently offers timed and conventional bowling, league bowling, redemption games, group events and a newly introduced restaurant. The miniature golf course will be constructed on the east side of the existing New Victory Lanes building, occupying the northern portion of the present east parking lot and utilizing the existing east entrance to the building.

The study considers the existing competition, estimates the potential annual attendance, projects anticipated annual gross revenues, develops projected construction and annual operating costs as part of the determination of projected net revenues for the first three years.

Miniature Golf as an Attraction:

Miniature golf was considered as the logical outdoor attraction in the expansion of entertainment options at the present successful operation. For more than 100 years it has proven to be an outstandingly successful ongoing outdoor participatory attraction (individuals control their play as opposed to riding on a fixed ride or watching a performance). It appeals to guests ranging from toddlers to senior citizens, appealing to younger family members, teenagers and adults.

The expansion will generate new guests as well as expanding the options for existing guests. The expansion helps address the widespread strong demand for participatory entertainment attractions other than organized team sports offered in school programs and park district programs. Only about 15% of the general population participates in organized programs offered by park districts and recreation departments. This leaves more than 80% of the population open to participatory attractions offered by FECs. These enable individuals to proceed at his/her own pace, rather than being team oriented, thus providing a greater sense of achievement as well as much higher individual entertainment value for the facility's guests.

Target Market:

For the purpose of this study we established the population within a 20 mile radius of the project site as being realistic in terms of a reasonable travel distance and drive time guests will travel for the entertainment and socialization experiences offered by the proposed attraction mix.

We further established three population bands, 0 to 10 miles, 10 to 15 miles and 15 to 20 miles, each with a market penetration factor that reflects the demographics within each band and the projected percentage of visits generated by the new attraction.

The attendance projections and daily per-capita spending values were extended on an annual basis to span the first three years of operation. For year one we reduced the projection by 20% to allow for possible operational start up problems and construction delays. The products of these figures were used to arrive at annual projected gross revenues. Assumed percentages of gross revenues were used to establish annual gross operating costs exclusive of debt service.

Based on our review of the proposed miniature golf course, the target market, regional demographics and existing operations of the current operation, the addition of the miniature golf course has the potential to be very successful. The overall existing operation (bowling, food and beverage) has proven successful. The addition of miniature golf will expand the overall attendance and revenues and generate an expanded guest following.

The target market for the miniature golf course will include impulse sales to a portion of the current facility guests plus potential new guests from the target market area. The projected target market studied extends 20 miles from the site. While the combination of attractions may well attract guests from greater distances, for the purpose of this study we have added a nominal 500 annual guests from greater than 20 miles to the projected attendance.

Projected Annual Added Attendance and Revenues Due to Miniature Golf:

Our review of the demographic data presented in the Demographic Spotlight information prepared by Claritas resulted

in our developing market penetration factors we feel are consistent with the age, education and income of the local population, modified to account for existing miniature golf courses and other family oriented facilities within the target market.

As with any long range projections, the projection of attendance, costs and revenues becomes less precise each year, due to economic and political events beyond our control. While projecting both costs and revenues beyond year one becomes less precise, the levels of projected annual revenues all point to the project being a financial success.

Utilizing the population data and market penetration factors to arrive at miniature golf generated guests coupled with projected construction and operating costs we project the following:

Projected Year One	Added Attendance due to Miniature Golf	43,470
Projected Year One	Miniature Golf Net Generated Revenue	\$191,100
Projected Year Two	Miniature Golf Net Generated Revenue	\$263,300
Projected Year Three	Miniature Golf Net Generated Revenue	\$287,400
Projected Three Year Total	Miniature Golf Net Generated Revenue	\$741,800
Construction Budget	Miniature Golf Course and Parking Lot Modifications	\$249,400

We have not combined the amortization of the construction budget as we are not privy to the planned financing. With the projected three year net generated income totaling \$492,400 more than the projected construction budget we feel confident that even with national economic fluctuations the project is feasible and will prove very profitable for New Victory Lanes.

Respectfully submitted,



Peter F. Olesen, P.E.
President
Entertainment Concepts, Inc.

