FEASIBILITY ANALYSIS & LENDER-UNDERWRITING PREPARATION

Bowling and Entertainment Venue Feasibility

New Bern / Craven County, North Carolina

An independent pre-investment screen of three bowling-anchored concepts — a 24-lane conventional center, a 16-lane hybrid entertainment center, and a 10-lane premium social venue — plus a minimum-scale cost-optimized test case.

RECOMMENDATION

Do not proceed with a conventionally financed new-build bowling or FEC project in New Bern at this time. Confidence: high.

PREPARED	CONCEPTS MODELED	BEST STABILIZED DSCR	SOURCES CITED
August 2026	4 cases, 88 scenarios	0.63× vs. 1.15× floor	35 primary & industry

Contents

Eleven sections, with confidence ratings and a documented separation of facts, benchmarks, estimates, and assumptions.

Independent feasibility analysis and lender-underwriting preparation for a proposed bowling-anchored entertainment venue in the New Bern trade area. Prepared as a pre-investment screen, not as an offering document.

Every conclusion below carries a confidence rating. Facts, sourced industry benchmarks, estimates, and assumptions are separated throughout. Items that could not be verified from primary sources are labeled **NOT VERIFIED** with the specific document, quote, or study needed to close the gap.

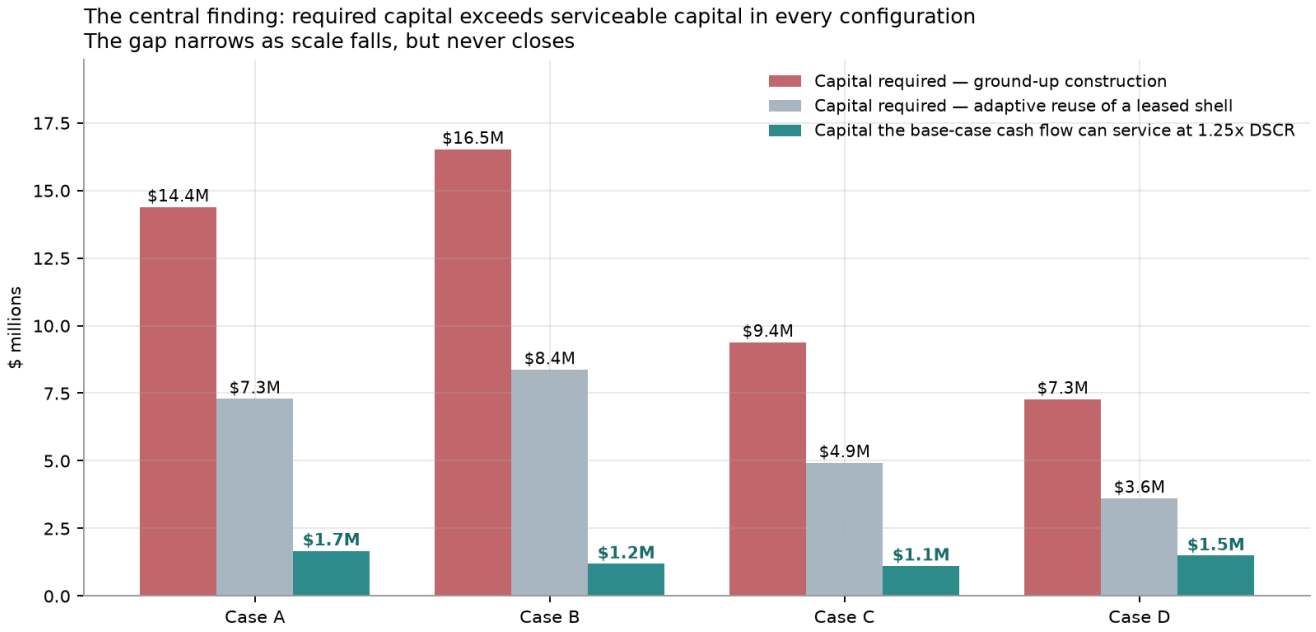
> **Correction notice — revision of August 23, 2026.** An earlier version of this report stated that the City consultant's own projections produce approximately 1.0x debt service coverage, and treated the consultant's headline "20.4% net operating income" as a pre-debt-service NOI margin. That was incorrect. The consultant's expense schedule embeds a $793,056 annual commercial mortgage payment inside operating overhead, so 20.4% is a net margin measured *after* debt service. The consultant's implied Year-1 NOI is $1,736,958, a 35.4% margin, and its implied coverage is 2.19x rising to 2.48x by Year 4. Sections 1 and 6 have been rewritten accordingly, and the confidence table in Section 12 has been amended. This correction cuts against the earlier framing and in the consultant's favor on that specific point. It does not change the recommendation, because the disagreement with the consultant was never arithmetic — it concerns whether a 35.4% operating margin and $163.72 of revenue per square foot are credible assumptions. That argument is made in Section 6 and audited in full in the companion memo, *Audit of the AEM Market Feasibility Report*.

1. Executive investment summary

The recommendation is do not proceed with a conventionally financed new-build bowling or FEC project in New Bern at this time. Confidence: high.

The market opportunity is real and the competitive vacuum is genuine — there is no bowling center in Craven County, and the nearest one is roughly 53 minutes away. That is the strongest fact in this analysis. It is also the fact most likely to mislead an investor, because an absence of competitors is evidence about supply, not about demand. The reason no operator has filled a 100,000-person county for nine years is the question this analysis had to answer, and the answer is arithmetic rather than oversight.

Under conservative but defensible assumptions, every configuration tested requires two to seven times more capital than its own projected cash flow can service.



The gap is not a rounding problem or an assumption quibble. Closing it requires one of the following, and each is either unavailable or unattractive:

Path to closing the gap	Required magnitude	Assessment
Higher demand	Lane-hour occupancy of 47–60% sustained year-round	Above the credible 25–40% band; the one independently measured center ran 25.4% (BowlingVision[1])
Lower capital cost	Total project cost of $1.1M–$6.2M against modeled $3.6M–$16.5M	Only reachable by acquiring an existing center; none exists in the trade area
More equity	60–87% of project cost in cash	Produces a 0.5%–2.1% cash-on-cash return on a special-purpose, hurricane-exposed asset
Public participation	Land contribution, grant, or gap financing	The City has stated it will not build or operate the facility

Five findings that a lender or investor should read before anything else.

First, the widely repeated "24 lanes is more sustainable than 32 lanes" claim is not a finding of the City's feasibility study. It is a mayoral paraphrase offered a month before the report was presented. The study itself recommends 16 lanes. Full-text search of the published report returns zero occurrences of "24-lane" or "32-lane." Confidence: high. This is developed in Section 4.

Second, the demand base is structurally older and less child-dense than the national average, which cuts directly against the birthday-party and youth-league revenue that carries most FEC pro formas. Craven County is 24.2% age 65+ against 18.9% nationally, ages 5–17 are 15.3%, and only 26.6% of households contain a child under 18 (Census QuickFacts[2]). School enrollment has fallen 11.7% in six years and is projected to keep falling. Confidence: high.

Third, the capital cost benchmarks that circulate in this industry are internally contradictory, and the difference decides the project. Per-lane rules of thumb of $90,000–$110,000 all-in (Bowling.com[3]) cannot be reconciled with per-square-

foot construction data, and the City's own consultant budgeted $745,000 per lane. This analysis uses the per-square-foot method and explains why in Section 8. Confidence: high on the conflict, medium on the resolution.

Fourth, SBA financing is materially harder for this asset class than a generic small-business loan. Bowling alleys are named on SBA's Limited or Special Purpose Property list in SOP 50 10 8[4], Appendix 3. A new center is both a new business and a special-purpose property, which sets 504 equity at 20% rather than 10%, and adding a restaurant or arcade does not reclassify it. Confidence: high.

Fifth, and most instructive: the City study's own numbers are not marginal — they are implausibly strong, and that is the problem. The study forecasts $4.91M of Year-1 revenue on an $11.925M budget and reports a "stabilized net operating income of 20.4%." That figure is a net margin measured *after* the $793,056 commercial mortgage payment the study embeds in operating overhead. Reconstructed properly, the study implies Year-1 NOI of $1,736,958 — a **35.4% operating margin**, 2.19x debt service coverage, a 14.6% yield on cost, and a 31.7% first-year cash-on-cash return. Those outcomes exceed every public comparator in the sector: Dave & Buster's reports 25.8% store-level EBITDA margin (FY2025 10-K[5]), and Lucky Strike reported 30.6% consolidated adjusted EBITDA margin compressing to 27.5%, while still posting a $10.0M net loss (FY2025 10-K[6], Q3 FY2026 10-Q[7]). The study also excludes depreciation and amortization by its own footnote. A projection that outperforms the entire listed sector should have triggered a stress test; instead it was relabeled as a modest 20% and carried into a recommendation. Confidence: high on the arithmetic, high that the margin is above every available comparator.

What would change the recommendation. A distressed acquisition of an existing center at the $25,000–$45,000 per lane brokerage range (DealStream[8]) inverts the entire analysis, because the capital gap is a construction-cost problem rather than a demand problem. No such asset exists inside the trade area today. A materially below-market real-estate basis — a landlord willing to fund the shell and a large share of the fit-out in exchange for percentage rent, or a City land contribution — is the second path. Both are addressed in Section 11.

2. New Bern market and trade area

Population: three official series that disagree

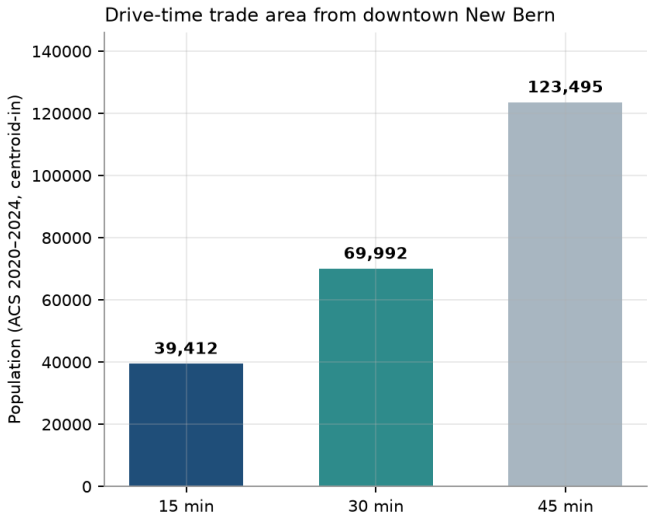
Any pro forma for this market must pick one population series and label it, because the three authoritative sources differ by more than 4,000 people.

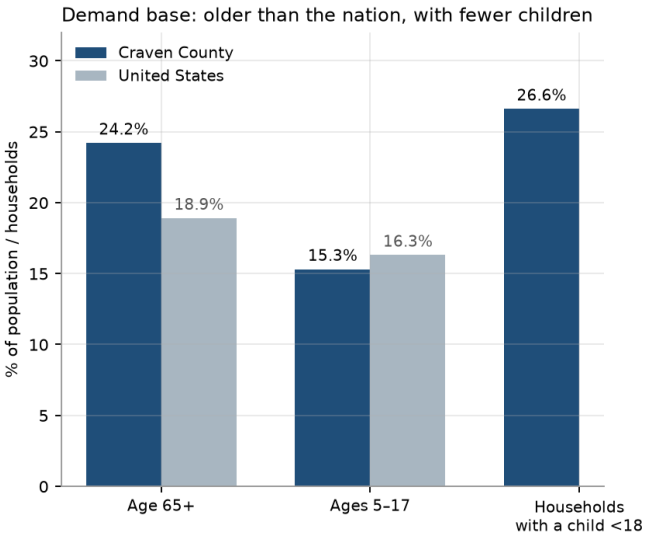
Source	Craven County population	Vintage
Census Bureau Vintage 2025 estimate	105,025	July 1, 2025 (QuickFacts[2])
NC OSBM certified estimate	106,836	July 1, 2024 (OSBM[9])
ACS 2020–2024 five-year	102,612	centered ~2022
2020 Decennial Census	100,720	April 1, 2020

This analysis uses tract-level ACS 2020–2024 for drive-time bands, because it is the only series available at the geographic resolution a trade area requires. Confidence: high on the figures, medium on their currency — the ACS vintage centers on roughly 2022, so mid-2026 bands are plausibly 3–7% higher than shown.

Drive-time trade area

Drive times were computed from downtown New Bern using OSRM road routing, with population assigned by census-tract centroid.





Band	Population	Households (derived)	Estimated annual “fees and admissions” spending pool
15 minutes	39,412	~17,210	~$12.9M
30 minutes	69,992	~30,560	~$22.9M
45 minutes	123,495	~53,930	~$40.4M
60 minutes	369,820	—	context only

The 30-minute core is essentially Craven County alone — 67,115 Craven residents plus 2,877 in Pamlico. Spending pools apply BLS Consumer Expenditure Survey South-region figures of $3,022 total entertainment and $749 fees and admissions per consumer unit, scaled to local income. A realistic capture rate is single-digit percent of the fees-and-admissions pool, which is the envelope any revenue forecast must sit inside. Confidence: high on the geography, medium on the spending pools.

