

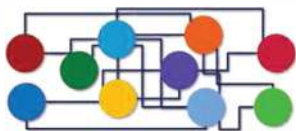


CAMERA DI COMMERCIO
SASSARI

Economic Observatory 2020 North Sardinia

TERRITORIAL
SOCIO-ECONOMIC
REPORT





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INTRODUCTION

Any change undertaken by a company - from its legal nature to the shareholder structure, the relocation of its headquarters or change of the economic activity - is always registered with the Chamber of Commerce. Filing a trademark or a patent, applying for a certificate to sell products abroad, setting up a new technological start-up, or digital and energy infrastructures are all essential aspects for facing market competition. The Chambers' offices record every activity of each company and it is the task of the statistics office to collect and process this huge amount of information, which in North Sardinia accounts for 55,300 companies distributed in 90 municipalities.

This document, divided into 14 chapters, is based on data gathered during last year. It describes the various aspects constituting the entrepreneurial and socio-economic fabric of North Sardinia, with frequent comparisons with the regional and national statistical indicators. It also outlines the strengths of the lively economic fabric of North Sardinia (+ 3,000 new businesses in 2019), geographically characterized by two main areas (the area of Sassari and *Gallura*), which is though suffering from a job market not up to the task and the expectations of younger generations (13.4% is the official rate of unemployment).

This Economic Survey is a comprehensive document filled with information and statistics, and is designed to be consulted quickly. Therefore tables have been replaced by useful graphics allowing the reader to grasp at a glance the core meaning of the figures presented.





With the aim of bringing as many economic operators closer to statistical data and reports, for some time the Chamber of Commerce has been carrying out actions that help to familiarise with such data (summary indicators).

From 2017 this volume presents itself with a new graphic layout. The 2020 edition contains an additional chapter dedicated to GDP forecasts for the current year. This is a novelty brought forward as a result of Covid-19 pandemic and all the restrictive measures imposed by the central Government between March and May, which forced the suspension of most economic activities.

The socio-economic consequences will be even more dramatic for North Sardinia due to the contraction of tourist flow, which will affect the entire production chain (going from the hospitality industry to the agrifood, from artisan to manufacturing activities). We hope to have met the requests of our entrepreneurs, longing for an insight on the many changes in the economic context, in a text that can be precise and accurate, but at the same time easy and pleasant to read, describing the main aspects and conditions in which businesses are currently found to operate. Knowing the context in which one operates is the first step to face and deal with the changes at the core of a long lasting, well-prepared and sustainable business.

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TERRITORY

Sardinia has a total surface area of 24,100 km², it is the second biggest island in the Mediterranean Sea, after Sicily, and it is the third biggest Italian region after Sicily and Piedmont. It has a maximum length of 270 km in between its extremities (Punta Falcone in the north, Capo Teulada in the south) and a maximum width of 145 km (from Capo dell'Argentiera in west to Capo Comino in the east). On the North side the Strait of Bonifacio separates Sardinia from Corsica, on the West side the Sardinian Sea separates it from the Balearic islands, on the South side the Strait of Sardinia separates the island from Tunisia, and on the East side the Tyrrhenian Sea separates Sardinia from the Italian peninsula.



PROVINCES

The regional law n.2 of 4th February 2016, regarding the structure of local authorities, led to the abolition of the province of Cagliari, together with the four other provinces created in 2001. Prior to the reform, the province of Sassari had 66 districts, and the new partition further extended its borders to include the municipalities of Olbia-Tempio (26 towns). The province of Sassari now includes 92 districts, two more (Budoni and San Teodoro) than it did prior to the 2001 reform.

These reforms have not brought about any changes to the territorial borders under the authority of the Chamber of Commerce of Sassari, which remain the same as before the 2001 reform establishing the eight provinces of Sardinia.

On August 8, 2017, the Ministry of Economic Development decreed that in relation to the reorganization of the Chambers of Commerce, Industry, Craft and Agriculture (reshaping the Italian Chambers system while reducing the overall number of bodies from 105 to 60), Sassari's Chamber of Commerce retains regional autonomy over 90 municipalities (comprising the former provinces of Sassari and Olbia-Tempio under the 2001 reform, excluding the towns of Budoni and San Teodoro).



01

SUMMARY



SUMMARY

FIGURES FOR NORTH SARDINIA



Enterprise dynamics

ENTERPRISES

2019 has been a positive year for the businesses of North Sardinia: growth rate almost reaches one percent (0.99%). In the same year 3,145 new enterprises were created, over a hundred more when compared to 2018. Overall 55,300 businesses were registered to the Sassari's Chamber of Commerce of which 45,512 were active.

GROWTH

ICT COMPANIES



Innovation and Digital Technology

Investments on Research and Development are still low. R&D activity in the island is about the half of the one recorded at national level. However, North Sardinia ICT companies have increased: they are now 967, of which 48 are start-ups from Sassari (about 35% of all the newly created ICT companies of Sardinia). Registration of new brands also increased: 175 in the latest year (111 were for graphic elements).



Trade and Commerce



In 2019 exports of North Sardinia reached €184.5 millions, 3.3% of the regional total (19% if we exclude the oil industry). There has been a general slowdown of all sectors, especially for the manufacturing and agricultural products. Imports were more robust going up to about €370 millions. This year the trade deficit amounts to €182.4 millions whilst it was €184 million in 2018.

RESIDENTS



Demographic Development

VARIATION

Sardinia's population is decreasing in 8 out of 10 municipalities. In the same period, the northern part of the island has had a loss of 1,071 residents. Nevertheless, the balance between people who decide to leave the island and those who choose Sardinia as a new home is positive. While 3,496 Sardinians left, 5,405 foreign immigrants moved in, generating a positive balance of +1,909 more residents.



Tourist Flow



2019 has been an exiting year for tourism in North Sardinia. Having had over 1.7 million visitors, 53% of which foreign nationals, North Sardinia is confirmed as the most attractive territory for foreign tourism, highlighting a trend of consistent growth. The number of accommodation facilities doubled, thanks to "other facilities" - mostly private accommodation - with over 12 thousand structures compared to the 6,252 units of the previous year.

INCOMINGS

1.728.397

GROWTH

+13,3%

ENERGY CONSUMPTION

5.129
Kwh/pp

RECYCLING

67%



Energy and Environment

Sardinia is the 10th Italian region for energy consumption with 5,129 kwh/pp. North Sardinia produces 36% of the regional energy requirement and consumes 23%. The North is also the biggest producer of renewable sources among all Sardinian provinces, with 1,336.9 Gwh in 2018. Waste management has also improved compared to the previous year: the rate of recycled waste went from 63% to 67%.



Education



31% of all Sardinian students are based in North Sardinia. The level of education has increased among students aged between 15 and 19 and stands half point higher than the national average. However the rate of early school dropouts is not decreasing (+23%). In 2019, 2,146 students graduated in the University of Sassari (UNISS), 3% more compared to the previous year. The number of teachers below the age of 35 is still too low.

STUDENTS

65.660

LAUREATI

UNISS

2.146

BIODIVERSITY

130 SITES

CREATIVE ENTERPRISES

745



Cultural Heritage

Among the 1,700 sites representing Sardinia's culture, 506 - around 30% - can be found in North Sardinia. 18.9% of the island's territory (454 thousand hectares) is subjected to some form of protection, with 92 Sites of Community Importance and 38 Special Protection Areas in the Sassarese. The number of creative enterprises grew, particularly those in IT consulting, which went from 168 up to 183.



EMPLOYED

Job Market



590,000 people were employed in Sardinia in 2019, 8,000 more than the previous year, of which 6,740 were working for enterprises located in North Sardinia. In the area of Sassari the service sector has hired over 24,000 employees during the last two years. The inactive population has diminished, however 29,000 people are still seeking employment (in 2017 they were more than 34,000).



UNEMPLOYMENT

Property Market



The overall value of the residential patrimony of the island is estimated to be roughly €162.4 billions, 2.7% of the national total. Acquisitions grew in North Sardinia, meanwhile the residential market is confirmed as one of the most active sectors. This portion of territory accounts for 39.6% of all Sardinian real estate sales. 7,926 purchased properties were registered in 2019, of which 5,141 were residential properties.

RESIDENTIAL SALES

VALUE



Safety and Security

Offenses such as theft and petty crime are decreasing in Sardinia. In fact, the number of crimes in the *Sassarese* has seen a drop by 26% in the last three years. In 2018 3,638 workplace injuries were reported in North Sardinia, 28% of the regional total, 127 less than in 2017. Two thirds of injured workers were male and about 75.5% of them worked in manufacturing or service sectors.



Economy and revenue



In 2018, Sardinia has confirmed an overall growth of its productivity, which was mainly due to an increase of prices rather than to an actual expansion of the quantities produced. Compared to the previous year, this growth of +2.4%, exceeds €800million. This amount raises to €1.4billions if compared to 2016.



02

ENTERPRISE DYNAMICS

Source:
Infocamere Stockview

The business system, historic evolution and main growth indicators



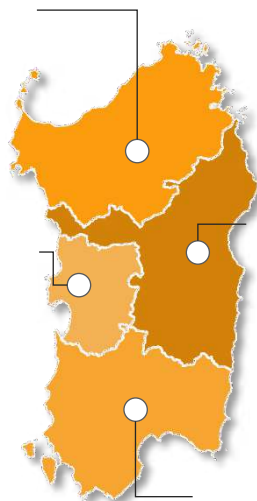


The business system is one of the best factors to consider when monitoring the socio-economic wellbeing of a territory. 2019 may not be the best year for Sardinian entrepreneurs, however the net positive balance between new businesses and those who stopped their activities, confirms how the willingness to do business is still lively. In fact, more than 170,000 enterprises were still registered in Sardinia at the end of 2019. During the recent recession numbers were well below this safety threshold. Growth rate is positive for all areas covered by Sardinian Chambers of Commerce, with a regional average of +0.80% compared to 2018. The liveliness of North Sardinia was demonstrated by a growth rate reaching almost the 1%, thanks to the driving force of the *Gallurese* area.



ENTERPRISE DYNAMICS

THE ENTREPRENEURIAL SYSTEM IN SARDINIA



SECTORAL DYNAMICS

The primary sector is the driving force of Sardinia's economy. One out of four enterprises is involved in agricultural or fishing activities. Considering the number of newly registered businesses, the primary sector is second only to the commercial one. However the high number of voluntary cessations brings another net negative balance in 2019. The trading sector, which is the most representative of the whole economic framework, is not doing any better, losing 388 businesses at the end of the year 2019 (excluding the 340 *ex officio* closures). Fortunately there are also some good news: construction (+242), tourism (+508) and services (+679) experienced growth.