**FEASIBILITY SNAPSHOT STUDY
PROPOSED MINIATURE GOLF COURSE ADDITION TO
NEW VICTORY LANES ENTERTAINMENT CENTER
MOORESVILLE, NORTH CAROLINA**

INTRODUCTION:

This Feasibility Snap Shot Study has been requested by the owner of New Victory Lanes Entertainment Center, located at 125 Morlake Drive, Mooresville NC 28117 to evaluate the potential feasibility of expanding the existing facility and the attractions it offers to include an outdoor 18-hole ADA compliant miniature golf course to be constructed on the east side of the existing building.

The study evaluates the potential feasibility of constructing an 18-hole outdoor miniature golf course as an added attraction complementing the current mix of indoor attractions. The intent being to expand the mix of attractions, attracting larger numbers of guests, expanding average times of stay, increasing per capita spending and resulting overall revenues.

The proposed facility combines an 18 hole outdoor miniature golf course with the existing successful attractions package now offered. This includes timed, conventional and league bowling and redemption games for individuals and groups and a recently introduced upscale restaurant and lounge.

The planned miniature golf course will be located on the east side of the existing New Victory Lanes building, occupying the northern portion of the existing east parking lot and utilizing the existing east entrance.

Miniature Golf as an Attraction:

The owner determined that the addition of an outdoor miniature golf course would provide a desirable addition to the current indoor entertainment center. For more than 100 years miniature golf has proven to be one of the most successful outdoor and indoor family entertainment industry attractions. It attracts the broadest age range of attendee demographics being experienced by family oriented entertainment attractions, appealing to younger family members, teenagers and adults. The guest play does not require specific skills for

The proposed outdoor course will consist of an 18-hole ADA accessible miniature golf course. The existing indoor facility contains a modern bowling alley offering timed sessions as well as conventional bowling by ten frame game bowling. It also includes an upscale restaurant/cocktail lounge and supplemental redemption games. Group events and birthday parties comprise a significant segment of the existing operation and the addition of miniature golf will enhance these operations.

The overall configuration of the proposed 18- hole golf course is designed to provide play times in the 45 minute range. The layout has been specifically designed to enable birthday party and other groups to play 9-fairway courses as part of birthday party and other groups packages.

EXISTING COMPETITION:

Our search identified 3 existing miniature golf courses in the Mooresville area. We have adjusted our market penetration factors to reflect their potential impact on attendance at New Victory Lanes. The population within the projected target market can easily support the New Victory Lanes miniature golf course as well as the three existing facilities.

The existing local miniature golf courses include the following:

Mooresville Golf Range and Miniature Golf (Outdoor) Located within the 0-10 mile population band.
174 West Plaza Drive
Mooresville, NC

The Pit Entertainment Center (Indoor Glow in the Dark) Located within the 0-10 mile population band.
346 E Plaza Dr
Mooresville, NC

Lake Norman Miniature Golf (Outdoor) Located within the 0-10 mile population band.

18639 Statesville Road
Cornelius, NC

Frankies of Charlotte (Outdoor) Located South of the 0-10 mile population band.
10621 Bryton Corporate Center Drive
Huntersville, NC

STUDY GOALS:

The primary goal of this study is the evaluation of the existing and projected local geographic target market population and specific demographics coupled with conservative projections of costs and net revenues..

It seeks to quantify the potential market in terms of base volumes, establish and apply realistic market penetration factors, evaluate resulting projected attendance, determine realistic construction and operating costs, project per-capita spending and develop potential revenue as a result of constructing and operating the FEC. Based on our projections and evaluation of the projected revenues, we will discuss the results and make what we feel will be sound recommendations with respect to feasibility of introducing miniature golf to the mix of attractions offered to the public.

DATA COLLECTION:

To establish the existing characteristics of the potential market base for the facility we obtained a demographic study prepared by Claritas LLC that provided us with the population and demographic data. This was coupled with existing industry data and experience. The general information and specific data assembled from these sources served to establish the potential population base available for marketing of the proposed added miniature golf course.