Key drive times: Havelock 30 min, Cherry Point main gate 34 min, Kinston 44 min, Morehead City 51 min, Jacksonville 52 min, Cape Carteret 53 min, Greenville 64 min, Emerald Isle 69 min, Camp Lejeune 70 min. **Caveat:** these are free-flow times that ignore Trent River and Neuse River bridge congestion, which is material at peak hours and on summer weekends. A site-specific traffic study is required before committing to a location. **NOT VERIFIED:** peak-hour travel times.

The demand-base problem

This is the single most important market finding, and it is the one most often skipped.

Metric	Craven County	North Carolina	United States
Age 65+	24.2%	—	18.9%
Ages 5–17	15.3%	16.1%	16.3%
Households with a child under 18	26.6%	—	—
Households containing someone 65+	35.6%	—	—
Ages 18–34	24.0%	—	—
Median household income	$65,873	$72,400 (implied)	$80,700 (implied)

Source: Census QuickFacts[2]. Craven's median household income is 81.6% of the US figure and 91.0% of the state figure; BEA per-capita personal income is $61,929, or 84.6% of the US level. New Bern city itself is poorer than the county — $61,031 median household income with 17.3% poverty.

Within the county the skew is sharper still. Trent Woods has a median age of 57.8 with 35.3% age 65+; River Bend is 53.1 and 32.7%. Havelock, by contrast, is only 6.0% age 65+ — a military-linked community whose age profile is the mirror image of the affluent New Bern suburbs. Confidence: high.

Why this matters commercially. The standard FEC revenue model leans on children's birthday parties at $25–$45 per child and youth leagues. Craven has proportionally fewer children than the nation, and the pipeline is contracting: district average daily membership fell from 13,111 in 2019–20 to 11,575 in 2025–26, a 11.7% decline, and is projected to reach 10,949 by 2035–36 (Craven County Schools[10]). Confidence: high.

The offsetting positive is the 18–34 cohort at 24.0%, which is military-linked and supports late-night, alcohol-forward, and adult-league revenue. This is the demographic argument for the Case C premium social concept over a conventional family center, and it is the strongest single demand insight in this report.

Income distribution constrains price. Roughly 56% of Craven households earn under $75,000; the $100,000–$149,999 band is 17.7% and the $200,000+ band is 5.6%. A premium-priced concept has a genuine but thin target market.

Cherry Point: large impact, much smaller addressable segment

Marine Corps Air Station Cherry Point reports a $2,643,750,043 total 2024 economic impact and a total supported population of 36,139 (MCAS Cherry Point[11]). That total decomposes into 5,973 active duty, 1,746 reserve, 5,422 civilian employees, 3,700 contractors, 6,547 dependents, and 12,751 retirees.

Do not add 36,139 to the census population. Civilians, dependents, and retirees are already counted in the census base, and 12,751 retirees skew heavily toward the 65+ cohort already identified as a weak bowling demographic. The incremental behavioral segment worth modeling is active duty plus reserve — 7,719 people — who over-index on evening and weekend discretionary entertainment and alcohol. Confidence: high on the decomposition, medium on the behavioral inference.

Deployment cycles introduce volatility that a small-market pro forma cannot absorb quietly. Squadron rotations move hundreds of people in the 18–34 band in and out for months at a time; VMGR-252 departed in September 2025 and VMFA-542 returned during the same period. A concept that depends on the military segment for peak-period revenue inherits that variance.

Cherry Point has no bowling center. MCCS recreation pages list only the Two Rivers Theater, a single screen. **NOT VERIFIED:** whether a base bowling center closed and when. Required: a direct call to MCCS Cherry Point Recreation. This matters because an on-base center, if it reopened, would be a subsidized competitor for the military segment.

Camp Lejeune and Jacksonville support roughly 137,526 people but sit 52–70 minutes out with lower household incomes. Count that market only for occasional destination events, not recurring visitation. Confidence: high.

Tourism is a Carteret County story, not a Craven one

County	2025 visitor expenditures
Carteret	$763.93M
Craven	$188.97M

Source: VisitNC county-level visitor expenditures[1][2]. Carteret captures 4.0 times Craven's visitor spending.

New Bern hotel occupancy runs a remarkably flat 60–63% in every month of the year, with no summer surge — Sunday 45%, Friday 60%, Saturday 62%, against roughly 1,410 rooms countywide. Room-night supply remains about 5% below its 2017 level. Tryon Palace drew approximately 188,905 visitors in FY2024 and MumFest draws 75,000+ over one October weekend.

Do not model Crystal Coast beach tourists as addressable demand. A rained-out beach day at Emerald Isle or Atlantic Beach sends families to Mac Daddy's, 10–20 minutes away, not to New Bern 50–70 minutes away. Confidence: high. This eliminates the "rainy beach day" argument that often rescues coastal FEC pro formas.

Weather: a genuine but modest tailwind

NOAA 1991–2020 normals for station USW00093719 show approximately 82.8 days per year with 0.10 inches or more of rain and roughly 53 inches of annual precipitation. July–September delivers 19.4 inches — 37% of the annual total — across 25.8 wet days at 83–90°F highs, which is the strongest indoor-demand window. December–March offers 24.6 wet days at 55–65°F, the classic league season. October–November is the driest and mildest stretch, and therefore the weakest.

A defensible planning heuristic is that roughly 35–40% of days push families toward indoor recreation. That supports year-round operation but does not create the peak-season concentration that a beach-market FEC enjoys. Confidence: medium-high.

Economic base

Craven unemployment was 3.7% in June 2026 against a labor force of 39,813. New Bern captures 69% of countywide accommodation and food services sales — $180.7M of $260.1M — confirming it as the trade area's commercial center. Ten employers with 500+ employees sit within 30 minutes, which supports a weekday corporate-outing and team-building revenue line that most small-market FECs underweight. Confidence: high.

3. Existing and planned competition

The competitive vacuum is real

There is no bowling center in Craven County. The City's consultant independently confirmed this, reporting "0 bowling centers (total of 0 lanes)" within 30 miles. Confidence: high.

The last one was **The Strike Zone Family Entertainment**, 3550 Dr. Martin Luther King Jr. Blvd, owned by Mark Gatlin, which operated from September 2001 to May 2017 — sixteen years (Mark Gatlin's LinkedIn profile[13]; Tripadvisor[14]). An ALDI now operates at the same address, which is circumstantial evidence of a real-estate conversion rather than proof of one.

NOT VERIFIED, and this is the highest-value open item in the entire analysis: the Strike Zone's lane count and its reason for closing. A January 2017 review describes the building as "falling apart… ceiling missing with insulation hanging down," which is consistent with deferred maintenance and thin cash flow, but a single review is not evidence. Required: an interview with Mark Gatlin, and a title search on 3550 Dr. MLK Jr. Blvd to establish whether the closure was operational failure or real-estate arbitrage. Sixteen years of operating history in the exact target market is the most decision-relevant dataset available, and it is currently inaccessible. **No investment decision should be made before this interview happens.**

Industry-wide, real-estate arbitrage is the named cause of bowling center closures — the land became worth more than the business. US center count fell from 6,148 in 1986 to 3,154 in 2023, a 49% decline, with attrition running about 2.5% per year, and certified lanes fell from 113,897 in 2007 to roughly 73,000 in 2025. **No cohort failure-rate study exists**, so the closure rate for centers of a given age or size cannot be quantified. Confidence: high on the aggregate decline, low on attributing any individual closure.

Regional bowling supply

Competitor	Location	Lanes	Drive time from New Bern	Notes
Mac Daddy's	Cape Carteret	24 (16 classic + 8 VIP)	~53 min / 37.5 mi	Full FEC; 4.3 stars on 2,815 reviews
Bowlero East Carolina	Greenville	40	~62 min	$8 unlimited "Bowling Forever"
Bonnyman Bowling Center	Camp Lejeune	32	~64 min	Military; access NOT VERIFIED
Bowlarena	Jacksonville	NOT VERIFIED	~53 min	No open bowling Tuesdays
Galaxy of Sports / Galaxy Lanes	Kinston	22	~44 min	Thin hours; address not stated on own site

Mac Daddy's is a destination competitor, not a New Bern trade-area competitor, but it is not irrelevant either. At 130 Golfin Dolphin Drive it runs 24 lanes at $5.00 per game or $30 per lane-hour with $4.00 shoes, cosmic bowling at $15–$25 per person, and party rooms at $60–$100, alongside a 4,000 sf arcade, billiards, an escape room, mini golf, go-karts, a driving range, Sky Trail, and karaoke (Mac Daddy's[15]). It operates 10 a.m.–11 p.m., to midnight Fridays and Saturdays, "364 days," under owner Mac Holz with GM Mike Ryan, and has run since 2008 (BBB profile[16]). It hosts 9 leagues.

Two competitive implications follow. Its pricing sets the regional anchor a New Bern operator will be measured against, and $5.00 per game is aggressive. And its 4.3-star rating across 2,815 reviews demonstrates that a full FEC is commercially viable in a coastal Carolina market of comparable scale — the most encouraging single datapoint in this section. Two significant gaps in its offering are that it serves **beer and wine only**, and it has **no laser tag and no skating**. Confidence: high.

In-town entertainment inventory

New Bern has **zero** trampoline parks, laser tag arenas, go-kart tracks, mini golf courses, or arcade-bars. Existing operators are two small ENC Cinemas houses at $11.99 and $10.49, Rollerland (3.0 on Tripadvisor, cash-only), Bear Towne Escape Room (4.8 on 168 reviews — the town's top-rated attraction), Beary The Hatchet axe throwing, Little Bee Indoor Playground for ages 10 and under, Locked In Athletics, and the New Bern Riverfront Convention Center at 45,000 sf with capacity for 1,350.

The City's consultant characterized the competitive set bluntly: "Most of the design formats used by the competitors are dated by current standards." Confidence: high.

Demand signal worth weighting: the top write-in response on the mayor's public business survey was "some sort of indoor activity center for kids — like arcades, bowling alleys or trampoline parks." Stated preference is not revealed preference and does not substitute for a willingness-to-pay study, but it establishes that the gap is publicly perceived. The same mayor also stated that New Bern does not meet Dave & Buster's site requirements "and probably never will," which is a useful reality check on scale.

Announced and rumored projects

King & Lasso — announced, not confirmed under construction. On May 29, 2026 the company, founded by Deion King, announced a complex at 5650 US Highway 17 South comprising a 200-by-85-foot ice rink, an 8-bay driving range, a 6-cage batting facility, and an 800–1,200-capacity outdoor concert venue (King & Lasso press release[17]). **It includes no bowling, no arcade, and no laser tag.** King separately paid $3M for the historic Elks Building, which suggests capital capacity.

Two consequences. It is not a direct bowling competitor, but it is a direct competitor for the same discretionary family entertainment dollar, for the same corporate-outing budget, and for the same site inventory on the US-17 corridor — the exact corridor the City's consultant identified. It is also a competitor for local investor capital. Status: **ANNOUNCED ONLY.** Required: a permit-status check with New Bern Development Services and a Craven County GIS parcel review to confirm site control. Confidence: high that it was announced, low on whether it proceeds.

"Happy Harbor Bowling Center" (Havelock) — treat as a rumor. Two crowdfunding attempts raised a combined **$335**, and the posted budget of 32 lanes for $1.8M or less is not credible against any construction benchmark in Section 8. This should not be modeled as future supply. Confidence: high.

New Bern Mall — a real adaptive-reuse candidate with unverified economics. The 361,000 sf center at 3134 Dr. MLK Jr. Blvd is owned by Hull Property Group, which operates 38 malls; it opened in 1979 and lost JCPenney in 2020, and space is actively marketed (leasinginquiries@hullpg.com, 252-633-2800). **NOT VERIFIED:** current vacancy percentage, whether the former anchor box is available, its clear height and column grid, and whether Hull has a redevelopment plan. Required: a direct leasing inquiry. This is a priority diligence item because a former anchor box is the closest thing in the market to the ideal bowling envelope.

Research traps documented

Several searches return plausible but wrong competitors. Spare Time, Sky Zone, and Big Air in "Greenville" are in South Carolina. Gamescape by Cinemark is in Greenville, **Texas**. "Morehead Cinemas 6" is in Morehead, **Kentucky**. Any competitive census for this market must verify state and county.

4. City feasibility study — validation and limitations

What the study actually is

The document is the "Market Feasibility Report — The City of New Bern — Multi-Attraction Restaurant & Entertainment Venue," prepared by **Amusement Entertainment Management LLC** of East Brunswick, New Jersey, authored by Gerald J. Merola, with an evaluation date of June 30, 2026.

It was approved 7-0 by the Board of Aldermen on April 28, 2026, at a cost recorded in the minutes[18] as **$17,500**, and was presented on August 11, 2026 as a discussion item marked "No action required." The full report is embedded in the August 11, 2026 Board of Aldermen electronic agenda package[19] and is publicly accessible, notwithstanding "Confidential Document" stamps on interior pages.

Conflict to disclose: media reports describe the study as costing $17,000; the official minutes record $17,500. Present both. The discrepancy is immaterial financially but is a useful calibration on the reliability of secondary reporting about this study — which bears directly on the next finding.