SARDINIA - REGISTERED BUSINESSES IN 2019

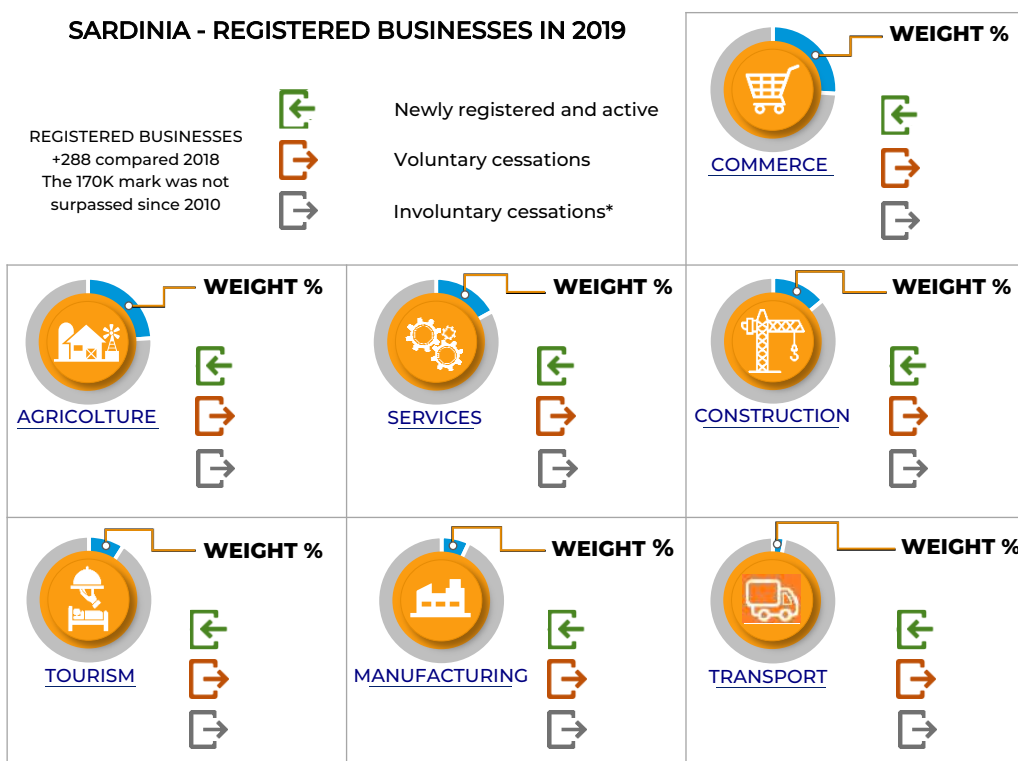
REGISTERED BUSINESSES
+288 compared 2018
The 170K mark was not
surpassed since 2010



Newly registered and active

Voluntary cessations

Involuntary cessations*



* Cessations managed by the Italian Company Register for administrative reasons

** The balance between new registrations and voluntary cessations. Ex officio closures are not included.

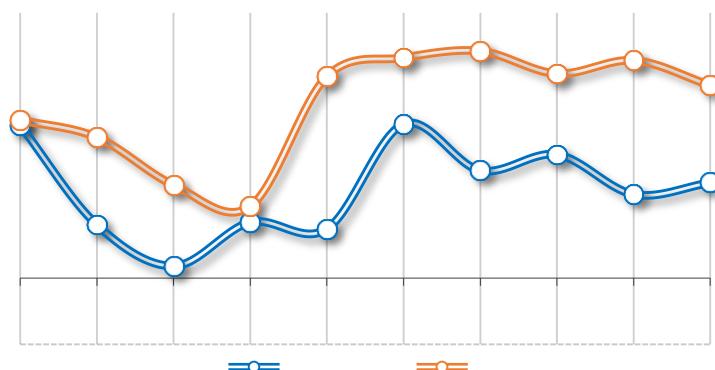
ENTERPRISES OF NORTH SARDINIA

2019 is a good year for the enterprises of the Chambers of Commerce of North Sardinia. At the end of the year, the growth rate is almost one percent (+0.99%) and allows the territory to surge to the 14th place in the list of best performing Chambers of Commerce among the 105 Italian Chambers of Commerce. 3,145 new enterprises were created in 2019, over one hundred more than the previous year. In the same period 2,594 businesses have closed, compared to the 2,461 of 2018. The overall number of enterprises registered is 55,300, 45,512 of which are operational. In 2019 the Chamber of Commerce of Sassari has continued imposing closure to non-operational businesses, with 1,091 of the 1,116 regional total *ex officio* closures.

NORTH SARDINIA - QUARTER DYNAMICS 2019



NORTH SARDINIA GROWTH RATE 2010-2019



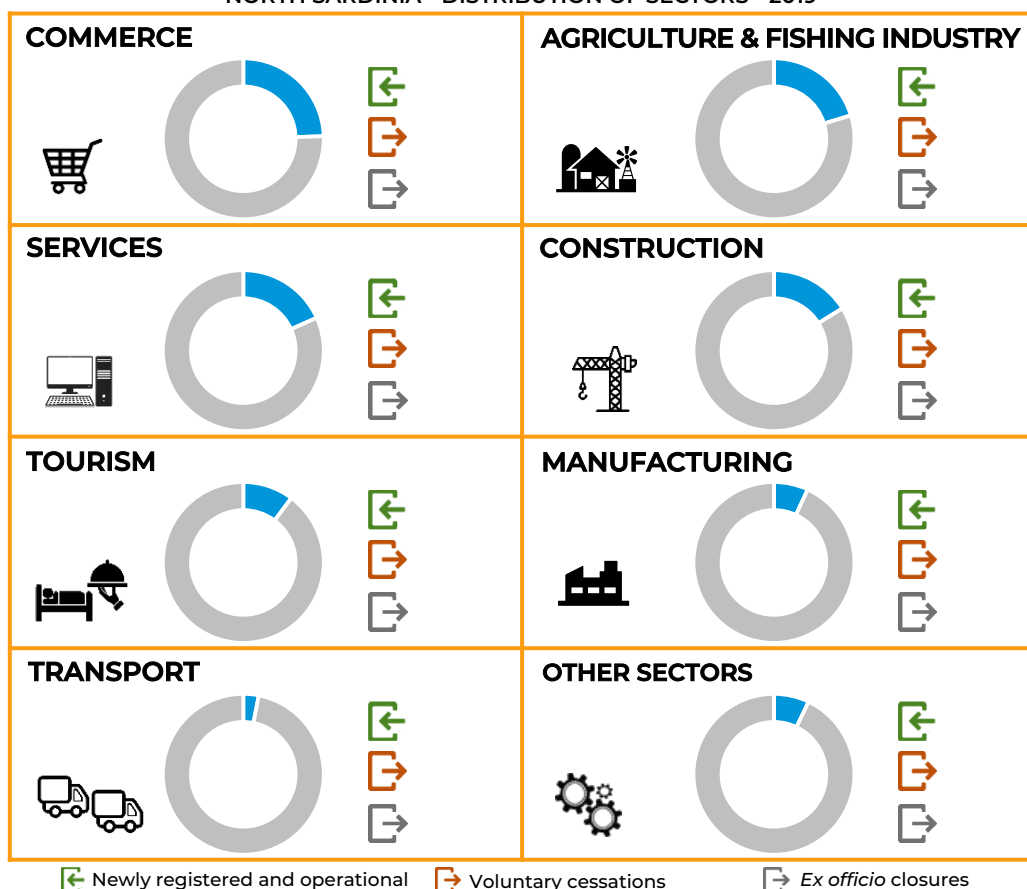
A TWO-SPEED NORTH SARDINIA

In the last 10 years, the two main areas of North Sardinia had similar growth rates only in 2010 and 2013. On a positive note, none of the two had negative figures. The data of Gallura include the town of Budoni e San Teodoro.

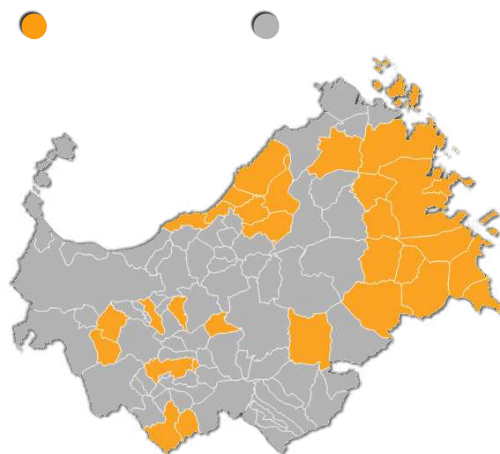
DISTRIBUTION OF SECTORS

Some of the main sectors of North Sardinia have seen the number of their enterprises growing. Thanks to the high number of businesses registered in the service sector (728 units) it has been possible to record the best balance between new businesses and cessations among the economy's macro sectors. Construction and tourism - represented by hospitality - experienced a good growth, while commerce-related businesses continue to decrease.

NORTH SARDINIA - DISTRIBUTION OF SECTORS - 2019



REVIEW OF ENTERPRISES AT THE MUNICIPAL LEVEL



03

INNOVATION

Sources:
Istat, Infocamere Stockview

The system of innovative enterprises: from information to communication and technology.





Resources invested in innovation are still limited in the island of Sardinia. The numbers of people employed in the knowledge sector are lower compared to other regions, as well as the tendency for companies to innovating and patenting new ideas. On a provincial level, the number of companies strictly in the ITC sector remains stable, despite significant differences among their businesses. Software houses are increasing whilst hardware's retailers and distributors are decreasing. 34% of all Sardinian Startup are based in the area of Sassari. Most of them are limited companies offering services and their revenues are inferior to €100 thousand. Trademarks have grown and the CCIAA are the point of reference for their registration.



INNOVATION

THE TECHNOLOGY INDUSTRY IN SARDINIA

The Sardinian productive system is defined by a reduced scientific research and a limited ability to patenting. The investments made towards Research and Development by local enterprises with more than 10 employees, represent 1% of the national total. Only 18% of them have a high level of digitalization. From the employment point of view, the differences are less significant when comparing Sardinia to the national figures: in the island, 14.8 employees out of 100 (85% of the Italian index) are *knowledge workers*, whilst those working within the creative sector are 2.8 out of 100 (in this case the 75.7% of the national index).

INVESTMENTS IN INNOVATION

BUSINESSES WITH
HIGH LEVEL OF
DIGITALISATION
(YEAR 2016)



SPENDING IN
RESEARCH AND
DEVELOPMENT
(YEAR 2017)

MILIONS OF EUROS



INNOVATIVE ENTERPRISES PERFORMANCE

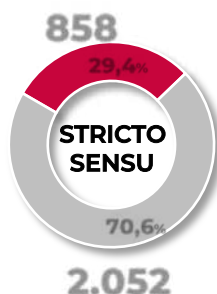
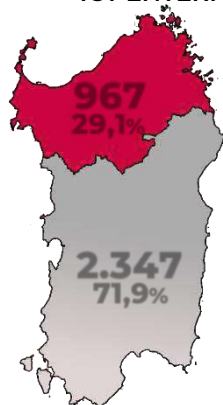
INDEX ITALY = 100 (YEAR 2018)



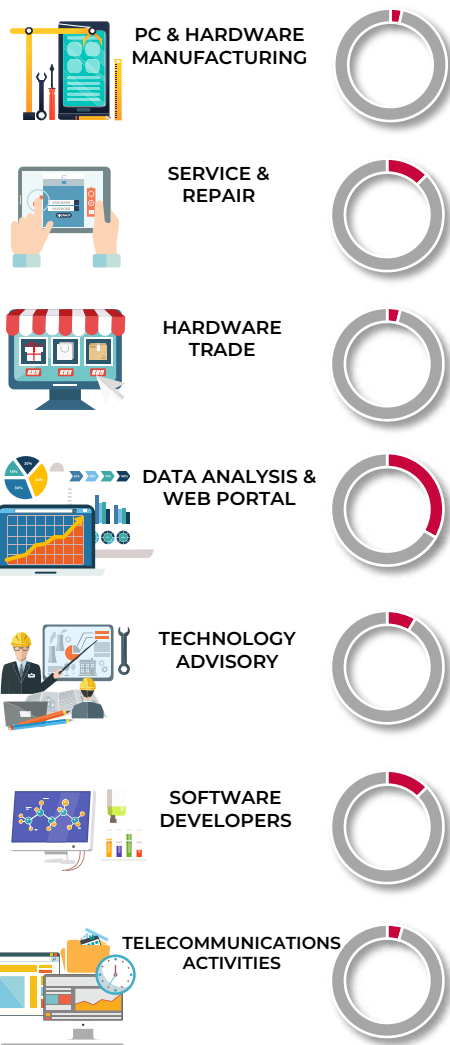
ICT ENTERPRISES

During the two years period from 2018 to 2019, the number of Sardinian Information and Communication Technology enterprises diminished by 30 units, going from 3,344 to 3,314 (15 of these being ITC businesses **strictly speaking**, the other 15 belonging to the **film-making and publishing industries**). With 858 active businesses, North Sardia accounts for about one third of all ITC enterprises present in the region. Although the overall number of businesses remains somewhat unchanged, there are some interesting variations when the area is analysed sector by sector: businesses providing intangible services are growing, in particular software houses (+18), consulting firms and data centres; whilst hardware's manufacturers, distributors and retailers as well as servicing companies have all declined.