TARGET MARKET:

This study assumes the primary target market for this study to be the permanent population within a 20 mile radius. We obtained current and projected demographics for the target market area from Claritas LLC (formerly the Nielsen corporation) national geodemographics research firm to provide the specific demographic data. The demographics were further broken down into individual population bands, 0-10 miles, 10 –15 miles and 15-20 miles, to allow a more realistic analysis. The demographics for these bands are presented in the Appendix.

A portion of the projected attendance for the proposed miniature golf course is anticipated to be impulse play generated from the guests already at the facility.

MARKET PENETRATION:

The projected market penetration factors used in this feasibility study are based on a review of the existing and projected demographics, the use of market penetration factors we feel apply to the specific market being considered and a cursory review of the competitive attractions available within the study area. Our factors are purposely conservative. They represent our evaluation of published data, our specific industry experience, the experience of our existing and past clients and our review of the demographics. The projections include consideration of the relative incomes, age groups, family composition and related demographics. Specific consideration is also given to the local prevailing weather conditions and their potential impact on attendance.

The penetration factors used in this study represent the projected percentages of the total population within each population band that would attend the facility, not the number of individuals. Many residents will never play on the course, while others will play numerous times.

An example of a representative market penetration factor would be to take an assumed 10 percent of the guests from a given local population base projected to visit a site annually times an assumed 8 visits annually, resulting in a penetration factor of 0.80). These factors are used to reflect the wide range of individual attendance from 10 or more times to a sizable segment that may never attend or perhaps one time a year. Taking the penetration factor times the population base provides the projected annual miniature golf plays (a play being a round of 18 fairways) generated for that base population.

Obviously these penetration factors decrease as we move outward with each band due to the travel times and distances required. We have assigned what we feel to be conservative but realistic penetration factors for each band within the study boundaries.

The potential revenues for the facility are a product of the natural demand for the attractions, the relative economics of the market, competition and the extent and continuity of the marketing program promoting the facility. The anticipated

level of service provided, cleanliness of the facility and the maintenance and physical appeal of the attractions will all have an impact on the ongoing attendance, spending and ultimate success or failure of any facility. Recognition of the importance of and application of each element; selection, quality, service and maintenance is imperative for success. Close adherence can easily result in increased attendance and revenue.

TARGETED AGE GROUPS:

New Victory Lanes currently provides an entertaining and affordable mix of attractions designed to appeal to young families, teenagers, adults and senior citizens alike in a safe and comfortable environment. It offers a unique entertainment venue that attracts a broad and diverse set of age and economic demographics. It addresses a definite need for participatory entertainment attractions throughout the surrounding region. The addition of an outdoor 18 hole miniature golf course open up a new segment of the target population, people not attracted to the facility without miniature golf. This group includes young families as well as teenagers, young and mature adults, grandparents with their grandchildren, senior citizens, church and school groups and corporate and fraternal organizations.

Our observations over many years of design and study of new and rehabilitated FECs have been that miniature golf is an attraction that addresses and appeals to a broad age demographic, not currently visiting the existing facility as well as appealing to a percentage of the guests presently attending New Victory Lanes.

OPERATING SEASON:

The existing facility's operating season spans the entire year. In Mooresville the outdoor season will have varying winter weather conditions resulting in some inclement days. Rainy weather can affect the miniature golf course play, but overall loss of attendance will be mitigated by the availability of the indoor attractions. Though there will be days where attendance will be affected by rain, and cool days, the planned outdoor miniature golf course will still generate strong attendance from spring through fall as well as a slightly lower rate through the winter months.

All attractions experience a restriction in attendance during the school year because of school work and school programs. There may be days when management reduces hours of operation, or considers a reduced work week due to specific outside conditions. Our projections give due consideration to the potential of reduced days or hours of operation and our factors adjusted to account for reduced attendance due to outside factors.

STUDY LIMITS:

Observations and projections expressed in this study represent our understanding of the existing community and the minimal presence of comparable facilities in the region. We have utilized published secondary information developed by others and the experience of our firm and its clients. It is based on assumptions, estimates and projections made by our firm, Based on discussions with our client, our independent evaluation of the site and existing data, and our general knowledge of the industry, we have proceeded to develop the presentation contained herein.