The 24-versus-32-lane claim does not come from the study

Confidence: high.

Mayor Jeffrey Odham said on July 8, 2026: "if someone says I want to build a 32-lane bowling alley, well the study we have says it should probably be a 24-lane" (WCTI 12[20]). That statement was made roughly a month before the report was formally presented.

A full-text search of the published report returns **zero** occurrences of "24-lane" or "32-lane." The only instance of "24" in an attraction context is a "24-pack lasertag arena." The study's actual recommendation is **16 lanes** — 12 public lanes in 9,240 sf plus a 4-lane private suite in 3,200 sf.

Any business plan or loan application that cites "the City's study recommends 24 lanes" is citing a paraphrase, and a lender who reads the underlying document will find the discrepancy. The distinction matters financially: at roughly 1,000 sf per lane, the difference between 16 and 24 lanes is about 8,000 sf of building and, at $250/sf, roughly $2.0M of construction cost plus eight lanes of equipment.

The study's program and forecast

Element	Specification
Total building	30,000 sf, single level
Bowling	12 public lanes (9,240 sf) + 4-lane private suite (3,200 sf)
Arcade	60 units, 3,600 sf
Ropes course	8-pole, 1,600 sf
Laser tag	24-vest, 3,000 sf
Darts	2 projection units, 440 sf
Casual dining	2,450 sf, 298 total seats
Prep kitchen	1,425 sf
Party rooms	2 rooms, 1,000 sf

Element	Specification
Operating hours	75 per week (Mon–Thu 12p–10p, Fri–Sat 10a–12a, Sun 12p–7p)
Site marker	US-17 / Business 17 intersection
Trade area	Primary 0–7.5 mi (59,229 population), extending to 30 mi
Penetration	17.56% of Band One at 5 visits/year
Year-1 visitation	108,786
Blended per-capita spend	$45.15
Peak month	12% of annual volume

Year-1 revenue is forecast at **$4,911,688**, rising to $5,504,643 by Year 4:

Revenue line	Year 1	Share
Food	$1,164,010	23.7%
Beverage	$1,136,814	23.1%
Bowling	$837,652	17.1%
Games	$723,427	14.7%
Attractions	$663,595	13.5%
Venue fees	$217,572	4.4%
Shoe rental	$152,300	3.1%
Retail	$16,318	0.3%

Food and beverage is 46.8% of total revenue. The study assumes cost of goods sold at 14.8%, gross operating profit at 85.2%, management payroll of $145,000, staff payroll of $1,220,960 (24.9% of revenue), payroll taxes and benefits at 14%, and what it labels a stabilized net operating income margin of 20.4%. That last figure is measured after debt service and is addressed below.

Capital budget: land of 4 acres at $70,000/acre for $280,000; permits $40,000; impact fees $0; building of 30,000 sf at $7,509,000 ($250.30/sf); business development costs $4,096,000; **total $11,925,000**. Equipment detail includes 16 lanes of full QubicaAMF equipment at $864,000, Zone Systems laser tag at $245,000, a 60-unit arcade at $690,000, and a ropes course at $256,000, with a raised bowling slab at $4.20/sf, sound attenuation at $3.15/sf, and fire suppression at $8.45/sf.

The City has stated it will not build or operate the facility. The study is a private-developer recruitment tool.

Where the study is strong

Its competitive census is independently verifiable and correct — zero bowling centers within 30 miles, 4 cinemas with 16 screens, 1 skating rink, 16 golf courses. Its building cost of $250.30/sf is consistent with independent construction data and is the most defensible number in the document; this analysis adopts it. Its component-level equipment pricing is vendor-sourced and credible. Its F&B-led revenue mix is directionally right and matches the industry warning that “any location-based entertainment where food is less than 30% of revenue is doomed” (White Hutchinson[21]).

Where the study should be challenged

Land at $70,000 per acre is optimistic by roughly half. Craven County commercial land averages $60,962/acre, but corridor pads on Neuse Boulevard and US-70 — the locations the study's own US-17 site marker implies — ask $130,000–$140,000/acre. This analysis uses $130,000. Impact: roughly $240,000 of understated land cost on a 4-acre site. Confidence: high.

The ropes course cannot coexist with bowling under one roof at reasonable cost. A ropes course needs 18 feet of clear height minimum and 25 feet preferred; a bowling envelope needs 12–14 feet. Accommodating both means building a taller shell across a larger footprint or accepting a two-height structure, neither of which is priced in a flat $250.30/sf. This analysis removes the ropes course from Case B and reallocates $256,000. Confidence: high on the height conflict, medium on the cost consequence.

The visitation forecast implies 1.84 visits per primary-band resident per year. 108,786 visits against a 59,229-person primary band is a demanding penetration assumption in a market whose median household income is 81.6% of the national figure, whose 65+ share is 24.2%, and which has had no bowling center for nine years — meaning there is no latent bowling habit and no league infrastructure to inherit. Confidence: medium that this is optimistic; the underlying penetration methodology is a proprietary industry model that cannot be independently audited.

A blended per-capita spend of $45.15 sits above the published FEC range. Modern FECs including F&B run $20–$35 per capita; bowling centers run roughly $12–$15. Achieving $45.15 requires alcohol attach rates and party mix at the top of the industry distribution.

Cost of goods sold at 14.8% is low. Dave & Buster's reports actual F&B COGS at 24.8%; redemption prize cost runs 20–25% of amusement revenue. A blend of the study's own revenue mix at industry cost ratios lands closer to 20–22%. Each point of understated COGS on $4.9M is roughly $49,000 of overstated NOI.

Most importantly, the study mislabels its headline metric, and the corrected figure is implausibly high rather than marginal. The study's expense schedule contains a line item "Commercial Mortgage Loan — $793,056," footnoted as debt service on an $8,943,000 mortgage at 7.5% over 25 years. The "Net Earnings Before Taxes" line of $943,902, which the recommendation section describes as a "stabilized net operating income of 20.4%," therefore sits *below* debt service. Net operating income is by universal convention measured before debt service.

Reconstructed on the study's own figures:

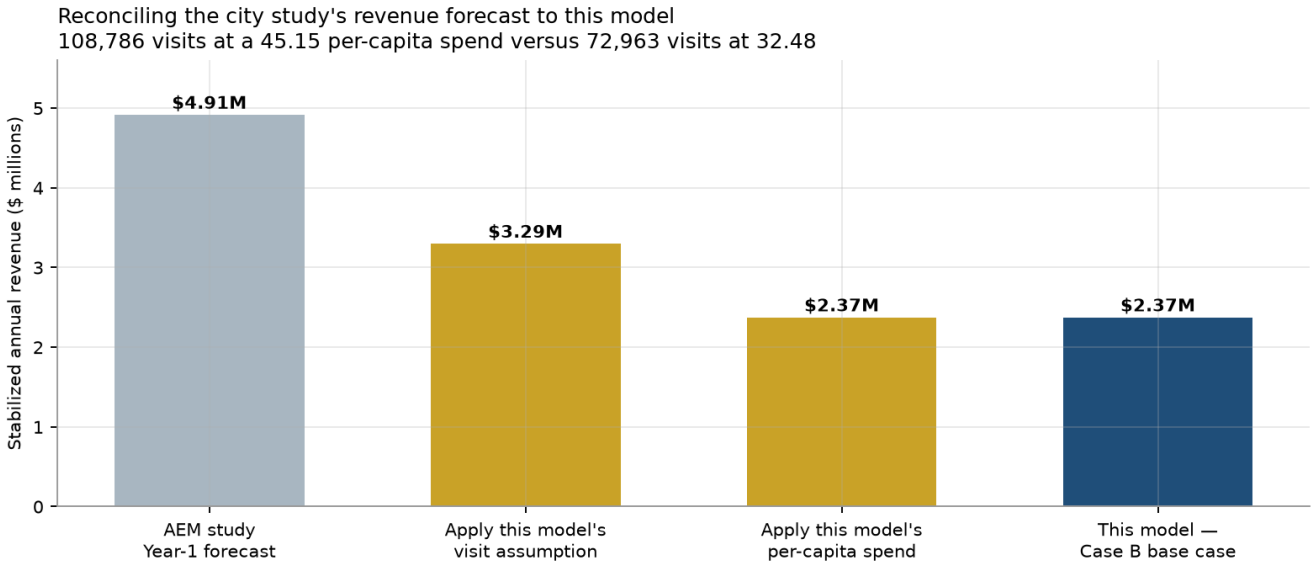
Line	Year 1	% of revenue
Total revenue	$4,911,688	100.0%
Cost of sales	($725,439)	14.8%
Gross operating profit	$4,186,249	85.2%
Operating overhead excluding debt service	($2,449,291)	49.9%
Net operating income (corrected)	**$1,736,958**	**35.4%**
Debt service	($793,056)	16.1%
Net after debt service — the study's "20.4% NOI"	$943,902	19.2%

The implied coverage is **2.19x** in Year 1, rising to 2.48x by Year 4, against a 14.6% to 16.5% yield on cost and a 31.7% to 39.3% cash-on-cash return on the study's stated $2,982,000 of equity. Those are not marginal results; they are exceptional ones.

That is the actual problem. A 35.4% operating margin exceeds Dave & Buster's 25.8% store-level EBITDA margin, exceeds Lucky Strike's 30.6% consolidated adjusted EBITDA margin, and exceeds the 18–22% modeled range for family entertainment centers

(MARWEY[22]) and the 10–20% range cited for bowling operations (Fly Bowling[23]) — all while excluding depreciation and amortization by the study's own footnote. The study also never computes coverage, return on investment, payback, or internal rate of return anywhere in its 48 pages, so the strength of its own result was never surfaced or tested. Confidence: high on the arithmetic; high that the implied margin exceeds every available public comparator.

Reconciling the study's forecast to this analysis



The $2.54M gap between the study's $4.91M and this model's $2.37M base case decomposes into two independent drivers of similar magnitude: a visitation assumption 49% higher, and a per-capita spend 39% higher. Neither is unreasonable in isolation. Multiplied together they produce a 2.07x difference in revenue, which is the entire distance between a project that services its debt more than twice over and one that cannot service it at all. Confidence: high on the arithmetic, medium on which forecast is closer to reality.

Revenue intensity is the cleanest single test of which forecast is closer to reality. The study's $4,911,688 across 30,000 square feet is **$163.72 per square foot**. This model's base case sits near $100 per square foot. That single ratio, rather than any coverage calculation, is where the two forecasts genuinely diverge.

What would resolve the disagreement. Intercept surveys in the New Bern trade area measuring stated visit frequency and willingness to pay; the Mac Daddy's operating history as a comparable, obtained by owner interview; and the Strike Zone's actual historical revenue per lane. All three are obtainable and none has been done.

5. Concept alternatives

Four configurations were modeled. Cases A, B, and C respond to the brief. Case D was added because A, B, and C all failed by wide margins, and testing whether *any* scale works is more useful than confirming three failures.

	Case A	Case B	Case C	Case D
Concept	Conventional bowling center	Hybrid FEC (AEM program, ropes course removed)	Premium adult-led social bowling	Minimum-scale boundary test
Lanes	24	16	10	10
Building	26,000 sf	30,000 sf	16,000 sf	13,000 sf
Hours/week	70	72	62	62
Bowling per-cap	$13.50	$14.50	$18.00	$16.00
F&B per-cap	$8.50	$11.00	$19.00	$17.00
Amusement per-cap	$3.50	$9.50	$4.00	$2.50
Non-bowler ratio	0.05	0.45	0.30	0.30
Attractions	none	24-vest laser tag + darts	4 duckpin lanes, darts, simulators	none
Pinsetters	String, $32,000/lane	String, $32,000/lane	String, $32,000/lane	String, $22,000/lane refurbished
Base-case revenue	$2.04M	$2.37M	$1.58M	$1.36M
Base-case visits	77,052	72,963	40,236	40,236
Blended per-cap	$26.47	$32.48	$39.24	$33.88
Revenue/lane	$84,991	$148,126	$157,889	$136,299
Revenue/sf	$78	$79	$99	$105
Ground-up capital	$14.39M	$16.53M	$9.39M	$7.28M
Adaptive-reuse capital	$7.30M	$8.38M	$4.93M	$3.62M
Stabilized DSCR, ground-up	0.54x	0.44x	0.57x	0.63x
Stabilized DSCR, reuse	0.38x	0.27x	0.28x	0.51x
Break-even occupancy, reuse	50.5%	52.0%	58.1%	48.1%
Go / no-go	**No-go**	**No-go**	**No-go**	**No-go, but closest**

Case A — conventional 24-lane center. No-go. Confidence: high. It is the weakest concept on revenue quality, generating only $78/sf and $26.47 per capita because 24 lanes of capacity must be filled by bowling demand alone with almost no non-bowler cross-sell. It also carries the largest lane count and therefore the highest equipment and slab cost, in the market with the least bowling habit in the region. The concept that most needs league volume is proposed for the county with the fastest-shrinking youth cohort. It should be eliminated first.