ICT ENTERPRISES 2019

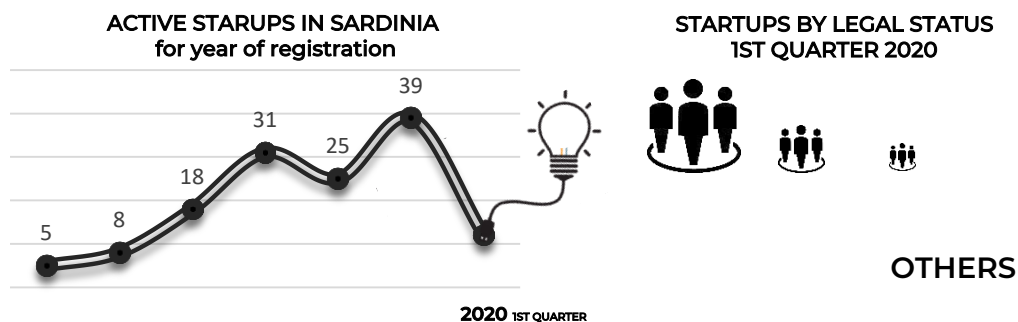


BUSINESSES BY SECTOR - NORTH SARDINIA (numbers and weight % - 2019)

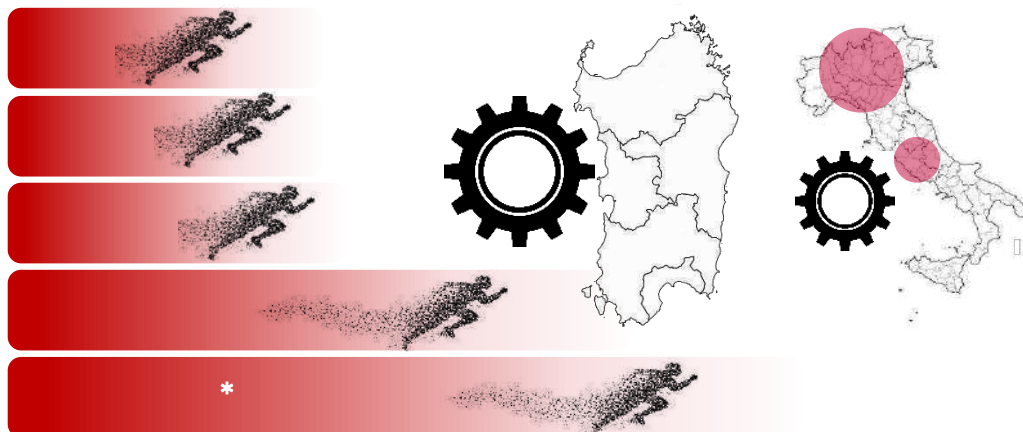


INNOVATIVE STARTUPS IN SARDINIA

In the first quarter of 2020, the data published by MISE and InfoCamere recorded 11,206 STARTUPS in Italy. With 138 active businesses, Sardinia accounts for 1.2% of the national total. Around 80% of these enterprises are located in the metropolitan area of Cagliari and in the province of Sassari. In the first three months of 2020, 12 new innovative enterprises were registered in the special section of the Registry of Business, a figure which hopefully could lead to a growth when compared to 2019. The two main form of corporations - which constitute almost the entire sum - are the SRL (the equivalent of a Limited company) with 82% of all registrations and the SRLS (a simplified form of Limited company) with the 14%.



Innovative startups in Sardinia - active ones % value - 1st quarter 2020



*Metropolitan City of Cagliari

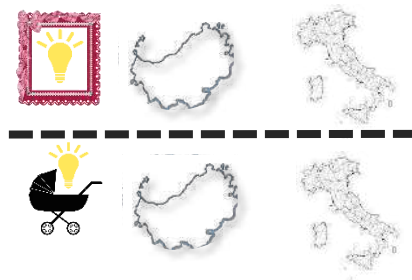
INNOVATIVE STARTUPS IN NORTH SARDINIA

The number of innovative startups of North Sardinia registered in the special section of the Registry of Businesses is 48. These companies are based in 14 municipalities, 8 of which are established around Sassari. 75% of them provide services to businesses, namely IT consulting (61%) and Intelligence (11%). The remaining include representative of the commerce, manufacturing and tourism industries though their numbers are still low despite the area has a strong vocation for tourism. The participation of women and young people seems to be growing, considering the first quarter of 2020, with local figures being well above the regional or national average. Most of the businesses in the province of Sassari record average production values for less than €100k, equity between €5,000 and €10,000 with a maximum of four employees.

STARTUPS BY SECTORT - 1ST QUARTER 2020



STARTUPS RUN PREDOMINANTLY BY WOMEN AND YOUNG PEOPLE - 1ST QUARTER 2020



DIMENSIONAL DATA 1ST QUARTER 2020



EQUITY



PRODUCTION VALUE



EMPLOYEES

TRADEMARKS, DESIGNS AND PATENTS

In 2019 there were 54 thousand new trademarks registered in Italy, 42% of which were obtained through the offices of the Italian Chambers of Commerce. Setting renewals aside, there were 521 new trademarks registered on the island, with one out of three coming from the province of Sassari. Despite a huge drop compared to 2018, North Sardinia registers 175 «new» trademarks, 111 related to graphical elements and the remaining denominative brands.

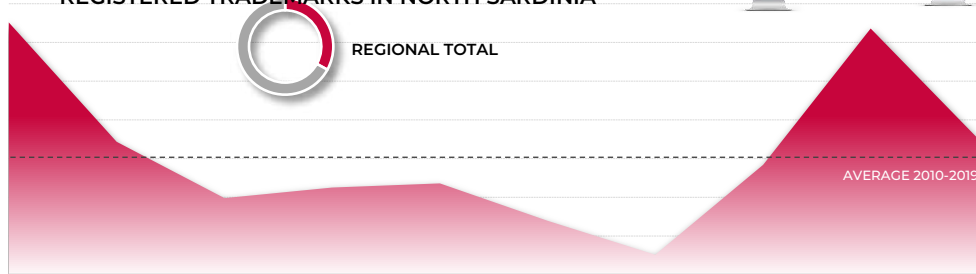
REGISTERED TRADEMARKS 2019



TRADEMARK TYPE

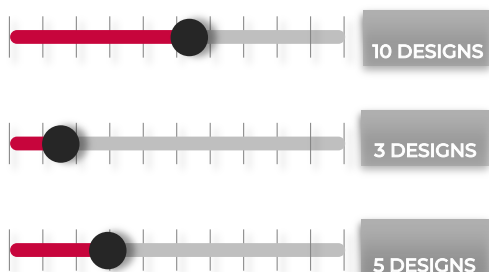


REGISTERED TRADEMARKS IN NORTH SARDINIA



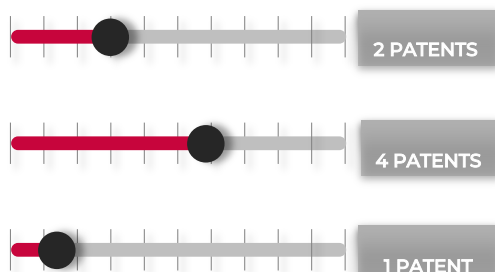
DESIGNS 2019

NUMBERS AND WEIGHT %



PATENTS 2019

NUMBERS AND WEIGHT %



04

IMPORT-EXPORT



Sources:
Istat, Infocamere Stock view

The commercial exchange with international markets of Sardinia and North Sardinia





With more than €5.6 billion of exports billed in 2019, Sardinia loses over €80million when compared to 2018. The global contraction of manufacturing businesses puts also a strain on the exports' regional capacity. Key factors which determined the exports' decline were related to a downturn suffered by the oil industry (-€68million), which historically had been the scale used to measure the regional economic performance, as well as the contraction afflicting the «weapons and ammunitions» industry (-€78million). North Sardinia, despite the slight upturn recorded in 2018, suddenly makes a U-turn and closes the year with a downturn set at 8.6% for exports and 4.8% for imports. Agriculture and manufacturing are among the sectors which have suffered the most due to this negative conjunction.

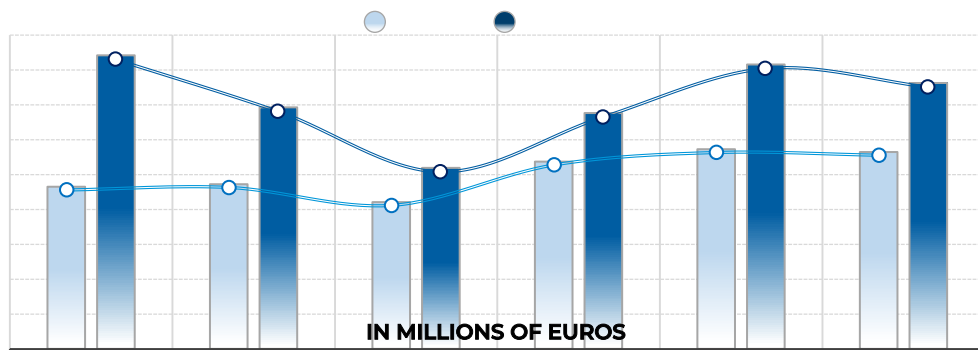


IMPORT EXPORT

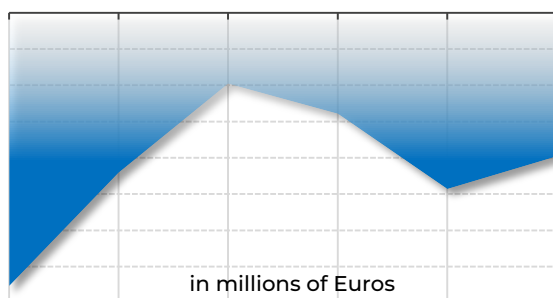
THE COMMERCIAL EXCHANGE OF SARDINIA

The balance of trade in Sardinia returns under the €2billion mark. Despite the growing levels of Italian exports (+2,3%), Sardinian exports faced a slight reduction, falling down to -1.4%. Imports suffered a furthermost downfall by 6% in 2019. Almost 98% of products destined to foreign markets come from the manufacturing industry, 85% of which is obtained by refining crude oil.