No responsibility is assumed for inaccuracies in data obtained from sources used in the development or presentation of this study. Numerous external factors that can impact the projections contained herein that are beyond the control of Entertainment Concepts, Inc. and our client, including, but are not limited to, weather and the state of the economy.

The ultimate success of the project is also dependent upon the assumption that the existing and proposed elements will be designed in full compliance with industry standards, professionally marketed and operated. The facility must provide its guests with an entertaining, enjoyable and safe experience, not only in terms of the specific attractions presented, but also with the environment created and services offered.

PROJECTED ANNUAL PLAYS:

Our initial step was obtaining demographic data for the local target population. For regional residential population data we contacted Claritas, LLC (formerly the Nielsen Company) to obtain population and demographic projections for three radial bands with the project site being the center point. These bands were 0 to 10 miles, 10 to 15 miles and 15 to 20 miles (the demographic data is attached as part of the appendix) and represent projections for the region based on the U.S. Census, projected to the year 2022 and 2027.

The market penetration factors established for the individual population bands are used in the projection of annual attendance. They are used to determine the annual projected number of attendees the facility will generate. The study developed attendance based on the population of each element multiplied by its market penetration factor. These segments were then totaled to obtain the projected annual attendance for the site.

Table One – Projected Annual Plays – Year One:

This table presents the development of the projected first year operation of the miniature golf course in terms of plays (round of 18 fairways). An example would be; for the 0 to 10 mile band assuming 20 percent of the population base, times 4 annual visits, resulting in a market penetration factor of 0.80 percent. We feel this to be very conservative. The remaining population band factors were established in the same manner, assuming a reduction in percent attracted and number of annual visits as we move further from the site.

Projected Guest Source	Base Population	Market Penetration Factor (Percentage)	Projected Annual Plays Miniature Golf
Base Population 0 - 10 Miles 2022 Estimate	173,486	0.15	26,022
Base Population 10 - 15 Miles 2022 Estimate	186,889	0.08	14,951
Base Population 15- 20 Miles 2022 Estimate	321,612	0.04	12,864
Visits from more than 20 Miles		N/A	500
Total			54,337

**TABLE ONE
PROJECTED ANNUAL PLAYS - YEAR ONE**

Table Two - Projected Annual Plays - First Three Years Represents our projection of the new per-capita spending. We’ve adjusted our year one projection to allow for unplanned delays in delivery of materials, weather and other potential interruptions.

Year of Miniature Golf Course Operation	Projected Annual Attendance
Year One (54,337 x .80)	43,470
Year Two (54,337x 1.05)	57,054
Year Three (54,337 x 1.08)	58,684
TOTAL	159,208

**TABLE TWO
PROJECTED ANNUAL MINIATURE GOLF ATTENDANCE - FIRST THREE YEARS**

Marketing prior to opening is of prime importance in terms of maximizing initial attendance. Now is the time to give consideration to increasing group marketing, possible senior miniature golf course leagues, tournaments and related events. Consider possible introductory events centered on first responders, public works and municipal employees, educators and church leaders as a means of developing a solid rapport. It is a good idea is having a soft opening with employees and their families to both familiarize everyone with the facility and to identify possible issues in operation.

Table Three – Projected Daily Per-Capita Spending First Three Years presents daily per-capita spending figures for the first four year, assuming Phase Two is delayed.

ITEM	Year 1 (Dollars)	Year 2 (Dollars)	Year 3 (Dollars)
Miniature Golf	5.50	5.75	6.00
Birthday Parties & Group Events	1.00	1.00	1.00
Food & Beverage	0.25	0.35	0.45
Souvenir Golf Balls & Merchandise	0.25	0.25	0.35
Total Per-capita Spending	7.00	7.35	7.80

**TABLE THREE
PROJECTED DAILY PER-CAPITA SPENDING FIRST THREE YEARS**

Table Four – Projected Annual Gross Revenues:

This table combines the annual projected attendance times per-capita spending to develop the projected gross revenues assuming no Phase Two during the first four years. This was done to make available data in the event unforeseen circumstances result in a delay in the construction of Phase Two.