Case B — 16-lane hybrid FEC. No-go, and the worst of the four on coverage. Confidence: high. This is the City study's program and it produces the lowest DSCR in the set — 0.44x ground-up and 0.27x leased. The reason is instructive: it carries the largest footprint at 30,000 sf and the heaviest capital load at $16.53M ground-up or $1,033,090 per lane, while its revenue per square foot is no better than Case A's. The attractions add revenue but they add capital and square footage faster. In a leased structure it fails the occupancy-cost test decisively at 16.6% of revenue against an 8–12% target and an 18% red-flag threshold. **The configuration the City's consultant recommends is the configuration that underwrites worst.** That is the single most important concept-level finding in this report.

Case C — 10-lane premium social bowling. No-go, but strategically the most interesting. Confidence: high on the no-go, medium on the strategic read. It produces the highest blended per capita at $39.24 and the highest revenue per lane at $157,889, and it is the only concept aligned with what the demographic data actually supports: a 24.0% share of ages 18–34, a 24.2% share of 65+, a shrinking child cohort, and a competitive gap where Mac Daddy's serves beer and wine only. A full liquor license is available — Craven County has been approved for mixed beverages since September 25, 1979. Its problem is that a premium concept requires premium buildout — $587/sf ground-up, driven by a $265,000 kitchen and bar in only 16,000 sf — and 56% of Craven households earn under $75,000, which caps the addressable premium market. It fails on capital intensity, not on positioning.

Case D — 10-lane minimum-scale test. No-go, but closest, and it defines the boundary. Confidence: high. Deliberately cost-optimized: 13,000 sf of second-generation space at $6.50/sf plus $2.50 CAM, refurbished string pinsetters at $22,000/lane, a 12-unit arcade, a limited-prep kitchen without a Type I hood, no attractions. It achieves the best coverage at 0.51x leased and 0.63x owned, the lowest break-even occupancy at 48.1%, the only occupancy cost inside the industry target at 8.8% of revenue, the shallowest Year-1 cash trough at $393,392, and the best cash-on-cash return at 2.1%.

And it still fails. Base-case cash flow services $1.49M of project cost against $3.62M required — 41% coverage. That is the most valuable single number in this analysis, because Case D is close to the cheapest configuration that can still be called a bowling center. It establishes that the shortfall is structural rather than a consequence of over-scoping.

Concepts explicitly not modeled, and why. Bowling as a minor amenity inside a bar or restaurant (2–6 lanes) would likely underwrite, but it is a restaurant investment with lanes attached, not a bowling venue, and it does not answer the brief. Acquiring an existing center is the strongest available structure and is addressed in Section 11, but no target exists in the trade area. A mobile or pop-up format does not require this analysis.

6. Site and real-estate criteria

Weighted site scorecard

Apply this to every candidate before spending money on design. It is calibrated to the constraints this market actually imposes rather than to a generic retail template.

Criterion	Weight	Why it is weighted this way	Scoring guide (1–5)
Zoning by right	15%	C-3, C-3H, or I-1 permits bowling by right; C-4 requires a special use permit, adding 1–3 months and hearing risk	5 = C-3/C-3H/I-1; 3 = C-4; 1 = requires rezoning
Uninterrupted clear width	14%	Bowling requires a clear span with no columns in the lane bed. This is the constraint that eliminates most existing buildings	5 = exceeds requirement + 15 ft; 1 = columns in lane bed
Flood zone and BFE	13%	Base flood elevation plus 2 ft freeboard required. Florence caused $25.6M of commercial damage and knocked out all 22,300 electric customers	5 = outside SFHA; 1 = in floodway
Clear ceiling height	10%	12 ft minimum, 12–14 ft to plan. Raising an existing shell is rarely economic	5 = 14 ft+ clear; 1 = under 12 ft
Occupancy cost as % of projected revenue	10%	Target 8–12%; 18% is a red flag. Case D clears at 8.8%; Case B fails at 16.6%	5 = under 9%; 1 = over 16%
Slab condition and floor level	8%	Lane beds must be level to ½ inch; a raised bowling slab is $4.20/sf	5 = new slab in spec; 1 = requires full replacement
Parking count	8%	Code is 1 space per 4 persons of building-code occupant load, not per lane. Industry practice is 5–7 spaces per lane	5 = exceeds both tests; 1 = requires variance
Noise setback	7%	Night limit drops to 55 dB(A) in commercial districts; I-1 holds a 65 dB(A) floor	5 = I-1 with no residential within 500 ft; 1 = residential adjacency
Traffic count and visibility	7%	US-17 and US-70 corridors carry the trade area	5 = signalized corridor pad; 1 = interior, no signage
Utility capacity	5%	City of New Bern electric; EDR5 rate requires a 350 kW minimum	5 = adequate service in place; 1 = major extension required
Landlord TI participation	3%	Directly reduces the capital gap; the highest-leverage negotiable term	5 = shell plus $50/sf+; 1 = as-is, no allowance

Weights sum to 100%. **A site scoring below 3.5 weighted should not advance to design.** Zoning, clear width, and flood zone together carry 42% because each is a binary disqualifier rather than a matter of degree.

Zoning and entitlement

Bowling is use category **6.105** under the New Bern zoning ordinance. It is permitted **by right in C-3, C-3H, and I-1**, and requires a **special use permit in C-4** under §15-146 (Municode[24]). Confidence: high.

Parking under §15-342 is **1 space per 4 persons based on building-code occupant load** — not per lane. This is favorable relative to the industry norm of 5–7 spaces per lane, but occupant load for a mixed A-2/A-3 assembly building can be large, so the calculation must be run by the design team rather than assumed.

Noise is the sharpest and most underestimated constraint. Under §26-68, commercial-district limits drop from 70 dB(A) to **55 dB(A) at 10 p.m. on weeknights and 11 p.m. on weekends**. I-1 retains a 65 dB(A) night floor. A bowling center's revenue peaks are Friday and Saturday nights, and cosmic bowling with amplified music against a 55 dB(A) property-line limit is a real

operating risk in a commercially zoned location adjacent to residential. **This is a decisive argument for an I-1 site**, and it is the kind of constraint that surfaces after a lease is signed rather than before. Confidence: high on the ordinance, medium on the practical compliance burden absent an acoustic study.

Occupancy classification will be mixed **A-3** for bowling and arcade plus **A-2** for restaurant. Sprinklers are mandatory — A-3 above 12,000 sf and A-2 above 5,000 sf — so every configuration here requires a full sprinkler system, priced at $8.45/sf in the AEM budget.

Alcohol. Craven County has been approved for mixed beverages since September 25, 1979. The binding constraint is the **30% food-receipts test** under G.S. 18B-1000(6): a mixed-beverage establishment must derive at least 30% of gross receipts from food. This creates a genuine tension with the Case C premium bar-led concept, whose economics depend on beverage attach. Early Sunday Sales status is blank or negative in the ABC record and must be confirmed. No church or school distance restriction was located — **NOT VERIFIED**; required: written confirmation from NC ABC and the City Clerk.

Flood and resilience. New Bern requires **base flood elevation plus 2 feet of freeboard**. Hurricane Florence in 2018 caused $74.5M of residential and **$25.6M of commercial** damage, flooded 4,325 homes, affected roughly 300 businesses, and interrupted service to **all 22,300 city electric customers** (City of New Bern[25]). Every candidate site must be checked against NC Flood Risk Information System[26] and the NOAA Trent River gauge at New Bern[27]. This drives the 3.5% insurance assumption in the operating model — the high end of the industry's 2–4% range — because coastal named-storm property coverage plus business interruption prices above inland norms. Confidence: high on the exposure, medium on the specific premium absent a broker quote.

Stormwater. The site lies in the Neuse River basin with a nitrogen export target of 3.6 lb/acre/year, regulated above one-half acre of disturbance. A 4–5 acre ground-up site triggers full treatment design.

Utilities. The City of New Bern supplies electric, water, and sewer; Piedmont Natural Gas supplies gas. Commercial electric rates effective April 1, 2026 for Medium General Service #1 are $51.15/month plus $12.60/kW plus $0.0898/kWh; the EDR5 economic development rate requires a 350 kW minimum. **NOT VERIFIED:** water and sewer rates and tap fees, which matter for a commercial kitchen. Required: the current City utility rate schedule.

Fees (FY27, effective July 1, 2026). Site plan $400; special use permit $750; commercial building permit $800 for the first 1,000 sf plus $0.25/sf; shell over 20,000 sf $2,000; plan review $150; sign permit $125. Zoning permits run 5–7 days; site plan review runs 1–3 months. Fees are immaterial to the budget; **the 1–3 month site plan review timeline is not immaterial** to a construction schedule and interest carry.

Real-estate market and the three site paths

Retail asking rents run about $15/sf and industrial about $10/sf. Commercial land averages $60,962/acre countywide but corridor pads ask $130,000–$140,000/acre. **There is no free-standing vacant building of 30,000+ sf currently marketed in New Bern.** Confidence: high.

Path	Candidate	Terms	Assessment
Second-generation retail	Berne Square, 2600–2690 Dr. MLK Jr. Blvd	195,369 sf GLA, 2,000–30,900 sf available, $9–$12/sf + $3.73 CAM	Best-documented option. At 30,000 sf the load is $381,900–$471,900/yr — 16–19% of modeled revenue, failing the occupancy test. Works only at Case C or D scale
Adaptive conversion	3706 Dr. MLK Jr. Blvd	43,981 sf on 18.09 acres	Larger than needed; potential for partial demise. Clear height and column grid NOT VERIFIED
Industrial conversion	197 Bosch Blvd	250,000 sf at $4.80/sf	Rent is transformative — at 13,000 sf that is $62,400/yr. Demise feasibility, clear height, and sprinkler status NOT VERIFIED. **Highest-priority diligence item on the real-estate side**
Ground-up	US-17 / US-70 corridor pads	$130,000–$140,000/acre	Highest cost and highest control. Eliminated on capital grounds in Section 8

Priority submarkets, ranked. First, the Dr. MLK Jr. Blvd / US-70 corridor — it holds the existing retail inventory, the mall, the highest traffic, and the Strike Zone's original location, which is itself evidence of a site the market once judged suitable. Second, industrial-zoned Bosch Boulevard, where I-1 zoning solves the 55 dB(A) night noise problem and rents are 40–60% below retail. Third, the US-17 South corridor, which the City study favored but where King & Lasso is already assembling and land pricing is at the top of the range.

Do not treat any of these as viable until verified. Required for each: current listing status and asking terms in writing, ownership confirmation via Craven County GIS, clear height and column-grid measurement, slab condition, sprinkler status, flood zone determination, and a written zoning verification letter. Contacts: Craven County GIS[28]; New Bern Planning and Zoning at pandz@newbernnc.gov, (252) 639-7581; Development Services Director Jessica Rhue, (252) 639-7587.

7. Demand and capacity model

Method and why it differs from the study's

Two approaches exist. Penetration-based modeling starts from trade-area population and applies a penetration rate and visit frequency; this is what AEM used. Capacity-based modeling starts from the physical asset — lanes times operating hours times lane-hour occupancy — and derives visits from throughput. This analysis uses **capacity-based** modeling, cross-checked against the population-based spending pool, for three reasons.

Capacity modeling is falsifiable: a lender can observe lane-hour occupancy at a comparable and check it. Penetration rates cannot be observed. Second, capacity modeling binds revenue to the asset actually being financed, which is what a credit decision requires. Third, the collapse of the youth cohort makes historical penetration analogues unreliable in this specific market.

The brief instructed that no generic population-to-lane ratio be applied without justification, and none is applied here. Such ratios embed the age structure and bowling participation of the markets they were derived from. Craven County's 24.2% share of 65+ residents, 15.3% share of ages 5–17, and nine-year absence of any bowling center make it a poor match for any national average. Capacity modeling avoids the assumption entirely.

Utilization assumptions and the benchmark that does not exist

Lane-hour occupancy is the percentage of available lane-hours actually sold. **There is no recognized industry benchmark for this metric** (BowlingVision[1]) — a critical caveat, because it is the variable the entire model turns on. The available reference points are that industry peak-season utilization runs around 55%, weekly break-even is commonly cited at 50–60%, weekend peaks reach 70–90%, and one independently measured 10-lane center ran **25.4%** on an annual basis.

The gap between "peak" and "annual" is where most FEC pro formas fail. A center at 80% on Saturday night and 10% on Tuesday afternoon averages far below what the peak suggests. This model therefore stress-tests at **25–40% annual**, with 22% conservative, 30% base, and 38% upside. Confidence: medium — this is the single largest source of uncertainty in the analysis, and it is why break-even occupancy rather than DSCR is presented as the headline test.