SARDINIA - IMPORT EXPORT TREND 2014-2019



THE DEVELOPMENT OF THE BALANCE OF TRADE BETWEEN 2014-2019



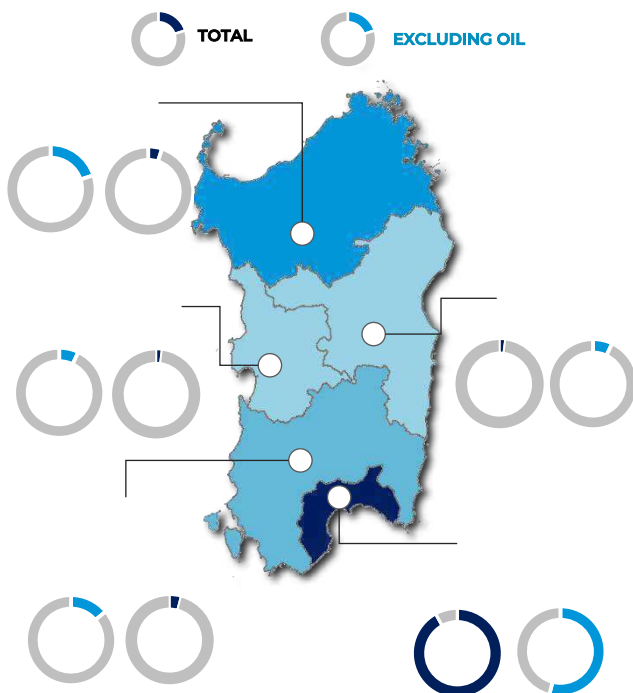
The good news is that the balance between exports and imports has improved compared to 2018. The overall value of the commercial exchange went down by €610million (minus €530million of imports and minus €80million of exports).

TERRITORIAL AND SECTORIAL DISTRIBUTION

Local contributions towards regional exports as well as all areas of production are tied by a common thread: crude oil. Thanks to the presence of oil refineries, the Metropolitan City of Cagliari produces over 90% of Sardinia's exports, percentage which reduces by 40% if the petrol industry is set aside. Over 19% of the «not-oil» exports come from the area of Sassari, mainly represented by the food industry and by wooden and cork artifacts. Exports are less significant for the rest of the island's businesses.

SARDINIA- EXPORTS BY TERRITORY - 2019

values in millions of Euros



The above info graphic shows the percentage weight and values in millions of Euros of exports for each of the territories of Sardinia. It displays both the overall value as well as their counterparts excluding oil derivatives.

EXPORTS BY SECTOR - 2019

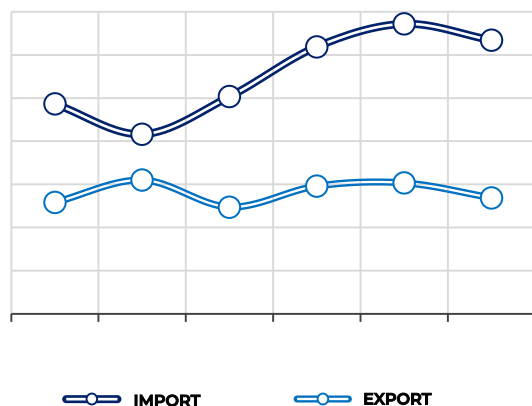


*excluding the oil sector

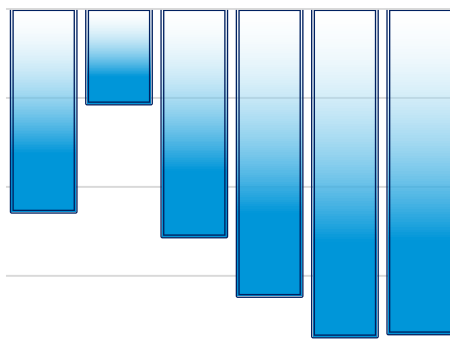
THE COMMERCIAL EXCHANGE OF NORTH SARDINIA

Throughout 2019 the exports of North Sardinia reached €184.5million, nearly €7million less compared to the previous year. The exports of North Sardinia constitute only 3.3% of the regional total. In order to better understand this data, the «oil» component need to be taken into consideration, setting aside all products derived from the refining of oil. When excluding oil products, the percentage of North Sardinia's exports reaches 19%, a figure still too low considering the entrepreneurial and economical capabilities of the territory.

IMPORT EXPORT DEVELOPMENT
values in millions of Euros



THE COMMERCIAL EXCHANGE
values in millions of Euros

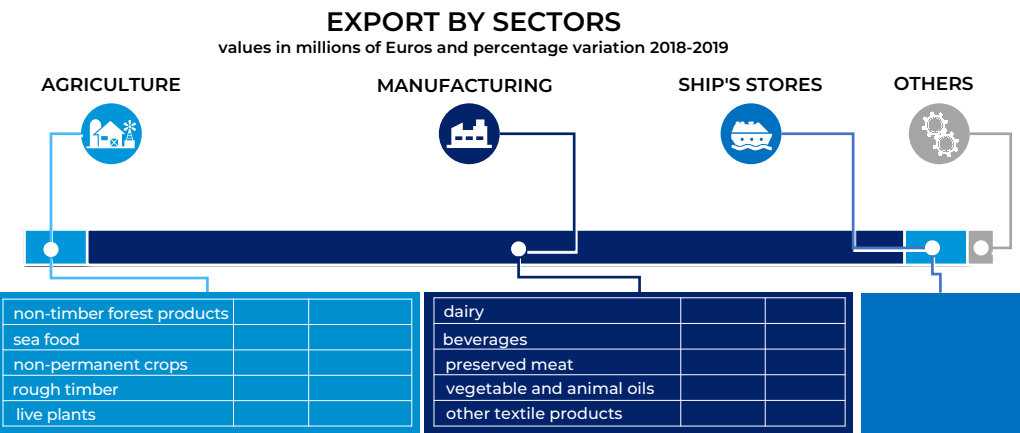


The analysis of Sardinia's trade in the last years shows a widening gap between exports and imports. The dichotomy between weak export and strong import performances slows down in 2019.

The value of goods bought from overseas decreased more than the value of those sold (respectively -€19million and -€17million, compared to 2018), which helped reducing slightly the gap mentioned above. The overall balance for the year amounts to -182.4 millions, whilst it was -184 millions in 2018.

SECTORAL ANALYSIS

From a sectoral point of view, in North Sardinia a generalized slowdown of all exports has emerged. Excluding those goods considered to be the «supplies» of the region, unique to those areas in surplus, the most decisive slowdown is recorded by the sale of manufacturing products, with a loss of more than 15 million compared to 2018, followed by that of goods related to the primary sector which lose almost half of their value in just one year, going from €13.6million in 2018 to around €7.4million in 2019.



FIRST FOR COMMERCIAL EXCHANGE

POSITIVE

TIMBER AND CORK

BEVERAGES

FORESTRY

CHEMICALS



COAL

VEHICLES

NEGATIVE

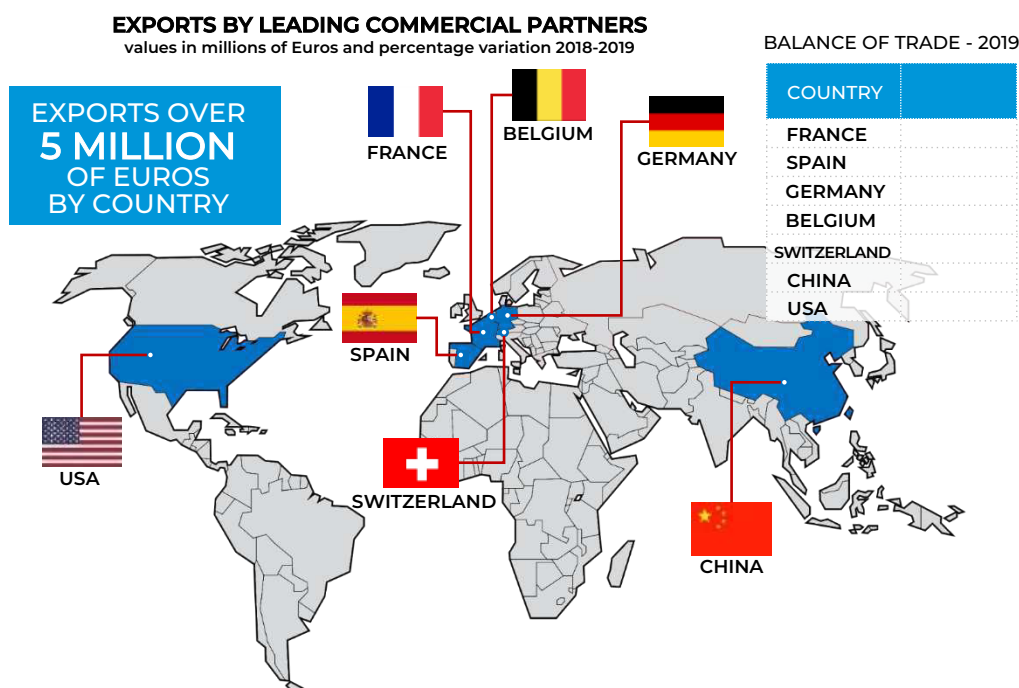
COKE E REFINED

AGRICULTURE



TRADE IN NORTH SARDINIA

3 of the 7 countries buying more than €5million of goods from Sardinia are located outside the European Union. The United States are ranked 1st, being also at the top of the general ranking, with little less than €54million and an incidence of 30% over the total exports of North Sardinia. European Sardinia's traditional partners follow afterwards: France (13% over the total), Germany (9%), Belgium (6%) and Spain (6%).



The total value of goods exported to these 7 countries represents about 70% of all overseas sales. The dynamics of the balance of trade among European and non-EU countries is quite different. As represented on the map: on one side the United States and China show a clearly positive balance of trade, respectively with 43.6 and 4.3million, on the other, all imports from the 4 European countries surpass the exports by almost 80 million, generating a large trade deficit.

05

DEMOGRAPHIC
DEVELOPMENT

Sources:
Istat, Infocamere Stock view

Changes in resident population and the main demographic indicators





The analysis of the demographical indicators highlights the following phenomena: the island is rapidly depopulating, the average age is rising, birth rate is low and people are moving towards economically more advantageous places. New and old factors which challenge economic growth and the socio-economic wellbeing in general. The centres of gravity for Sardinians are the Gallura Coast and the metropolitan city of Cagliari, a tendency that carries important implications for any future growth in rural areas. In 2018, a decline in population was recorded in 310 municipalities, while only 63 municipalities experienced the opposite trend. The overall loss was 8,500 residents in the 377 municipalities of Sardinia. Only 4 municipalities witnessed no change at all.