Year of Operation	Projected Annual Attendance One Game per Guest	Projected Daily Spending Per Guest (Dollars)	Projected Gross Annual Revenues (Dollars)
Year One	43,470	7.00	304,290
Year Two	57,054	7.35	419,347
Year Three	58,684	7.80	457,735
Three Year Total			1,181,372

**TABLE FOUR
PROJECTED ANNUAL GROSS REVENUES ONE - FIRST THREE YEARS**

PROJECTED GROSS OPERATING EXPENSES:

The projected conservative estimated operating expense factor is based on the our experience with existing clients. Many factors contribute to the total annual operating expenses, including staffing, insurance, utility and other operating costs, marketing and related items. Each has varying impacts on the final totals for specific attractions and mixes of attractions.

Table Five – First Year Gross Operating Costs as Percentage of Gross Revenue.

This table includes salaries, overhead, supplies, maintenance, insurance, utilities, marketing and related items.

Item	Assumed Percentage of Gross Revenue
Payroll, benefits and Taxes	15.0
Marketing	3.0
Supplies	4.0
Utilities	4.0
Legal and Accounting	0.9
Insurance	2.9
Maintenance/Repairs	2.4
Miscellaneous	5.0
Gross Operating Cost as Cumulative Percentage of Gross Revenue	37.2

**TABLE FIVE
FIRST YEAR GROSS OPERATING COST AS PERCENTAGE OF GROSS REVENUE**

Table Six –Projected Net Revenues – First Three Years .

Year Of Operation	Attendance	Daily Per Play Spending (Dollars)	Projected Gross Annual Revenues (Dollars)	Operating Cost Percentage %	Projected Annual Operating Costs (Dollars)	Projected Annual Net Revenues (Dollars)
Year 1	43,470	7.00	304,290	37.2	113,200	191,100
Year 2	57,054	7.35	419,347	37.2	156,000	263,300
Year 3	58,684	7.80	457,735	37.2	170,300	287,400
Total			1,181,372		439,500	741,800

**TABLE SIX
PROJECTED ANNUAL NET REVENUES - FIRST THREE YEARS**

Table Seven – Construction Budget:

This Table presents estimated construction costs based on the site’s location and pricing obtained from industry sources.

Item	Quantity	Estimated Cost Dollars
Site Clearing & Course Drainage	Lump Sum	25,000
Fairway Grading	18 x \$100 = \$1,800	1,800
Fairway Concrete	18 x 250 = 4500 sf x 5/12 = 1890 cf x 1/27 = 70 cy	22,600

	70 cy @\$180 = \$12,600 + \$10,000 labor	
Fairway Edging	2700 sf x 1/27 = 100 CY @ \$130 = \$13,000 + \$6,000 labor	19,000
Fairway Carpet – Installed	4500 sf x 1/9 = 500 sy @ \$50/sy Including Labor	25,000
Walkways	50 x 18 = 900 sf + 500sf @ \$10 = \$14,000	14,000
Perimeter Fencing	1,500 L.F @ \$30/ lf	45,000
Lighting	Lump Sum	20,000
Caddy Shack Including Utilities & Equipment	Lump Sum	14,000
Clubs, balls, flags, scorecards & misc.	Lump Sum	5,000
Rehab & Stripe Existing Parking	Lump Sum	10,000
Engineering, Permits & Misc.		25,000
10 % Contingencies		23,000
Construction Budget		\$249,400

**TABLE SEVEN
PROJECTED CONSTRUCTION BUDGET**

Discussion:

The projection of a total net revenue of \$604,862 shown in Table 6 does not take into consideration any specific debt service (reduction) program.

Group sales are a vital part of any FEC’s marketing program and can generate significant additional revenues. Potential groups include schools, church groups, social, fraternal and professional groups, day camps, camp grounds, summer youth programs, local businesses, corporations and related organizations.

Conclusions:

Our projections in the study are conservative. Aggressive marketing can result in higher plays and resulting revenues. Success will depend on the client exercising care in the final development of the facility. It is important to stay within the proper scale of size and concept in order to realize a reasonable return on investment.