Stabilized demand output

Case	Lanes	Case	Available lane-hours	Sold	Visits	Per-capita	Revenue	Revenue/lane	Revenue/sf
A	24	Conservative 22%	87,360	19,219	56,504	$26.47	$1,495,834	$62,326	$58
A	24	**Base 30%**	87,360	26,208	77,052	$26.47	**$2,039,774**	$84,991	$78
A	24	Upside 38%	87,360	33,197	97,599	$26.47	$2,583,714	$107,655	$99
B	16	Conservative 22%	59,904	13,179	53,506	$32.48	$1,738,017	$108,626	$58
B	16	**Base 30%**	59,904	17,971	72,963	$32.48	**$2,370,023**	$148,126	$79
B	16	Upside 38%	59,904	22,764	92,420	$32.48	$3,002,029	$187,627	$100
C	10	Conservative 22%	32,240	7,093	29,506	$39.24	$1,157,851	$115,785	$72
C	10	**Base 30%**	32,240	9,672	40,236	$39.24	**$1,578,888**	$157,889	$99
C	10	Upside 38%	32,240	12,251	50,965	$39.24	$1,999,925	$199,993	$125
D	10	Conservative 22%	32,240	7,093	29,506	$33.88	$999,523	$99,952	$77
D	10	**Base 30%**	32,240	9,672	40,236	$33.88	**$1,362,986**	$136,299	$105
D	10	Upside 38%	32,240	12,251	50,965	$33.88	$1,726,449	$172,645	$133

Independent cross-checks

Against the population base. Case B base implies 72,963 visits against a 30-minute population of 69,992 — 1.04 visits per resident per year. AEM implies 1.84 against its primary band. Success in the industry requires 6+ visits per year from the *core customer*, which is consistent with roughly 1.0 visits per *resident* only if the core is 15–20% of the population. The base case is therefore internally coherent and modestly conservative.

Against the spending pool. Case B base revenue of $2.37M against a 30-minute fees-and-admissions pool of roughly $22.9M is 10.4% capture — at the top of the single-digit envelope the brief cautioned about, but defensible given zero in-market competition. Confidence: medium.

Against revenue per lane. The model produces $84,991 to $157,889 per lane, against a top-modern-center benchmark of $36,000–$45,000 of *bowling* revenue per lane and roughly $61,400 of *total* revenue per lane. The model's per-lane figures sit above that benchmark for Cases B, C, and D because those concepts deliberately carry fewer lanes and more F&B and amusement. This is a design intent, not a modeling error, but it does mean the concepts depend on non-bowling revenue for viability — and it is precisely why Case A, which cannot do this, produces the weakest revenue quality.

Against revenue per square foot. The model produces $58–$133/sf. Conservative FEC planning uses $120–$200/sf; Dave & Buster's achieves roughly $234/sf and Pinstripes roughly $287/sf, but traditional indoor FECs are "lucky to achieve half" of the Dave & Buster's figure, or about $100/sf (White Hutchinson[21]). The base cases at $78–$105/sf sit right at that realistic level. **This cross-check is the strongest single validation that the base case is neither pessimistic nor promotional.** Confidence: high.

Against revenue mix. The industry rule is that any location-based entertainment venue where food is under 30% of revenue is doomed. F&B share is 33% in Case A, 34% in Case B, 48% in Case C, and 50% in Case D — all clearing the threshold, with the premium concepts clearing it comfortably.

Seasonality

Bowling and FEC seasonality are genuinely counter-cyclical, which is a real advantage for a hybrid concept: bowling peaks January–March while FEC and outdoor attractions peak April–September, a pattern confirmed in Lucky Strike Entertainment's 10-K disclosure. **No bowling-specific monthly index is published**, so the monthly distribution used here is constructed from the counter-seasonal pattern, local NOAA precipitation normals, and New Bern's flat 60–63% hotel occupancy. Confidence: medium.

Month	Index	Rationale
January	1.09	League peak, cold and wet
February	1.07	League peak
March	1.08	League peak, spring break
April	0.92	Outdoor season opens
May	0.87	Weakest league month
June	0.92	Summer camps, rain days
July	1.00	Peak precipitation, peak heat
August	0.97	Heat, pre-school-year
September	0.83	Weakest — school starts, mild and dry
October	0.86	Driest and mildest; MumFest partial offset
November	0.86	Mild, holiday distraction
December	1.03	Holiday parties, corporate events

Peak-to-trough is 1.09 to 0.83, a ratio of 1.31. AEM assumes a peak month at 12% of annual, implying a ratio near 1.44 — a more concentrated pattern than New Bern’s flat hotel occupancy and year-round rainfall support.

8. Capital costs and startup budget

The benchmark conflict, and how it is resolved

Published bowling construction benchmarks are irreconcilable, and the choice between them determines the outcome. This must be disclosed to any lender rather than averaged away.

Benchmark	Figure	Source	Implied cost, 16 lanes
All-in new center, per lane	$90,000–$110,000	Bowling.com[3]	$1.44M–$1.76M
Outfitting an existing building, per lane	$50,000–$65,000	Bowling.com	$0.80M–$1.04M
Fully built-out modern entertainment center, per lane	$125,000–$165,000	buildmatinsight[29]	$2.00M–$2.64M
Turnkey conversion, per sf	~$180–$240 (2026, inflated from $150–$200 in 2022)	buildmatinsight	$5.4M–$7.2M at 30,000 sf
AEM building cost, per sf	$250.30	AEM study	$7.51M at 30,000 sf
AEM total project, per lane	**$745,000**	AEM study	**$11.93M actual**

The per-lane and per-square-foot families of benchmarks differ by a factor of five to eight. At 1,000 sf per lane — the standard planning figure (Bowltech[30]) — $250/sf implies $250,000 per lane for the building shell and interior alone, before a single pinsetter is purchased. A $90,000–$110,000 all-in per-lane figure is therefore arithmetically impossible for a ground-up building.

Resolution: the per-square-foot method governs, for three reasons. It is internally consistent across four independent sources — AEM at $250.30/sf, turnkey conversion at $180–$240/sf, restaurant buildout at $220–$300/sf for second-generation space and $320–$440/sf for a bar-forward cold shell. It is corroborated by the only local, project-specific budget available, AEM's own $11.925M. And it reconciles with QubicaAMF's stated lender expectation of $22,000–$50,000 per lane for **equipment**, which is consistent with the per-lane benchmarks being equipment-and-fit-out figures that exclude the building.

Interpretation to carry forward: the $90,000–$110,000 per-lane figures are best read as equipment-plus-light-fit-out scope, useful as a floor sanity check on a conversion, and materially misleading as an all-in ground-up estimate. Confidence: high on the conflict, medium-high on the resolution. **NOT VERIFIED:** the exact scope inclusions behind the Bowling.com figures. Required: written scope definition from the source, or three local general contractor bids.

Capital budget summary

Case	Mode	Acres	Hard cost	Project cost	Total incl. working capital	Per lane	Per sf	Equity required	7(a) cap binding
A	Ground-up	4.45	$9,851,700	$12,224,322	$14,394,457	$599,769	$554	$2,878,891	—
A	Adaptive reuse	—	$4,905,200	$6,157,922	$7,296,769	$304,032	$281	$2,296,769	**Yes**
B	Ground-up	4.95	$11,335,300	$14,049,093	$16,529,439	$1,033,090	$551	$3,305,888	—
B	Adaptive reuse	—	$5,651,800	$7,079,973	$8,375,568	$523,473	$279	$3,375,568	**Yes**
C	Ground-up	3.2	$6,373,000	$7,946,815	$9,389,774	$938,977	$587	$1,877,955	—
C	Adaptive reuse	—	$3,269,000	$4,137,215	$4,932,542	$493,254	$308	$493,254	—
D	Ground-up	2.83	$4,934,900	$6,176,293	$7,284,263	$728,426	$560	$1,456,853	—
D	Adaptive reuse	—	$2,383,000	$3,043,005	$3,618,316	$361,832	$278	$361,832	—

Adaptive reuse cuts total capital by roughly half — 50% for Case A, 49% for Case B, 47% for Case C, 50% for Case D. **This is the single largest lever available on the capital side**, and it is why the leased configurations are carried through the rest of the analysis as the primary cases despite the rent burden they create.

Line-item basis

Ground-up. Land at $130,000/acre reflecting corridor pad asking prices rather than AEM's $70,000; sitework, Neuse-basin stormwater, parking and utility extension at $22/sf; building shell, core, and interior finish at $250/sf excluding equipment, adopted from AEM. Confidence: medium-high on the building rate, high on land, low-medium on sitework — **NOT VERIFIED**, requires a civil engineer's estimate against an actual site.

Adaptive reuse. Demolition, structural modification, clear-height work, and MEP upgrade at $34/sf; tenant interior fit-out at $95/sf excluding equipment; less an assumed landlord tenant-improvement allowance of $25/sf. **The TI allowance is NOT VERIFIED and is an assumption, not a term sheet.** A sensitivity removing it entirely is run in Section 9. Required: a signed letter of intent.

Common to both. Raised bowling slab, sound attenuation, and sprinkler premium at $15.80/sf of lane area, built from AEM's component rates of $4.20, $3.15, and $8.45. Bowling lane package with **string pinsetters at $32,000/lane** — new — or $22,000/lane refurbished in Case D. Seating, lounge furniture, masking units, lockers, and ball storage at $9,500/lane. Arcade at approximately $11,500 per game unit, consistent with AEM's $690,000 for 60 units. Commercial kitchen and bar at $165,000–$300,000 against a benchmark of $150,000–$300,000 for a full-service kitchen in a 16-lane center. Type I hood and grease interceptor at $85,000, or $35,000 where a limited-prep kitchen avoids the Type I hood — a saving of up to $100,000 that Case D takes. POS, cashless card system, network, AV, lighting, and security at $145,000–$165,000. Signage at $75,000–$90,000.

String versus free-fall pinsetters — a genuine recommendation. String costs $14,000–$18,000/lane against $22,000–$28,000 for free-fall, roughly 36% cheaper, and maintenance runs $800–$1,800/lane/year against $1,500–$3,500. They have been USBC-certified since August 1, 2023, though adoption remains at only 65 centers, or 1.7% of the industry. **The strongest argument for string in New Bern is not price but labor supply:** a specialist pinsetter mechanic earns roughly $51,613/year, and there is no bowling center within 44 minutes from which to recruit one or share one. A market with no incumbent center has no local mechanic pool. Confidence: high.

Soft costs. Architecture and engineering at 7% of hard cost excluding land, against a 6–8% benchmark. Permits at $46,000 ground-up or $22,000 reuse. Legal, special-purpose going-concern appraisal, Phase I environmental assessment, and survey at $78,000. Construction management, builder's risk, financing fees, and construction-period interest at 4.5%. **Owner contingency at 12% of hard cost**, separately identified — lenders require 8–12% shown as a distinct line, and burying contingency inside line items is a documented underwriting red flag. Total soft costs land at 12–20% of hard cost, matching the benchmark range.

Pre-opening and working capital. Pre-opening payroll, training, and grand-opening marketing at 5.5% of project cost against a 5–8% benchmark. Opening inventory at $58,000–$92,000. Working capital reserve at 11.5% against a 10–15% benchmark.

The valuation problem a lender will raise

Bowling centers trade at **$25,000–$45,000 per lane** on the brokerage market (DealStream[8], CT Acquisitions[31]), against $90,000–$110,000 to build and $278–$587 per square foot in this model's budgets. Going-concern valuation runs 0.40–0.70x revenue, 3–5.5x EBITDA, or 2–3.5x seller's discretionary earnings.

Applied to Case D adaptive reuse: 0.55x of $1.47M stabilized revenue is roughly $807,000, against $3.62M of project cost. The appraisal will almost certainly come in far below cost. That is not a modeling artifact — it is the structural reason bowling centers are on the SBA special-purpose list, and it is why the equity requirement is 20% rather than 10%. Confidence: high.

Practical consequence for the borrower: collateral shortfall will drive personal guarantees, additional collateral pledges, and possibly a life insurance assignment. Any equity contributed is impaired on day one in liquidation terms.

9. Operating model and five-year projections

Operating assumptions and benchmark reconciliation

Line	Assumption	Benchmark	Reconciliation
F&B cost of sales	28% of F&B revenue	30% COGS within a 60% prime cost; D&B actual 24.8%	Mid-range; AEM's blended 14.8% rejected as too low
Redemption prize cost	22% of amusement revenue	20–25%	Mid-range
Bowling consumables	3% of bowling revenue	—	Estimate: pins, lane oil, supplies
Retail cost of sales	55%	—	Estimate
Total payroll incl. taxes and benefits	31%–39% of revenue	Labor 25–35% of revenue	**Above benchmark at these revenue levels — see below**
Payroll taxes and benefits	14% of payroll	AEM uses 14%	Adopted
Occupancy — leased	Rent plus $3.73 CAM	Target 8–12% of revenue; 18% is a red flag	**Cases A, B, C fail; Case D passes at 8.8%**
Occupancy — owned	1.05% of land plus building	—	**Rate NOT VERIFIED**; requires the Craven County and City of New Bern combined ad valorem rate
Utilities	4.5% of revenue	Utilities plus maintenance 3–6%	Upper-mid; coastal cooling load
Repairs and maintenance	2.5% of revenue	Within the 3–6% combined range	—
Insurance	3.5% of revenue	2–4%	**High end deliberately** — coastal named-storm property plus business interruption. NOT VERIFIED; requires a broker quote
Marketing	5.5% Years 1–2, then 4.0%	3–8%	Front-loaded for a market with no bowling habit to reactivate
Card processing	3.25% on an 80% card mix	3.0–3.5% on a 70–85% card mix	Mid-range
G&A and licenses	3.0% of revenue	—	Estimate
Replacement reserve	4% of revenue, deducted before CFADS	3–6%	Mid-range; a lender will insist on this
Ramp	Years 1–5 at 72%, 90%, 97%, 100%, 102%	—	Estimate; three-year stabilization
Price inflation	2.5% annually from Year 2	—	Estimate
Cost inflation	3.5% annually	—	Estimate; deliberately above price inflation

A structural finding on labor. Total payroll lands at 31–39% of revenue against a 25–35% benchmark, and this is not a modeling error to be corrected — it is the diseconomy of small scale made visible. A 30,000 sf FEC requires a general manager, an assistant manager, an F&B manager, and a facilities or technical lead regardless of revenue. That fixed management load is

roughly $265,000 in Case B, or 10.4% of $2.55M of revenue. AEM's $145,000 of management payroll against $4.9M of revenue is 3.0%. The management structure a facility of this size actually requires consumes three times more of the revenue this market can generate. **Cases with lower revenue carry proportionally heavier fixed management cost, which is why scaling down improves coverage more slowly than capital cost falls.** Confidence: high.