POPULATION

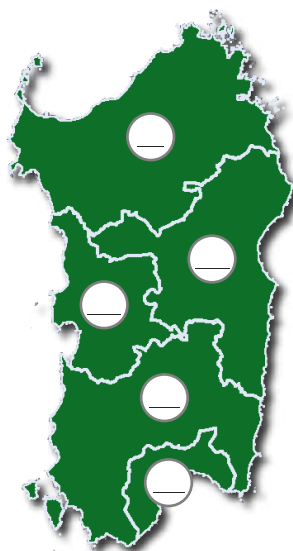
CHANGES IN SARDINIA'S RESIDENT POPULATION

The first of January 2019 has seen Sardinia's resident population falling below the 1,640,000 mark, (1,639,591 to be precise). That said, the balance between births and deaths - the natural decrease - reaches -6.839 as movement "from and to" other Italian regions generates a negative balance of -2,461. Lastly, what is called "other reasons" (mainly adjustments to Registry) produces a deficit of -1,194. However there is one positive balance and it comes from the difference between Sardinians who moved abroad and foreigners who made Sardinia their new home. In fact, 3,486 former Sardinian residents left against 5,405 "new Sardinians", generating a positive balance of +1,909 units.

SARDINIA - MAIN DEMOGRAPHIC FACTORS

January 2018 - January 2019


residents



NATURAL DECREASE



BIRTHS



DEATHS

REGIONAL BALANCE



from other
REGIONS



to other
REGIONS

FOREIGN BALANCE



from other
NATIONS



to other
NATIONS

OTHER REASONS

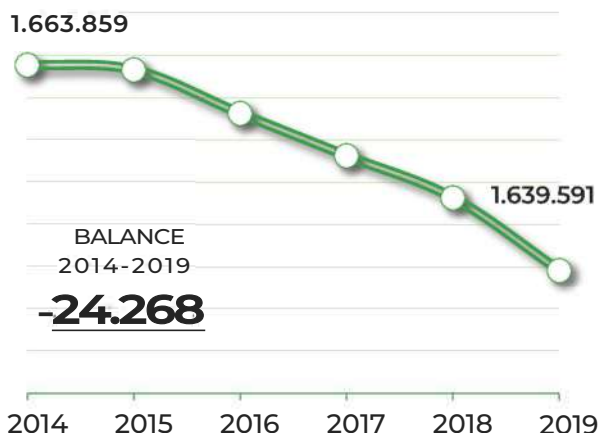


other
REGISTERED



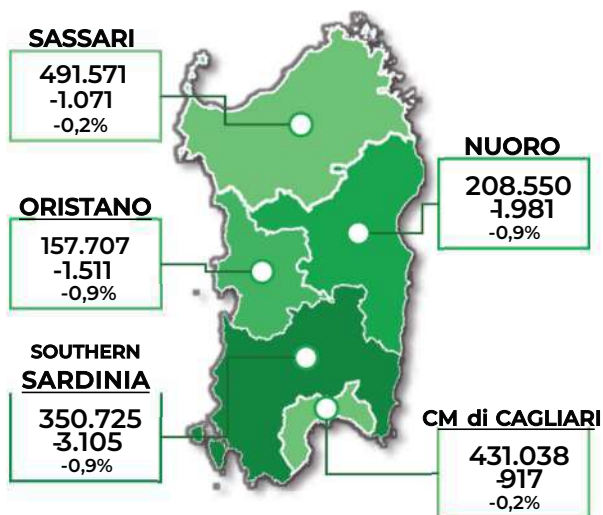
other
ERASED

SARDINIA - POPULATION HISTORY 2014-2019



In 2014, the first year taken into account, 573 residents were removed from the regional Register. From then on, the annual losses were about 5,000 units. During 2018, the region lost over 8,500 inhabitants. Overall, the number of residents decreased by 24,268 units in the last five years, passing from more than 1,660,000 to less than 1,640,000.

The current territorial configuration, summarised in the map, shows a general decline in local population. Percentage changes for the provinces of Oristano, Nuoro and Southern Sardinia, are all equally at -0.9%. Better, though still negative, are the figures regarding the areas of Sassari and the new metropolitan city of Cagliari. One unit out of three was removed from the Register of Southern Sardinia, one in four was removed from the province of Nuoro. Only Cagliari accounts for a loss of less than a thousand residents.

SARDINIA - ANALYSIS BY PROVINCES
January 2018 - January 2019

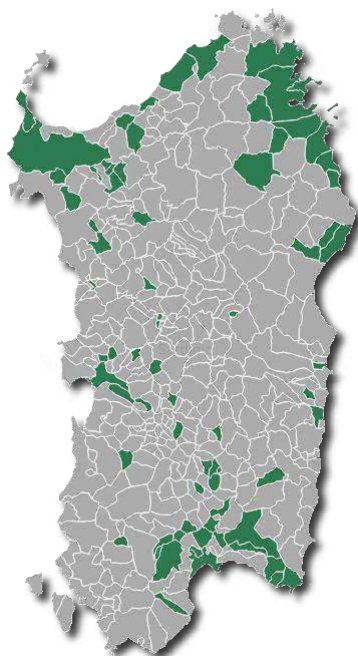
POPULATION DISTRIBUTION

At the beginning of 2019, 310 municipalities experienced a reduction in the number of their fellow citizens, with an overall loss of 10,279 residents. Sardinia has seen its population decline in 8 out of 10 municipalities, a depopulation phenomena of an unprecedented scale. The opposite trend only occurs in 63 municipalities (green areas on the map). First on the list is Olbia (60,731 residents) with an increase of 470 residents (+ 0.8%), followed by Cagliari with 161 more residents than the previous year, and by Sassari with 101 more residents.

SARDINIA - ANALYSIS BY MUNICIPALITY

January 2018 - January 2019

● POSITIVE VARIATIONS ● NEGATIVE VARIATIONS



DEMOGRAPHIC CURIOSITIES - 2019

January 2018 - January 2019



THE LARGEST MUNICIPALITIES

MUNICIPALITY	POPULATION	VARIATION %



THE SMALLEST MUNICIPALITIES

MUNICIPALITY	POPULATION	VARIATION %



HIGHER INCREASE MUNICIPALITIES

MUNICIPALITY	INCREASE	VARIATION %



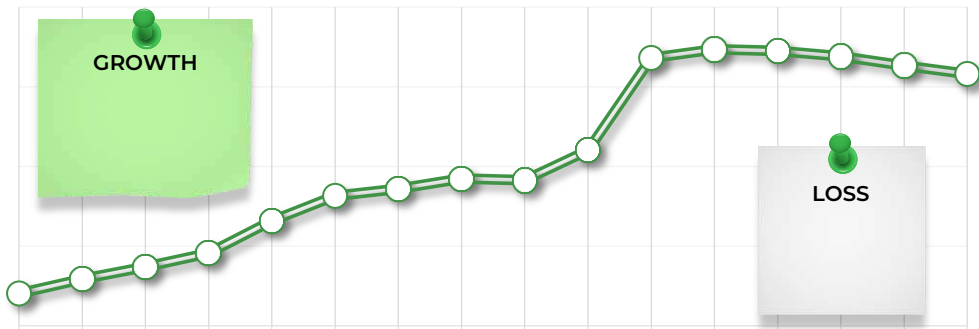
HIGHER DECREASE MUNICIPALITIES

MUNICIPALITY	DECREASE	VARIATION %

DEMOGRAPHY OF NORTH SARDINIA

North Sardinia recorded a reduction of its population for the fourth consecutive year. Between January 2018 and January 2019 there was a loss of 1,071 residents: surely a slowing trend when compared to the previous year (-1,146) but still noticeably high when compared to the figures of 2015 (-194) and 2016 (-683). The negative trend of recent years clashes with the growth that prevailed in the first decade of the 2000s.

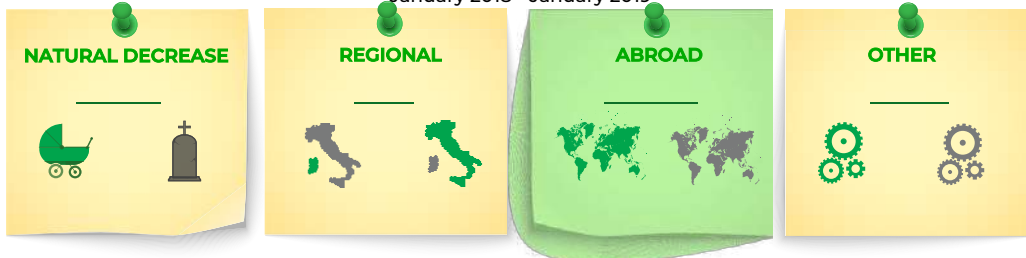
NORTH SARDINIA - TIME SERIES 2004-2019



Three out of four demographic variables confirm that the upward trend experienced by local demography has now ended. The main factor of such negative performance remains the natural decrease between births and deaths (-1,766). Alike the regional analysis, residents moving from other countries are the only strong opposition to the depopulation of the territory.

NORTH SARDINIA - MAIN VARIABLES

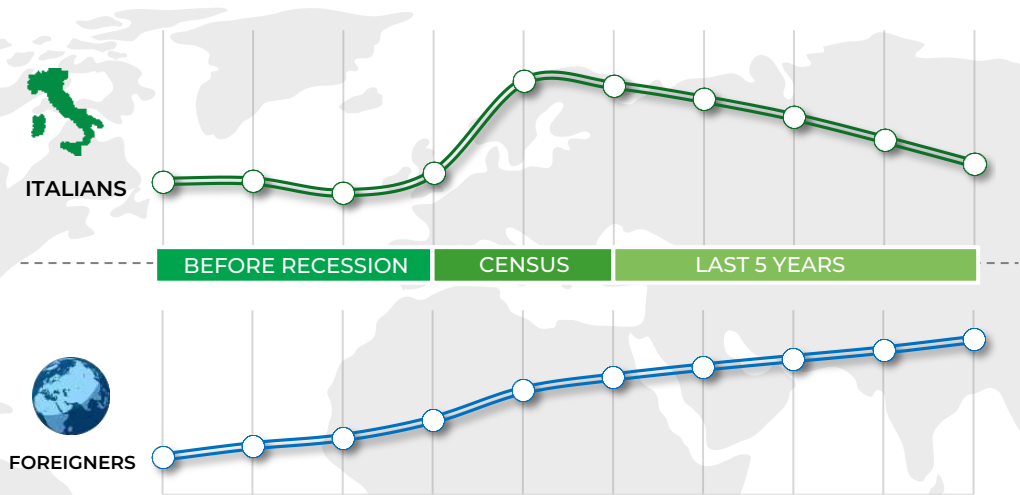
January 2018 - January 2019



ITALIANS AND FOREIGN RESIDENTS

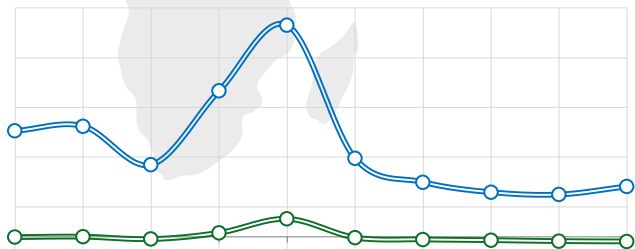
Trends indicate that the reduction in the overall numbers is exclusively attributable to the Italian component of the population, which has been gradually slowing down since 2015. The trend for foreign residents goes on the opposite direction and remains constantly on the rise, despite having slowed compared to the beginning of the decade. Nevertheless, the numbers of foreigner residents (5% of the total) are still too low to influence the final result.

NORTH SARDINIA - DEMOGRAPHIC DEVELOPMENT - ITALIANS AND FOREIGNERS



ITALIANS AND FOREIGNERS GROWTH RATE

Compared to the previous year, the rate of foreigners remains solidly above zero, in particular last year which went above 5% mark. It keeps raising concerns the slightly but steady decline of the Italian national population.