Based on the projected revenues and required construction budget and the target market being sufficient in size to support the miniature golf course, we feel that the project will be feasible. Ultimate success obviously depends on sound management and operating practices, well-trained and public oriented staff, attractive physical plant and an ongoing marketing program to maintain public interest. Keep the guests happy and smiling, and they will return.

Respectfully Submitted,



Peter F. Olesen P.E.
President

APPENDIX

**Discussion of Current Bowling Operations
Market Penetration
Miniature Golf Courses as Family Entertainment Attractions**

NOTE: Claritas “Spot Light” Demographic Report Submitted Separately

Discussion of Current Bowling Operation:

While there are a majority of New Victory Lanes bowling games conducted as "Time Bowling" not "Game Bowling," there are also corporate or company bowling parties, birthday parties, friends and family "Fun Packs," "Casino Bowling," league bowling, "Date Night Specials," "Say No to Drugs" functions, etc. This results in making exact line (game) projections challenging.

Management projected estimates assume 2021 full price paid games at 286,412 lines with an additional 113,127 discounted games, for total paid line total of 399,539 games. Converting the game numbers into guest visits is not exact, but assuming 3 lines per game this results in approximately 130,000 guest plays in 2021. 2022 figures to-date are approximately 10% higher.

Miniature Golf Courses as Family Entertainment Attractions:

Characteristically, miniature golf courses attract guests within a 20 miles radius or approximately a 30 to 40 minute travel time. It is an attraction that lets people stretch out their funds, time-wise, with average play being between one-half hour and forty-five minutes. This is a relaxing form of entertainment requiring no previous skill in order to play.

Over the years miniature golf has taken many forms. It has evolved from gimmicky, trick shot, goofy golf type courses to heavily themed "adventure" golf courses with steep steps, swinging bridges, simulated volcanoes, massive waterfalls, caves and tunnels and other elements where the actual golf experience was minimized, to the current movement toward "country club" or players courses with the emphasis on entertaining play and more realistic theming.

All modern miniature golf courses are required to incorporate ADA standards to assure maximum availability for people that may be physically challenged. Current "standards" call for 9 contiguous fairways to be ADA accessible out of a total of 18 fairways. We feel this is not the best approach and design all our fairways to be ADA. This is also the most practical design as mothers with strollers and parents and grandparents with arthritis experience the same challenges when the ADA standards are not followed. The New Victory Lanes miniature golf course is configured to permit two individual birthday party groups to play separate 9 fairway courses at the same time. The flow for individuals playing a conventional 18 hole game remains continuous in configuration.

Market Penetration:

The projected market penetration factors used in this feasibility study represent a review of existing and projected demographics, applying factors we feel apply to the target market being considered and a cursory review of the competitive attractions available within the study area. Our factors are purposely conservative, based on our evaluation of published data, our specific industry experience and that of our existing and past clients and a review of the demographics. This includes evaluating the relative incomes, age groups, family composition and related demographics. Consideration is also given to prevailing weather conditions and their potential impact on attendance.

The penetration factors used in this study represent the projected percentages of the total population within each population band that would attend the facility and the number of times they would be anticipated to visit annually. Not all people within the projected target market will visit the proposed FEC. Some may visit once a year and others from twice to possibly twenty or more times. The number of rain days experienced annually has also been considered, with their impact a part of the decision to add a significant number of indoor attractions and food service.

An example of a market penetration factor is to take an assumed 10 percent of the guests from a given population base projected to visit a site 8 times annually, resulting in a penetration factor of 0.80). Taking the penetration factor times the population base provides the projected annual attendance (number of guest visits) for that base population. These factors decrease as we move outward with each band due to the travel times and distances required. We have assigned what we feel to be conservative but realistic penetration factors for each band within the study boundaries. Potential facility revenues are a product of the natural demand for the attractions, the economics of the market, competition and the extent and continuity of the marketing program for the facility. The anticipated level of service provided, cleanliness of the facility and the maintenance and physical appeal of the attractions will all have an impact on the ongoing attendance, spending and ultimate success or failure of any facility.

Recognition of the importance of and application of each element; selection, quality, service and maintenance is imperative for success. Close adherence can easily result in increased attendance and revenue.