A structural finding on occupancy cost. In leased configurations, occupancy runs 16.7% of revenue in Case A, 16.6% in Case B, 14.8% in Case C, and 8.8% in Case D. The industry target is 8–12% and 18% is a red flag. **Only Case D clears the test.** This is an independent kill-test on footprint that operates entirely separately from the DSCR analysis: 30,000 sf of leased space at $9/sf plus $3.73 CAM is $381,900 per year, which a $2.37M revenue business cannot carry. Confidence: high.

Five-year projections — base case, adaptive reuse

Revenue, EBITDA margin, occupancy cost as a share of revenue, and DSCR.

Case		Year 1	Year 2	Year 3	Year 4	Year 5
A	Revenue	$1,468,637	$1,881,691	$2,078,746	$2,196,613	$2,296,559
	EBITDA margin	4.5%	12.0%	15.5%	16.1%	16.4%
	Occupancy %	22.5%	18.2%	17.1%	16.7%	16.5%
	DSCR	0.01x	0.21x	0.34x	**0.38x**	0.40x
B	Revenue	$1,706,417	$2,186,346	$2,415,305	$2,552,256	$2,668,383
	EBITDA margin	−0.4%	7.3%	10.8%	11.4%	11.7%
	Occupancy %	22.4%	18.1%	16.9%	16.6%	16.4%
	DSCR	−0.11x	0.10x	0.23x	**0.27x**	0.29x
C	Revenue	$1,136,800	$1,456,524	$1,609,055	$1,700,290	$1,777,653
	EBITDA margin	3.2%	10.4%	13.8%	14.4%	14.7%
	Occupancy %	20.0%	16.2%	15.2%	14.8%	14.7%
	DSCR	−0.01x	0.15x	0.25x	**0.28x**	0.30x
D	Revenue	$981,350	$1,257,355	$1,389,028	$1,467,787	$1,534,571
	EBITDA margin	10.9%	16.7%	19.7%	20.2%	20.4%
	Occupancy %	11.9%	9.6%	9.0%	8.8%	8.7%
	DSCR	0.15x	0.35x	0.47x	**0.51x**	0.55x

Ground-up configurations produce better coverage than leased ones — 0.54x, 0.44x, 0.57x, and 0.63x stabilized — because property tax at roughly 1.05% of assessed value is far cheaper than market rent. But they require twice the capital, and the equity requirement rises accordingly. The trade is real and it does not resolve favorably in either direction.

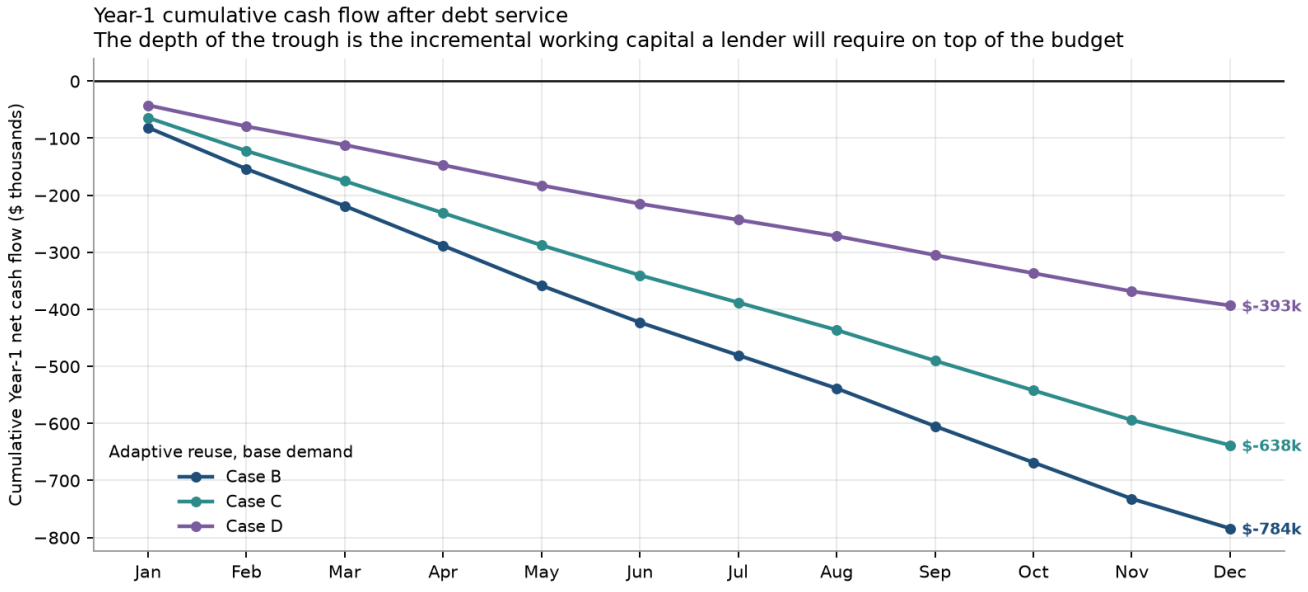
Case D reaches a 20.2% EBITDA margin at stabilization, inside the 18–22% FEC modeling range and consistent with 10–20% for bowling. **The operating model is not the problem. The capital structure is.** Confidence: high.

Monthly Year 1 — Case D, adaptive reuse, base case

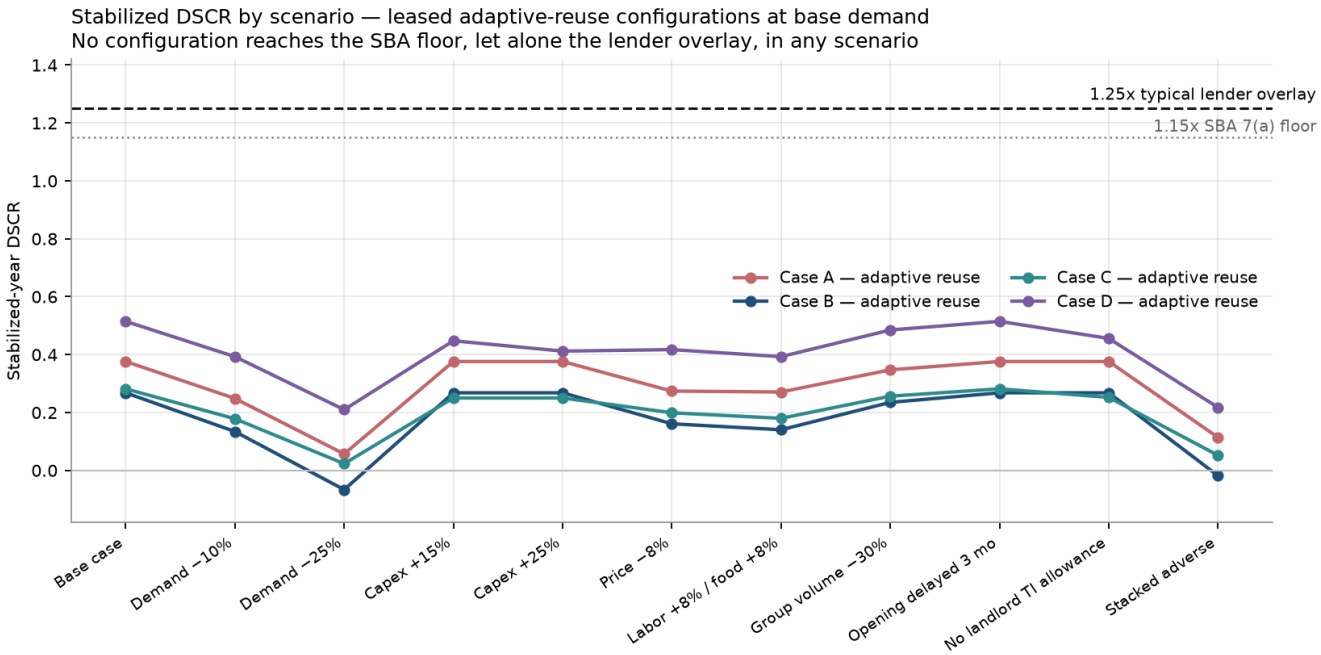
The most favorable configuration tested, presented monthly because Year 1 liquidity is where the project fails first.

Month	Revenue	Operating expense	EBITDA	Debt service	Net cash flow	Cumulative
January	$58,733	$60,200	−$1,467	$38,449	−$42,265	−$42,265
February	$71,283	$67,084	$4,198	$38,449	−$37,102	−$79,367
March	$82,529	$73,254	$9,276	$38,449	−$32,474	−$111,841
April	$75,711	$69,513	$6,198	$38,449	−$35,280	−$147,120
May	$75,005	$69,126	$5,879	$38,449	−$35,570	−$182,690
June	$82,921	$73,468	$9,453	$38,449	−$32,313	−$215,003
July	$93,071	$79,036	$14,035	$38,449	−$28,137	−$243,139
August	$92,179	$78,547	$13,632	$38,449	−$28,503	−$271,643
September	$80,501	$72,141	$8,360	$38,449	−$33,308	−$304,951
October	$84,254	$74,199	$10,054	$38,449	−$31,764	−$336,715
November	$84,254	$74,199	$10,054	$38,449	−$31,764	−$368,480
December	$100,909	$83,335	$17,573	$38,449	−$24,912	−$393,392

EBITDA turns positive in month two, which says the unit economics work. Net cash flow never turns positive in Year 1, and the cumulative trough is **$393,392** — capital that must be funded on top of the working capital reserve already in the budget. **A lender will size an interest-only or partial-deferral period against this curve, and will require the trough plus a cushion in verified liquidity at closing.** The comparable troughs are $638,218 for Case C and $784,208 for Case B.



Sensitivities — stabilized-year DSCR



Scenario	A reuse	B reuse	C reuse	D reuse	A ground-up	B ground-up	C ground-up	D ground-up
Base case	0.38x	0.27x	0.28x	**0.51x**	0.54x	0.44x	0.57x	0.63x
Demand −10%	0.25x	0.13x	0.18x	0.39x	0.45x	0.36x	0.47x	0.52x
Demand −25%	0.06x	−0.07x	0.02x	0.21x	0.32x	0.24x	0.32x	0.36x
Capital cost +15%	0.38x	0.27x	0.25x	0.45x	0.46x	0.37x	0.48x	0.54x
Capital cost +25%	0.38x	0.27x	0.25x	0.41x	0.41x	0.34x	0.44x	0.49x
Price −8% (competitive discounting)	0.27x	0.16x	0.20x	0.42x	0.47x	0.38x	0.49x	0.54x
Labor +8%, food +8%	0.27x	0.14x	0.18x	0.39x	0.47x	0.36x	0.47x	0.52x
Group and party volume −30%	0.35x	0.23x	0.26x	0.48x	0.52x	0.42x	0.54x	0.60x
Opening delayed 3 months	0.38x	0.27x	0.28x	0.51x	0.54x	0.44x	0.57x	0.63x
No landlord TI allowance	0.38x	0.27x	0.25x	0.46x	—	—	—	—
Stacked adverse	0.11x	−0.02x	0.05x	0.22x	0.30x	0.22x	0.30x	0.33x

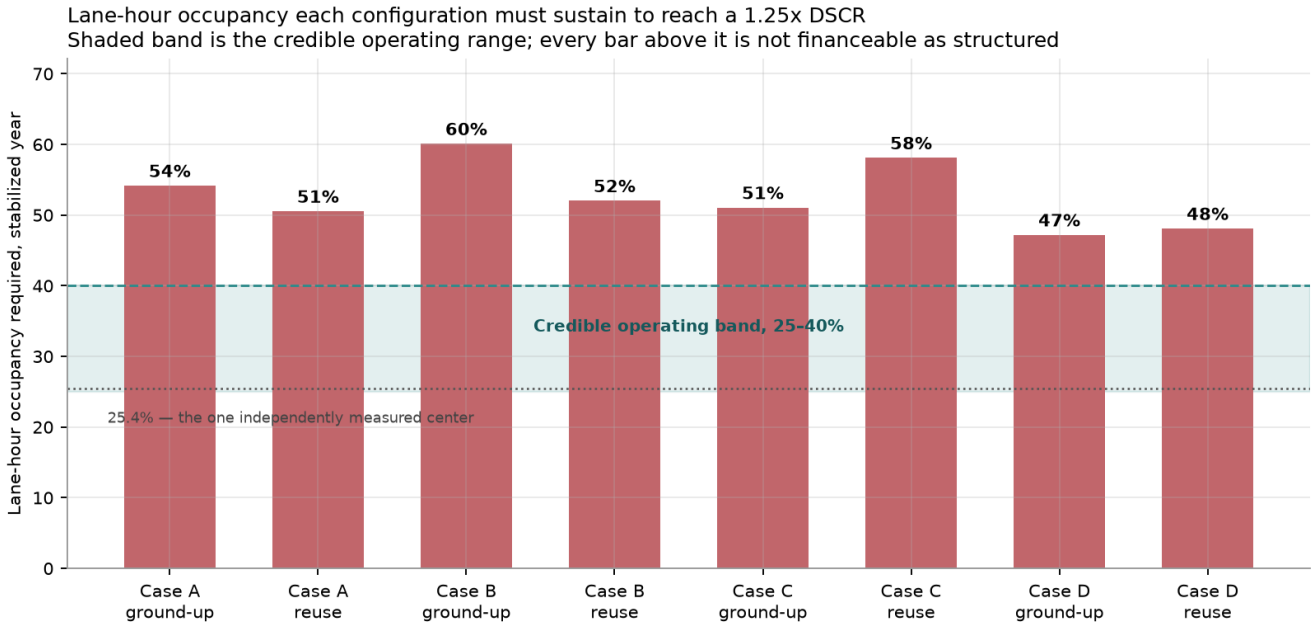
Stacked adverse combines demand −15%, capital cost +15%, and labor and food inflation +6%.