06

TOURIST FLOW



Sources:

Sardegna Statistiche, Port Authorities, Assaeroporti,
Bank of Italy, Osservatorio.sardegnaturismo



In 2019 the island still confirms the growth trend experienced by the hospitality sector in recent years. The number of accommodation facilities doubles in 2018 due to the consistent growth in non-hotel accommodations. This phenomenon has given home owners the possibility to create an extra income through their properties. Possibility which is now regulated by a law issued in 2017. The fairly recent legislation (regarding the "short let" of private accommodation) has overseen in just one year, an increment of private accommodation from 1,000 to over 6,000 units, almost exclusively intended for the tourism industry. Based on arrivals, Northern Sardinia confirms itself as the island's main attraction for foreigners.

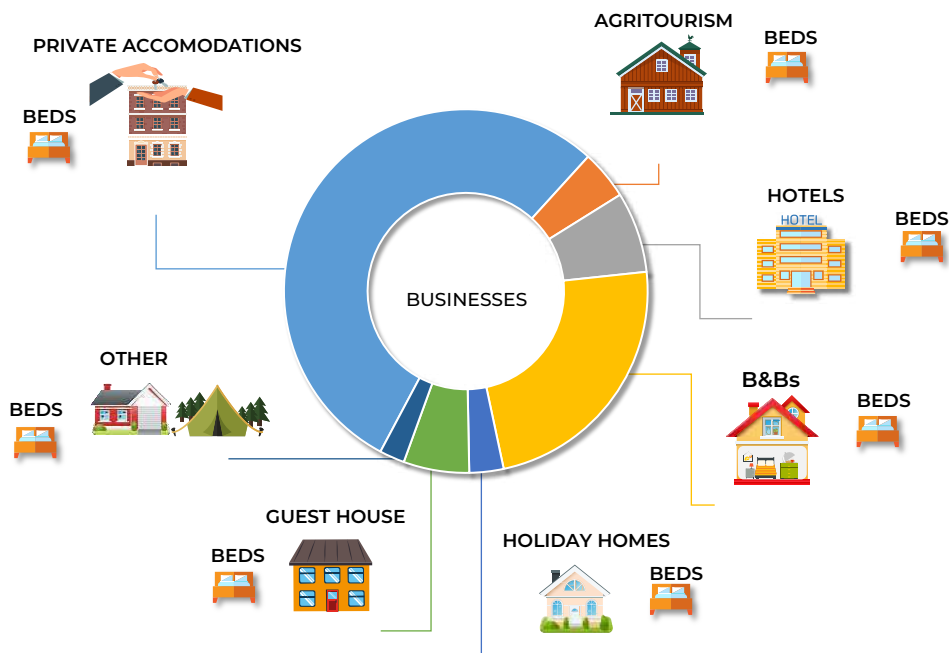


TOURIST FLOW

ACCOMMODATION FACILITIES OF SARDINIA

The data published by the *Osservatorio del Turismo della Regione Sardegna* shows some important changes. A recent tax law aiming at reorganise the different categories of accommodation facilities, has focused in particular on private homes. Since private accommodations began to be accounted among hospitality structures, the overall number of facilities has nearly doubled compared to 2018. Indeed, there are currently over 12 thousand facilities ready to host tourists from all over the world (compared to the 6.525 units of the previous year).

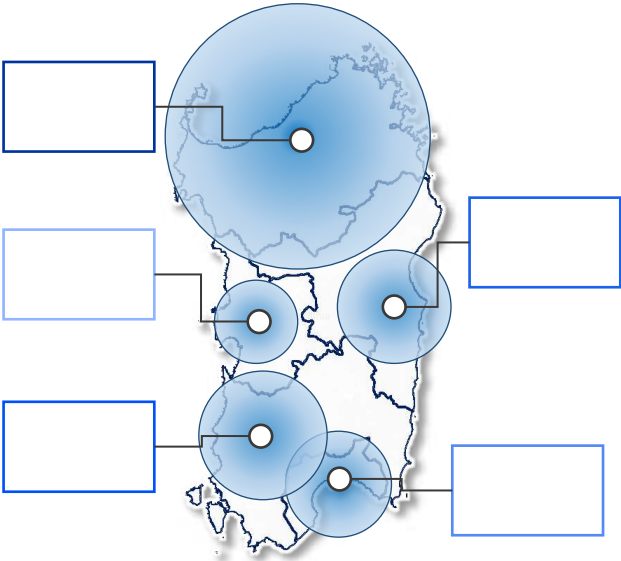
SARDINIA - TYPES OF ACCOMMODATION FACILITIES
STRUCTURES AND NUMBER OF BEDS



including 81 residences

TOURIST
FLOW



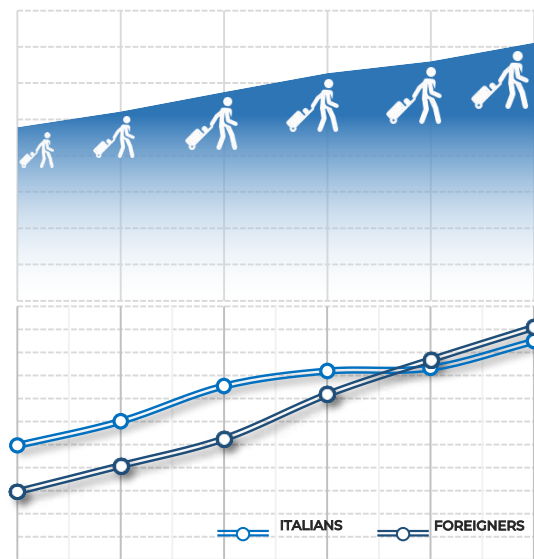


ARRIVALS AND STAYS

The number of tourists staying in Sardinia's accommodations grew also in 2019. In the last 5 years, arrivals have grown from about 2.4million to over 3.5million, an increase of around 50%. If the reason for this trend could have previously been attributed to the political instability of its Mediterranean competitors, the last few years has confirmed that such figures were due to the attractiveness of our territory. The growth in the number of visitors was achieved by the increasing numbers of foreign travelers which, for the second consecutive year, have surpassed the Italian ones.

SARDINIA - ARRIVALS DEVELOPMENT



ITALIAN - REGION OF ORIGIN

ORIGIN	STAYINGS 2019	VAR %
SARDINIA		
LOMBARDY		
LAZIO		
PIEDMONT		
EMILIA-ROMAGNA		
TUSCANY		
VENETO		
CAMPANIA		
LIGURIA		
APULIA		

TOP TEN

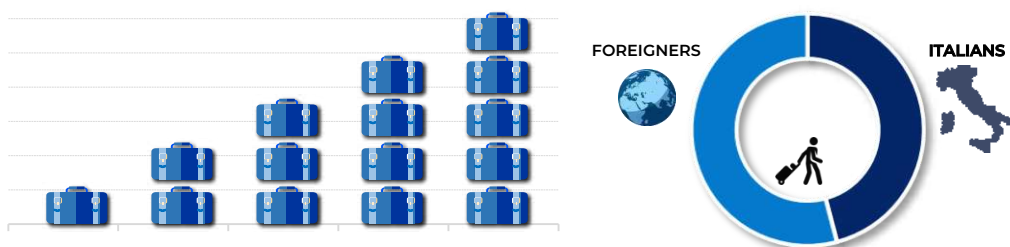
FOREIGNERS - COUNTRY OF ORIGIN

ORIGIN	STAYINGS 2019	VAR %
GERMANY		
FRANCE		
SWITZERLAND		
UK		
NETHERLAND		
SPAIN		
AUSTRIA		
POLAND		
RUSSIA		
BELGIUM		

TOURISTS IN NORTH SARDINIA

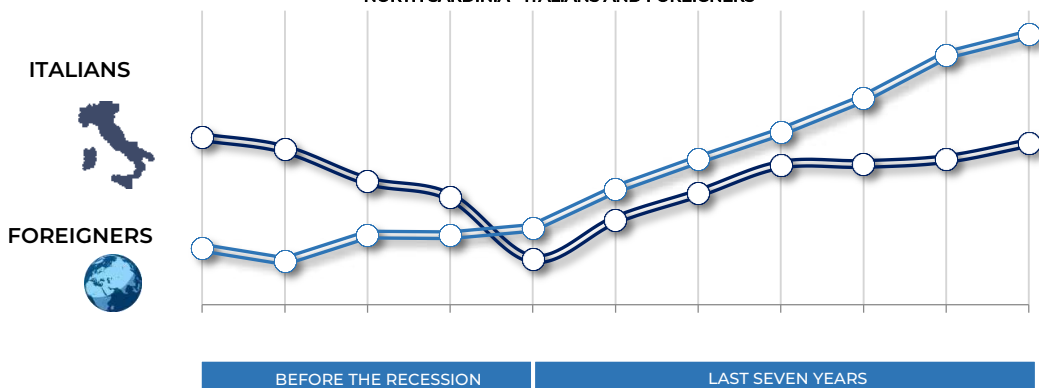
The number of visitors in North Sardinia grew again in 2019. For the first year there were more than 1.7million stays, about 88 thousand more than in 2018. Almost 50% of the total arrivals visited North Sardinia, with an average stay of 4.8 nights, slightly higher than the regional average set at 4.5. Similarly to the regional trend, more foreign travelers than national have visited the North, accounting for 53% of all visitors in 2019.

NORTH SARDINIA - DEVELOPMENT OF ARRIVALS AND ORIGIN



The number of Italian tourists declined during the early years of the recession but since 2013 the number of travelers from Italy started to grow again. Foreign travelers instead, grew constantly: between 2009 and 2019 they more than doubled, growing from 485,000 to over 900,000 (see graph).

NORTH SARDINIA - ITALIANS AND FOREIGNERS



HOSPITALITY OFFER

43% of Sardinia's accommodation facilities are located in North Sardinia. In 2019 their number increased by 85 percentage points, compared to the previous year. This acceleration in growth is mainly attributable to other accommodations facilities such as B&Bs and private lodging. Hospitality has recorded a good performance also in terms of incoming tourists. Sardinia attracts more and more tourists both from Italy and other countries.

NORTH SARDINIA - TYPES OF ACCOMMODATION FACILITIES - 2019

HOTEL FACILITIES

HOTELS - RESORTS - VILLAGE PARKS



ARRIVALS

ITALIANS



OTHER FACILITIES

CAMPINGS - GUEST HOUSES - AGRITOURISM



ARRIVALS

ITALIANS



HOLIDAY HOMES - B&Bs - BOAT AND BREAKFAST



ARRIVALS

ITALIANS



ITALIANS - REGION OF ORIGIN

(TOP 5)

FOREIGNERS - COUNTRY OF ORIGIN

	Origin	Arrivals 2019	VAR %
	SARDINIA		
	LOMBARDY		
	LAZIO		
	PIEDMONT		
	EMILIA-ROMAGNA		

	Origin	Arrivals 2019	VAR %
	GERMANY		
	FRANCE		
	UK		
	SWITZERLAND		
	NETHERLANDS		



07

ENERGY AND ENVIRONMENT



Sources:
TERNA, GSE, ISPRA

Energy production and consumption, waste sorting and recycling





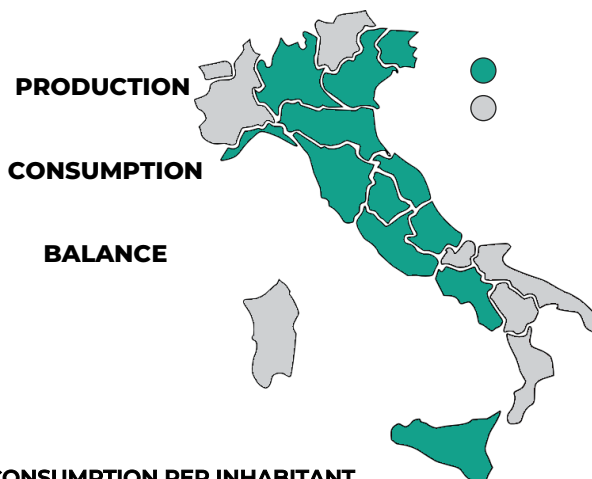
ENERGY AND ENVIRONMENT

ENERGY PRODUCERS AND CONSUMERS

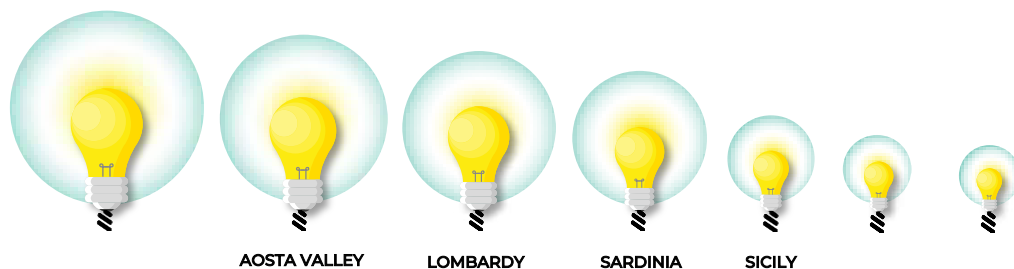
In 2018, electricity consumption in Italy was around 303 billion kWh, with an increase of 0.5% compared to the previous year. 86.3% of the energy demand was met by national production for a value of approximately 280 TWh, -1.9% when compared to 2017, net of ancillary services and pumping. In order to provide enough electricity to satisfy the national needs, it was necessary to import energy from abroad for roughly 43.9 billion kWh - a sharp increase compared to the previous year.

ITALY - ENERGY BALANCE - PRODUCTION AND CONSUMPTION

The regional energy balance, summarised in the map, highlights the existence of 8 regions that record an energy surplus (positive balance between energy production and internal consumption), and another 12 that are forced to use energy produced by other regions or imported from abroad, in order to meet regional needs. In 2018, Sardinia produced an energy surplus of about 4 thousand GWh, generated by the balance between a net production of 12,400 GWh and a consumption of about 8,400 GWh.



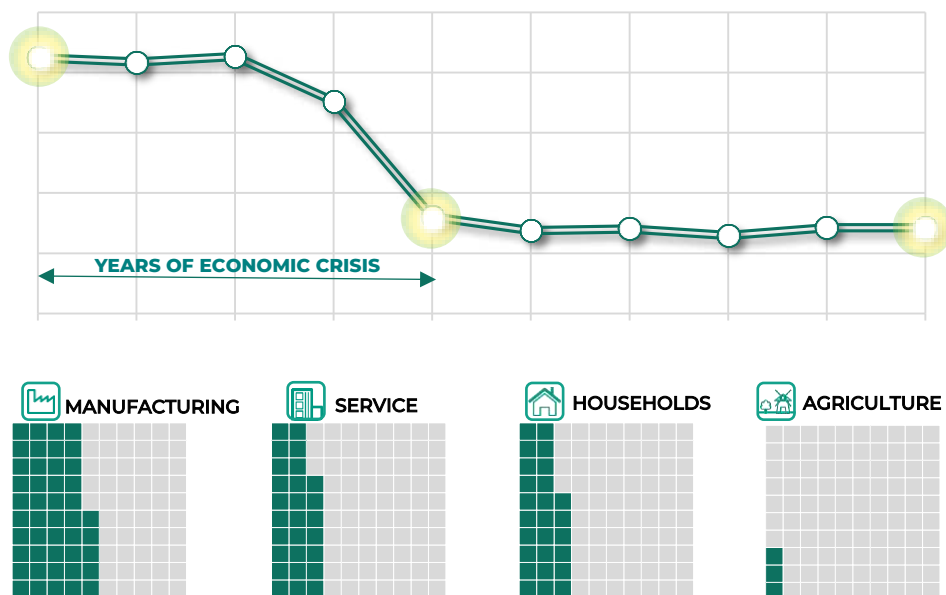
REGIONAL ENERGY CONSUMPTION PER INHABITANT (kWh/inhabitant)



ELECTRICAL POWER CONSUMPTION

According to the latest available data, in 2018 Sardinia's electrical power consumption was of 8.425 GWh, consistent with the previous year. In the short run the share of energy consumed in the island is well above 8 thousand GWh, far from the 11 thousand GWh recorded before the crisis. Data from last year revealed that energy consumption remains stable in households (+ 0.3%) and is constantly growing in the manufacturing industry (+ 1.1%), while service (-1.7%) and agriculture (-4.2%) industries are experiencing a reduction. From 2009 to 2013 the energy consumption has decreased by 23.5%. Despite the lower number of residents and active businesses in the island, energy consumption has remained more or less stable for the last 5 years, with a slight growth recorded in 2017.

SARDINIA - ELECTRICAL POWER CONSUMPTION

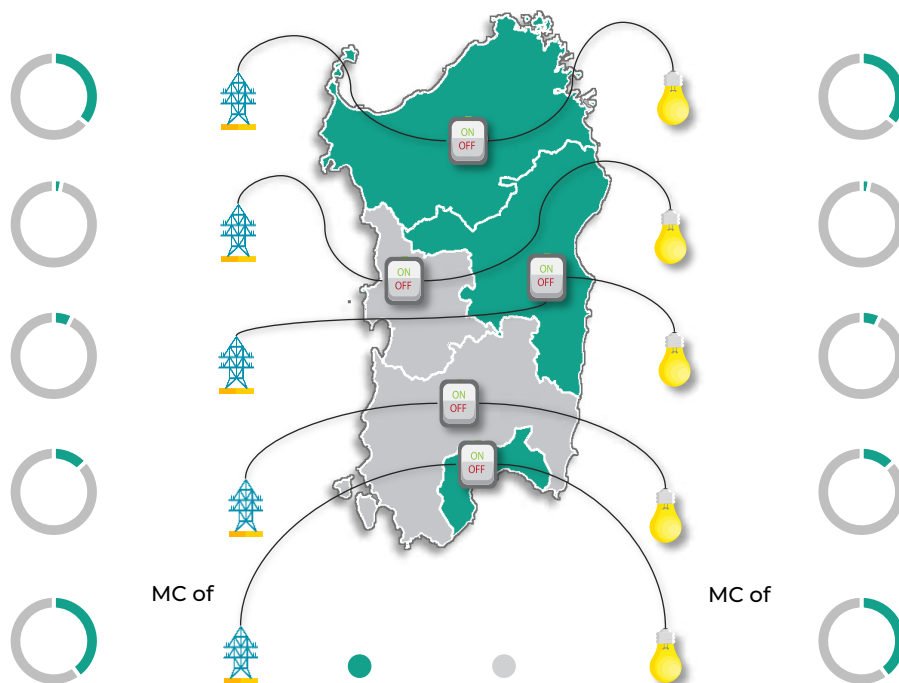


ENERGY BALANCE IN SARDINIA'S PROVINCES

The metropolitan city of Cagliari and the province of Sassari produce together over 2/3 of Sardinia's energy. Two of the most important power plants of the island are in fact situated in their territory. The lower concentration of energy consumption is inevitably linked to the distribution of people and businesses within the territory. Most of the energy surplus (just under 4 thousand GWh) is produced in North Sardinia (65%), while the rest comes almost entirely from the metropolitan area. On an opposite trend, the provinces of Oristano and South Sardinia show a slight energy deficit.

SARDINIA - 2018 ENERGY BALANCE IN THE PROVINCES

GWh - % over the regional total - variation 2017/2018



RENEWABLE SOURCES

The energy generated from renewable sources in 2018 in Sardinia represents 28% of the total production of the island, slightly less than the previous year. Analyzing each source separately, the hydroelectric sector is the only one that experienced proper growth - an increase of 419.3 GWh, + 67.7% compared to the previous year - followed by wind energy (+0.9%) which reaches 1,670 GWh (about half of the total renewable energy produced in the island). Photovoltaic and bioenergy, on the contrary, are losing respectively -10.1% and -24.8%. Production is on the rise in North Sardinia which is now recognized as the most active geographical area in terms of renewable energy. In fact, in 2018, renewable sources of North Sardinia represented 34% of the total energy consumption of the region.

RENEWABLE SOURCES

GWh - variation 2017/2018



WIND



PHOTOVOLTAIC



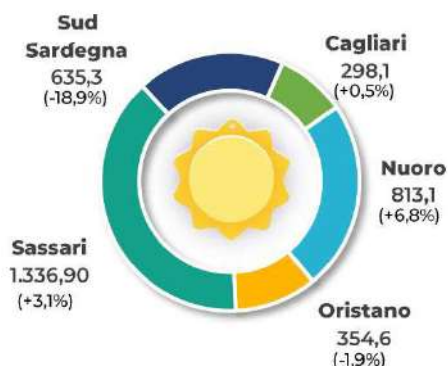
BIOENERGY



HYDROELECTRIC

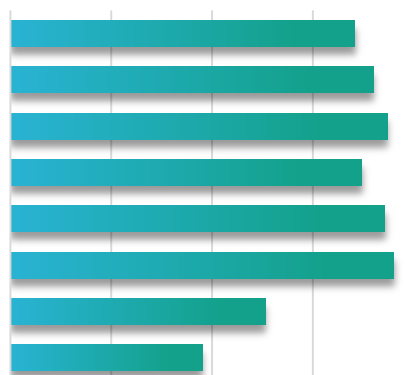
RENEWABLE SOURCES

GWh - variation 2017/2018



ENERGY CONSUMPTION - RENEWABLE SOURCES

% value over the total energy consumption



WASTE AND RECYCLING

According to the figures published by ISPRA, relating to the quality of urban waste produced in 2018, Sardinia recorded a 3.7% growth compared to the previous year, with a total weight of 750 thousand tons of waste. Figures regarding recycling show better management compared to 2017, with a rise from 63% to 67% of the total waste.

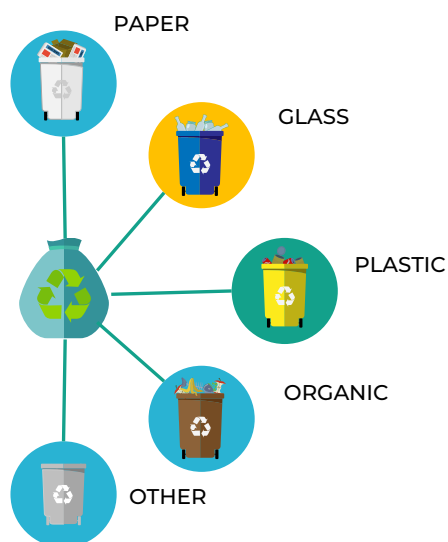
The highest waste production per capita is recorded in the province of Sassari, with 530 kilograms per inhabitant, an increase of about 20 kilos compared to 2017. The regional average is 461 kilos per inhabitant, an increase of over 22 kilos compared to the previous year.