Reading the sensitivities. No scenario in any configuration reaches even the 1.15x SBA floor, let alone a 1.25x lender overlay. The best single figure in the entire matrix is 0.63x. **The failure is not sensitivity-driven — it is present in the base case and every scenario is a variation on the same shortfall.** Confidence: high.

Three specific observations. Capital cost overruns do not move DSCR at all for Cases A and B in leased mode, because the 7(a) loan is already capped at $5.0M and every overrun dollar falls entirely on equity — the borrower absorbs 100% of overrun risk in those structures, which is worse than the flat DSCR line suggests. A three-month opening delay does not change stabilized DSCR but deepens the Year-1 cash trough materially, so it is a liquidity risk rather than a coverage risk. And an 8% price reduction costs more coverage than a 10% demand decline in most cases, because price flows straight to contribution margin while volume carries some variable cost relief — which means responding to competitive pressure by discounting is more dangerous here than losing customers.

Break-even utilization: the decisive test

Because lane-hour occupancy has no published benchmark, the most honest presentation inverts the model: what occupancy must each configuration sustain to reach 1.25x coverage?



Configuration	Required lane-hour occupancy	Versus credible band
Case A ground-up	54.2%	Fails
Case A adaptive reuse	50.5%	Fails
Case B ground-up	60.1%	Fails
Case B adaptive reuse	52.0%	Fails
Case C ground-up	51.1%	Fails
Case C adaptive reuse	58.1%	Fails
Case D ground-up	47.2%	Fails
Case D adaptive reuse	**48.1%**	**Fails — but closest**

Every configuration requires 47–60% annual lane-hour occupancy. The credible stress-test band is 25–40%, and the one independently measured center ran 25.4%. **The required occupancy is roughly double what a single measured comparable achieved, and above the 50–60% figure the industry cites as weekly break-even for a center with no debt-financed new construction to service.** Confidence: high, with the caveat that the absence of a published benchmark means the band itself is inferred rather than established. Narrowing that band is the highest-value remaining research task, and it is answerable by counting cars or lanes in use at Mac Daddy's, Galaxy Lanes, and Bowlarena across a stratified sample of day-parts.

10. Financing and lender readiness

Nothing in this section should be read as a statement that financing will be available. It is preparation for underwriting.

The special-purpose classification and its consequences

Bowling alleys are explicitly named on SBA's Limited or Special Purpose Property list in SOP 50 10 8[4], Appendix 3. Confidence: high.

Three consequences follow, and each is commonly missed in early-stage planning.

Equity is 20%, not 10%. Under 504, a new business requires an extra 5% and a special-purpose property requires an extra 5%. A new bowling center is both, so the structure is **50% senior bank / 30% CDC debenture / 20% borrower equity**, not 50/40/10. Corroborated by FFCFC[32], and consistent with QubicaAMF's own stated lender expectation of 20% equity (QubicaAMF[33]).

Adding a restaurant or an arcade does not reclassify the property. Amusement parks and sports arenas appear on the same list. The SOP's explicit non-special-purpose examples are restaurants, daycare facilities, and mini-storage. A bowling-anchored FEC remains special purpose. **This forecloses the most common workaround in early-stage FEC planning**, and it should be established before a business plan is written around it.

The appraisal is a schedule risk, not a formality. A special-purpose going-concern appraisal must be performed by a Certified General appraiser who has completed **at least four going-concern appraisals of equivalent special-use property in the prior 36 months**, documented in the file. It must separately allocate value among land, building, FF&E, and intangibles, or be sent back for revision, and it may trigger a separate business valuation (Reliant Value[34]). In eastern North Carolina the pool of qualified appraisers is small. Budget extended lead time and expect the appraisal to become the critical path to closing.

Program parameters

SBA 7(a). Maximum loan $5.0M, maximum SBA exposure $3.75M, 75% guaranty above $150,000. Real-estate maturity up to 25 years plus the construction period. The interest rate cap for loans above $350,000 is prime plus 3.00%, which at the August 2026 prime rate of 6.75% (WSJ Money Rates[35]) is **9.75%**. Modeled at 12 years for a leasehold and equipment-weighted collateral mix.

SBA 504. 50/30/20 as above. The CDC debenture is modeled at a 6.27% effective 25-year fixed rate; the senior bank first lien is modeled at 8.25% over 25 years. **The senior rate is a placeholder and is NOT VERIFIED** — it must come from a bank term sheet.

Structural ceiling on leased configurations. 504 requires owner-occupied real estate, so a leasehold project cannot use it. 7(a) caps at $5.0M. **Total project cost for any leasehold structure is therefore capped at roughly $5.5M including equity.** Cases A and B in adaptive reuse, at $7.30M and $8.38M, exceed the 7(a) maximum outright — the cap binds, the excess falls entirely on equity, and the borrower absorbs all overrun risk. This is a hard structural constraint that eliminates large leased footprints before any DSCR calculation is performed. Confidence: high.

Capital structure and coverage

Configuration	Project cost	Senior bank	CDC / 7(a)	Equity	Equity %	Annual debt service	Stabilized DSCR
A ground-up	$14,394,457	$7,197,229	$4,318,337	$2,878,891	20%	$1,023,441	0.54x
A adaptive reuse	$7,296,769	—	$5,000,000 (capped)	$2,296,769	31%	$708,408	0.38x
B ground-up	$16,529,439	$8,264,720	$4,958,832	$3,305,888	20%	$1,175,237	0.44x
B adaptive reuse	$8,375,568	—	$5,000,000 (capped)	$3,375,568	40%	$708,408	0.27x
C ground-up	$9,389,774	$4,694,887	$2,816,932	$1,877,955	20%	$667,609	0.57x
C adaptive reuse	$4,932,542	—	$4,439,288	$493,254	10%	$628,966	0.28x
D ground-up	$7,284,263	$3,642,132	$2,185,279	$1,456,853	20%	$517,908	0.63x
D adaptive reuse	$3,618,316	—	$3,256,484	$361,832	10%	$461,384	0.51x

Against a 1.15x SBA floor and a 1.25x typical lender overlay, **the best configuration achieves 0.63x**. Confidence: high.

Maximum supportable project cost

This is the exhibit that answers the question most directly. Starting from stabilized cash flow available for debt service, dividing by a 1.25x target, and capitalizing at program rates and terms gives the project cost each configuration can actually carry.

Case	Mode	Demand	Stabilized CFADS	Max annual debt service	Max debt	Max project cost	Modeled cost	Coverage
A	Ground-up	Base	$550,761	$440,609	$4,965,304	$6,206,630	$14,394,457	43%
A	Reuse	Base	$266,202	$212,962	$1,503,099	$1,670,110	$7,296,769	23%
B	Ground-up	Base	$518,211	$414,569	$4,671,855	$5,839,819	$16,529,439	35%
B	Reuse	Base	$189,594	$151,676	$1,070,537	$1,189,486	$8,375,568	14%
C	Ground-up	Base	$377,992	$302,394	$3,407,734	$4,259,668	$9,389,774	45%
C	Reuse	Base	$176,968	$141,575	$999,245	$1,110,272	$4,932,542	23%
D	Ground-up	Base	$324,965	$259,972	$2,929,676	$3,662,095	$7,284,263	50%
D	**Reuse**	**Base**	**$237,363**	**$189,890**	**$1,340,261**	**$1,489,179**	**$3,618,316**	**41%**
D	Ground-up	Upside	$475,097	$380,077	$4,283,165	$5,353,956	$7,284,263	**74%**
D	Reuse	Upside	$387,495	$309,996	$2,187,973	$2,431,081	$3,618,316	**67%**

Even at upside demand — 38% lane-hour occupancy, at the top of the credible band — the best configuration covers 74% of its own capital cost. The remaining 26% has no source other than equity. Confidence: high.

How much equity would it take?

Case	Mode	Project cost	Equity to reach 1.25x	As % of project	Year-4 net cash flow	Cash-on-cash return
A	Ground-up	$14,394,457	$9,436,809	66%	$110,152	1.2%
A	Reuse	$7,296,769	$5,793,670	79%	$53,240	0.9%
B	Ground-up	$16,529,439	$11,864,788	72%	$103,642	0.9%
B	Reuse	$8,375,568	$7,305,031	87%	$37,919	0.5%
C	Ground-up	$9,389,774	$5,987,294	64%	$75,598	1.3%
C	Reuse	$4,932,542	$3,933,297	80%	$35,394	0.9%
D	Ground-up	$7,284,263	$4,359,105	60%	$64,993	1.5%
D	**Reuse**	**$3,618,316**	**$2,278,055**	**63%**	**$47,473**	**2.1%**

This table is the plainest answer to the brief's question about risk-adjusted return. The project can be made bankable by contributing 60–87% of cost in cash. Doing so produces a **0.5% to 2.1% cash-on-cash return** on a special-purpose, hurricane-exposed, illiquid asset that will appraise at a fraction of cost. The industry payback benchmark is 3–5 years; these returns imply 48 to 200 years. Confidence: high.

The return is not merely below a commercial hurdle — it is below Treasury yields, with equity-like risk and no liquidity. **An investor with $2.28M in cash has better uses for it than the best configuration in this analysis.**

Lender-readiness checklist

If a sponsor proceeds despite the above, the following will be required. Preparing them costs roughly $25,000–$50,000 and several months.

Financial and sponsor. Three years of personal tax returns and a current personal financial statement for every 20%+ owner; a personal credit report; documented, sourced, and seasoned equity — gift letters and unsourced deposits will be rejected; a global cash-flow analysis including all sponsor obligations; a resume evidencing FEC or hospitality operating experience, which for a special-purpose new business is weighted heavily; and management resumes for the GM and F&B lead.

Project. A full business plan with monthly Year-1 and annual Years 2–5 projections plus stated assumptions; a third-party market feasibility study — AEM's is a starting point but is not sponsor-commissioned; three general contractor bids with an AIA contract; vendor quotes from QubicaAMF or Brunswick with delivery lead times; a special-purpose going-concern appraisal by a qualified Certified General appraiser; a Phase I environmental site assessment; a flood determination and elevation certificate; a signed lease or purchase contract; and insurance quotes for property, general liability, liquor liability, and business interruption.

Structural terms to expect. Personal guarantees from all 20%+ owners; a life insurance assignment on key principals; an assignment of the lease with a landlord waiver; a standby agreement on any seller or investor subordinated debt; verified liquidity post-closing at least equal to the Year-1 cash trough plus a cushion; and likely an interest-only or partial-deferral period through the ramp.

11. Go / no-go decision framework

Decision matrix

Test	Threshold	Case A	Case B	Case C	Case D
Stabilized DSCR, best mode	≥1.25x	0.54x — **fail**	0.44x — **fail**	0.57x — **fail**	0.63x — **fail**
DSCR under stacked adverse	≥1.00x	0.30x — **fail**	0.22x — **fail**	0.30x — **fail**	0.33x — **fail**
Break-even lane-hour occupancy	≤40%	50.5% — **fail**	52.0% — **fail**	51.1% — **fail**	47.2% — **fail**
Occupancy cost, leased	≤12% of revenue	16.7% — **fail**	16.6% — **fail**	14.8% — **fail**	8.8% — **pass**
Total payroll	≤35% of revenue	33.5% — pass	34.8% — pass	33.5% — pass	33.9% — pass
Stabilized EBITDA margin	≥18%	29.1% ground-up — pass	24.3% ground-up — pass	26.2% ground-up — pass	20.2% reuse — pass
F&B share of revenue	≥30%	33% — pass	34% — pass	48% — pass	50% — pass
Revenue per sf	≥$100	$78 — fail	$79 — fail	$99 — marginal	$105 — pass
Capital within 7(a) limit, leased	≤$5.5M	$7.30M — **fail**	$8.38M — **fail**	$4.93M — pass	$3.62M — pass
Cash-on-cash at bankable equity	≥8%	1.2% — **fail**	0.9% — **fail**	1.3% — **fail**	2.1% — **fail**
Verdict		**No-go**	**No-go**	**No-go**	**No-go**

The operating tests mostly pass. **Every capital and coverage test fails.** That pattern is the finding: this is a well-supported concept with an unfinanceable capital structure at achievable revenue.

Recommended concept and next step

Recommended concept, conditional: Case C in adaptive-reuse form — a 10-lane premium adult-led social bowling and dining venue in second-generation space, targeting 16,000 sf or less. It is best aligned with the demographics that actually exist here: 24.0% of the population aged 18–34 with military-linked discretionary spending, 24.2% aged 65+, a shrinking child cohort, and a competitive gap where the nearest full-service competitor serves beer and wine only while Craven County has held mixed-beverage approval since 1979. It produces the highest per-capita spend at $39.24, and its 48% F&B share clears the industry's most reliable survival test comfortably. Case D demonstrates that Case C's cost structure can be optimized substantially — the recommendation is Case C's positioning executed at Case D's cost discipline.

It is recommended as a research direction, not as an investment. As modeled it produces 0.28x coverage.

The single next step is not to refine this model. It is to interview Mark Gatlin. Sixteen years of Strike Zone operating history in the exact trade area — revenue per lane, league counts, monthly seasonality, party volume, per-capita spend, and the actual reason for the 2017 closure — is worth more than any further modeling. It costs a phone call and it is the only dataset that can move the demand assumption, which is the variable the entire analysis turns on. If Gatlin reports revenue per lane materially above this model's $115,785 to $157,889, the analysis should be reopened. If he reports figures at or below it, the no-go is confirmed by direct local evidence and the matter is settled.

Do not proceed unless — a hard checklist

Every item must be satisfied in writing. Any single failure is disqualifying.

1. **Total project cost is contracted at or below $2.5M**, with signed GC bids and vendor quotes, not estimates. The maximum supportable cost at base demand for the best configuration is $1.49M; $2.5M assumes demand between base and upside and no overruns.
2. **Lane-hour occupancy of at least 45% is evidenced**, not assumed — from Strike Zone historical data, a Mac Daddy's operator interview, or a stratified physical count at three regional centers across weekday, weekend, and evening day-parts.
3. **Occupancy cost is contracted at or below 10% of conservative-case revenue**, which at a $1.2M conservative case means $120,000 per year — approximately 13,000 sf at $9.00/sf all-in.
4. **A signed letter of intent evidences landlord participation of at least $25/sf in tenant improvements**, plus a shell delivered with adequate clear height, a clear span across the lane bed, and existing sprinklers.
5. **The site is confirmed outside the Special Flood Hazard Area**, or the elevation-plus-freeboard cost is fully priced into the contracted budget.
6. **The site is zoned C-3, C-3H, or I-1 with bowling permitted by right**, confirmed by a written zoning verification letter. I-1 is preferred for its 65 dB(A) night noise floor.
7. **Verified liquidity at closing equals the Year-1 cash trough plus 50%** — approximately $590,000 for a Case D-scale project — held separately from the equity injection.
8. **An operator with documented bowling or FEC P&L responsibility is committed in writing.** For a special-purpose new business this is a gating underwriting condition, not a preference.
9. **A written insurance quote confirms coastal property, business interruption, general liability, and liquor liability at or below 3.5% of projected revenue.**
10. **A written commitment or firm term sheet from an SBA-preferred lender exists**, with the special-purpose 20% equity requirement and the going-concern appraisal requirement acknowledged in the terms.
11. **The stabilized model clears 1.25x DSCR at the conservative demand case**, not the base case, using contracted costs.
12. **King & Lasso's permit status is confirmed**, and its projected impact on the corporate-outing and family-entertainment budget is quantified.

Alternative structures that could change the outcome

Ranked by the probability of clearing underwriting.

Acquire an existing center. Strongest structure by a wide margin. At $25,000–$45,000 per lane, a 16-lane center costs $400,000–$720,000 against $8.38M to build Case B. The capital gap closes entirely. The obstacle is availability — the nearest candidates are Galaxy Lanes in Kinston at 44 minutes and Bowlarena in Jacksonville at 53 minutes, neither inside the New Bern trade area, and neither known to be for sale. **NOT VERIFIED:** whether either is available. Required: a direct owner approach and a business-broker canvass of eastern North Carolina.

Bowling as an amenity inside a bar or restaurant. Two to six lanes at roughly $60,000–$180,000 of equipment inside a restaurant that underwrites on its own F&B economics. This is the structure most likely to actually get built in New Bern, and it captures the competitive gap around a full liquor license. It is not a bowling venue and it does not answer the brief, but it is the honest commercial answer to the market opportunity identified.

Landlord-funded shell and fit-out with percentage rent. Shifts capital to a landlord in exchange for base rent plus a percentage of revenue. Requires a landlord who will underwrite a special-purpose fit-out — Hull Property Group at New Bern Mall is the most plausible candidate given an unfilled anchor box. Probability: low, but the inquiry costs nothing.

Public participation. Land contribution, infrastructure grant, or gap financing. The City commissioned the study specifically to recruit a private developer and has stated it will not build or operate. A land contribution on a City-owned parcel is the narrow version worth asking about. **NOT VERIFIED:** whether the City would consider any form of participation. Required: a direct conversation with the City Manager.

A phased build. Open at Case D scale with expansion capacity designed into the shell, and add lanes and attractions from operating cash flow once occupancy is demonstrated. This converts a large single bet into a smaller one with an option attached. It does not fix Phase 1 economics, but it caps downside exposure at roughly $3.6M rather than $16.5M.

30 / 60 / 90-day diligence plan

Days 1–30 — kill-or-continue. Estimated cost: under $2,000.

Interview Mark Gatlin, former Strike Zone owner, on revenue per lane, league counts, seasonality, party volume, and the reason for closure. Interview Mac Holz or GM Mike Ryan at Mac Daddy's on lane utilization by day-part, per-capita spend, and trade-area draw. Call MCCS Cherry Point Recreation to confirm bowling status. Conduct a stratified physical utilization count — lanes in use — at Mac Daddy's, Galaxy Lanes, and Bowlarena across weekday afternoon, weekday evening, Friday evening, Saturday afternoon, and Saturday evening. Send a leasing inquiry to Hull Property Group on the New Bern Mall anchor box and to the Berne Square and 197 Bosch Blvd listing agents, requesting clear height, column grid, sprinkler status, and available terms in writing. Check King & Lasso's permit status with New Bern Development Services and its parcel status on Craven County GIS. Canvass business brokers for existing centers for sale in eastern North Carolina.

Decision gate at day 30: if the utilization counts and operator interviews do not support at least 45% annual lane-hour occupancy, or if no site can deliver occupancy cost at or below 10% of conservative-case revenue, **stop and spend nothing further.**

Days 31–60 — quantify, only if the gate is passed. Estimated cost: $8,000–$15,000.

Obtain a written zoning verification letter from New Bern Planning and Zoning for the top two sites. Obtain flood determinations from FRIS[26] and, if in or near the Special Flood Hazard Area, elevation certificates. Commission an acoustic assessment against the 55 dB(A) night limit if any site is commercially zoned near residential. Obtain three general contractor budget estimates for the specific site and program, plus written scope definitions. Obtain vendor quotes from QubicaAMF and Brunswick for string pinsetter packages with delivery lead times, and separately price refurbished equipment. Obtain written insurance quotes covering coastal property, business interruption, general liability, and liquor liability. Confirm the combined City and County ad valorem rate and the City water and sewer rate schedule and tap fees. Confirm ABC mixed-beverage and Early Sunday Sales requirements in writing, including the 30% food-receipts test mechanics. Commission trade-area intercept surveys, 300 to 400 responses, on stated visit frequency and willingness to pay.

Decision gate at day 60: if contracted costs exceed $2.5M for a 10-lane, 13,000–16,000 sf configuration, **stop.**

Days 61–90 — structure, only if both gates are passed. Estimated cost: $15,000–$35,000.

Rebuild this model with contracted costs and evidenced utilization, and test 1.25x DSCR at the conservative case. Approach three SBA-preferred lenders with jurisdiction in eastern North Carolina for indicative term sheets, and confirm each acknowledges the special-purpose classification. Identify Certified General appraisers who meet the four-comparable, 36-month requirement and confirm availability and lead time. Negotiate a letter of intent with a tenant-improvement allowance and a percentage-rent structure. Recruit and secure a written commitment from an operator with documented bowling or FEC

P&L experience. Document and season the equity injection. Commission a sponsor-side feasibility study if a lender requires independence from AEM's City-commissioned work.

Documents, quotes, and interviews required

Interviews, in priority order. Mark Gatlin, former Strike Zone owner — the highest-value single conversation available. Mac Holz or Mike Ryan at Mac Daddy's. MCCS Cherry Point Recreation. New Bern Development Services Director Jessica Rhue, (252) 639-7587. Hull Property Group leasing, 252-633-2800. Listing agents for Berne Square, 3706 Dr. MLK Jr. Blvd, and 197 Bosch Blvd. Two to three SBA-preferred lenders. QubicaAMF and Brunswick regional sales. Two operators of comparable 10–16 lane centers in secondary markets outside the trade area. The New Bern City Manager on any form of public participation.

Documents to obtain. The complete AEM report with all appendices and its stated methodology, directly from the City rather than from the agenda package. New Bern zoning verification letters. The current City utility rate schedule. The combined City and County ad valorem tax rate. FRIS flood determinations and elevation certificates. Craven County GIS parcel reports for all candidate sites. Written lease terms including tenant-improvement allowance, CAM, and percentage rent. NC ABC written confirmation of mixed-beverage requirements. Craven County Schools enrollment projections by grade band. Traffic counts for candidate corridors.

Quotes and studies to commission. Three general contractor budget estimates with written scope. Vendor equipment quotes, new and refurbished, with lead times. Insurance quotes across all four required lines. A civil engineering sitework and stormwater estimate. An acoustic assessment if any commercially zoned site is near residential. A Phase I environmental site assessment on the selected site. Trade-area intercept surveys. A stratified lane-utilization count at three regional centers.

Confidence summary

Conclusion	Confidence	Basis
No bowling center exists in Craven County	High	Independently confirmed by the City's consultant and by direct search
The "24 vs 32 lane" claim is not a study finding	High	Zero full-text hits in the published report; mayoral quote predates presentation
The study recommends 16 lanes	High	Explicit in the published program
The demand base is older and less child-dense than the nation	High	Census QuickFacts and district enrollment data
Per-lane and per-square-foot capital benchmarks conflict irreconcilably	High	Arithmetic; four independent sources
The per-square-foot method should govern	Medium-high	Internal consistency across four sources plus the local AEM budget
Bowling is SBA special-purpose; equity is 20%	High	SOP 50 10 8 Appendix 3, corroborated
Leasehold project cost is capped near $5.5M	High	504 owner-occupancy requirement plus the $5.0M 7(a) maximum
No configuration reaches 1.25x DSCR in any scenario	High	Model output across 88 case-mode-scenario combinations
Break-even occupancy of 47–60% exceeds the credible band	High on the calculation, medium on the band	No published lane-hour benchmark exists
The study's "20.4% NOI" is a post-debt-service net margin; corrected NOI margin is 35.4% and implied coverage 2.19x	High	Its own expense schedule embeds $793,056 of mortgage debt service; recomputed from its published tables
The study's implied margin exceeds every public sector comparator	High	35.4% versus D&B 25.8% store-level, Lucky Strike 27.5–30.6% consolidated, FEC models 18–22%
The study computes no coverage ratio, return, payback, or IRR	High	Zero occurrences of each term across the published report
Making the project bankable requires 60–87% equity at a 0.5–2.1% return	High	Model output
Recommendation: do not proceed as conventionally financed	High	Convergence of every capital and coverage test
Case C positioning at Case D cost discipline is the best direction	Medium	Demographic alignment and the F&B share test; unproven on cost
Acquiring an existing center would invert the analysis	High on the arithmetic, low on availability	Brokerage per-lane pricing versus construction cost

Principal limitations

Every figure in Sections 7 through 10 is a model output built on stated assumptions, not a forecast. The three assumptions that dominate the outcome are lane-hour occupancy, which has no published benchmark; total project cost, which rests on per-square-foot rates that require contractor bids; and per-capita spend, which requires local willingness-to-pay research. All three are resolvable within the 90-day plan, and none has been resolved here.

No primary local operating data was available. No site was inspected. No contractor, vendor, insurance, or lender quote was obtained. The Strike Zone’s sixteen-year operating history — the most relevant dataset in existence for this question — remains inaccessible and is the single largest gap in this analysis.

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