URBAN WASTE PRODUCTION PER CAPITA AND RECYCLING - 2018

Kg/inhabitant per year



RECYCLING BY TYPE - 2018



The average costs of managing municipal waste collection in Sardinia are among the highest in Italy. In 2018, in a sample of 289 out of 377 Sardinian municipalities, each resident spent on average about €194 a year for waste collection, more than the national average of € 175 a year. The average management costs of urban waste in Sardinia is equal to about 42 cents per kilo, clearly higher than the 34 cents paid in the rest of Italy.

08

EDUCATION

Sources:
MIUR, Istat BES2019

Cultural and professional education system, between sustainability and competitiveness.





The progress of the Sardinian education and training system can be defined as fluctuating. If on the one hand the education level of the population aged between 15-19 increases, 0.5% higher than the national average, on the other hand it cannot manage to slow down the dropout rate of + 23%. High schools of Northern Sardinia do not experience such crisis. Technical institutions are preferred by a male audience whilst in the professional schools the equilibrium between genders has been re-established, which was unthinkable until a few years ago. 43% of permanent teachers in Northern Sardinia are over 55 years old and about 1,800 are precarious. More and more students are enrolled in the University of Sassari, almost 13,300, with an increase of about 1,000 students compared to 2013. This year graduates have also increased (2,146) and 65% of them are women.



EDUCATION

EDUCATION IN SARDINIA

In Sardinia, the students enrolled in educational institutions of all levels reached 213,261 on 31 August 2018, approximately 1.5% less than the previous year. The fall in the number of pupils caused a slight reduction of the number of classes (1.755 total), 29 less than in 2017. The average number of pupils per class is never higher than 18.5 and is well below the national average of about 20. On the island, the number of students with foreign citizenship has grown with +80 in the last year. Slightly exceeding 5,736 students, they represent about 2.7% of the entire Sardinian student population.

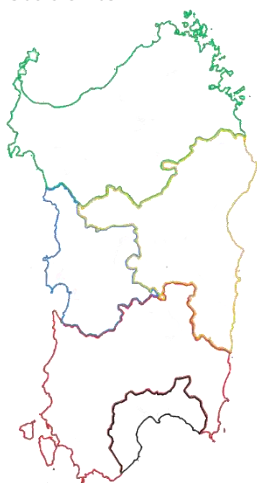
SARDINIA - EDUCATION IN NUMBERS 2018

Number of students and % over the total

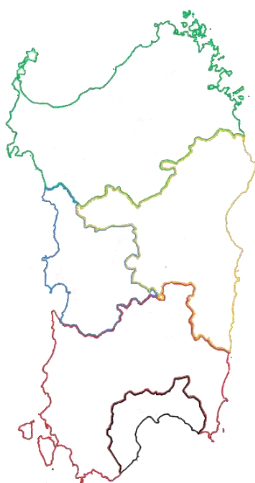


distribution on the territory

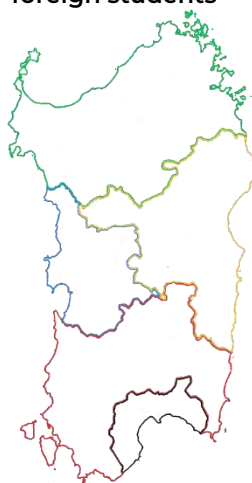
students



classes



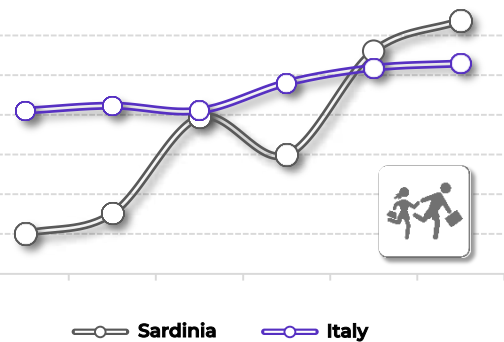
foreign students



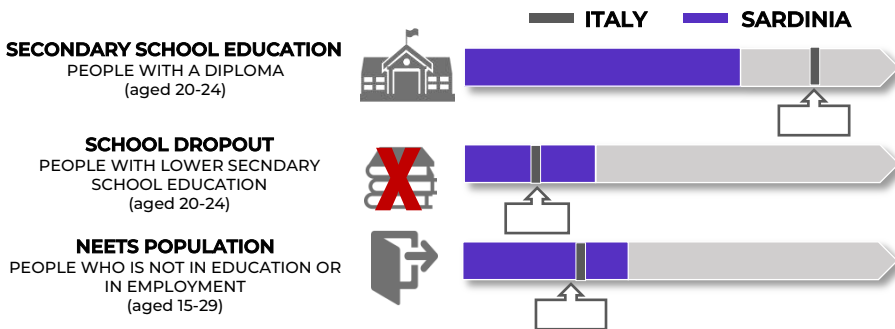
THE RIGHT TO EDUCATION

In Sardinia, the number of young people with at least a lower secondary school diploma is growing, well above the national average since 2016 and the third best result in Italy in 2018. On another trend, a prompt structural intervention appears urgently needed to stop the phenomenon of early school leaving (23%), 8.5 % higher than the national average. Also, the share of NEETs is very high (27.7%), which exceeds the national figure by about 4.3%.

EDUCATION DYNAMICS
POPULATION AGED 15-18



SARDINIA - LEVEL OF EDUCATION SCHOOL YEAR 2017/2018



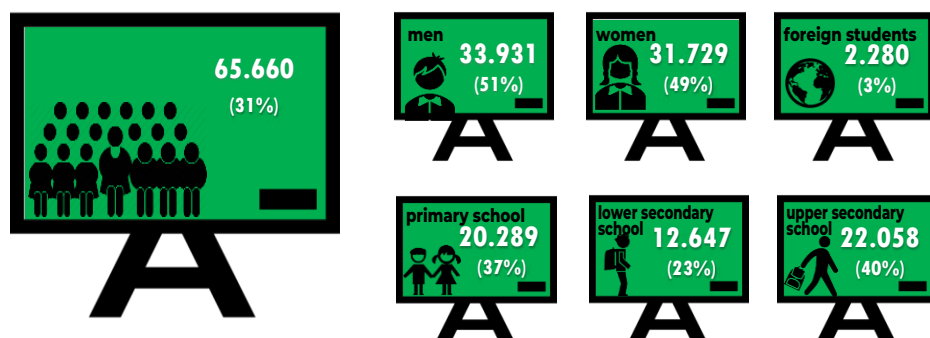
The “brain-drain” suffered by the territory appears evident: 8,000 were the residents with at least a degree who left the island in 2018. This year, the number of students who reach a high school qualification are increasing (+14,000), whilst the number of residents with professional qualifications decreases.



SCHOOL IN NORTH SARDINIA

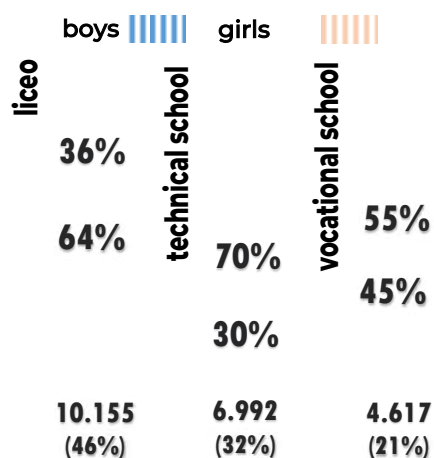
North Sardinia accounts for 31% of the total number of students on the island, namely 65,660 people. There number of students is equally distributed among genders, and foreigner students represent 3% of the provincial student population. If we were to exclude the 10,666 children enrolled in kindergartens, 40% of the overall students of North Sardinia would be attending high school, 23% middle school, and the remaining 37% primary school, which holds the island's record by number with 22,289 students.

NORTH SARDINIA - STUDENTS S.Y. 2017/2018



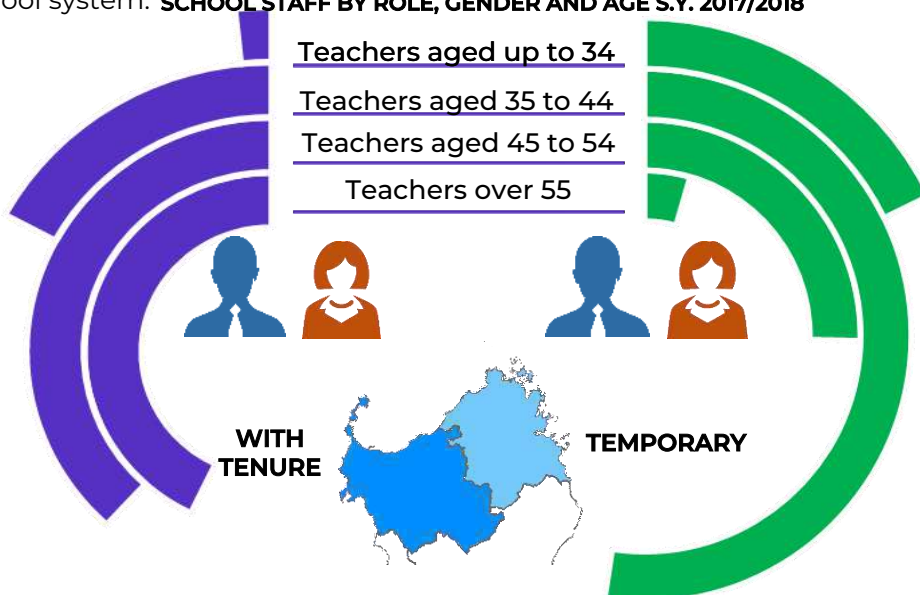
UPPER SECONDARY SCHOOL - PUPILS BY CURRICULUM AND GENDER

The upper secondary school system offers 10 courses of study to young people from North Sardinia. Although from 2016 to 2018 about 10 classes (-284 pupils) were "lost", this reduction did not involve upper secondary students (+5), but instead it involved the technical (-145) and vocational (-144) institutions equally. The gender division confirms that female prefer the italian *liceo* (67%) and male prefer technical schools (70%), nevertheless the female presence in vocational schools has been re-established, going from 9% in 2016 to 45% two years later.



SCHOOL STAFF

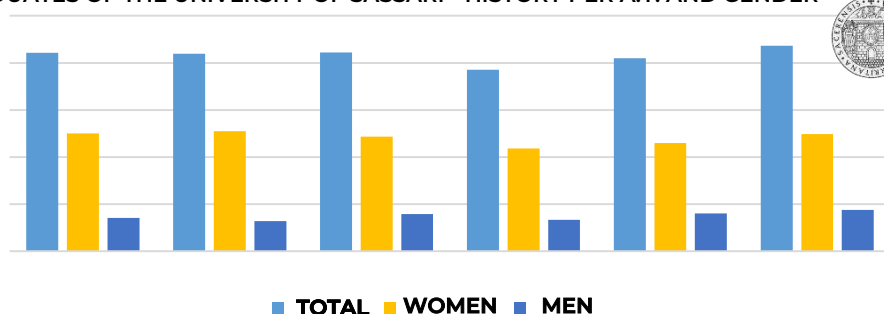
Italian public school teachers are among the oldest in Europe. In North Sardinia, between 2017 to 2018, the teachers employed under the MIUR scheme were 8,292, and whilst 6,477 of them were professors the other 1,815 were substitutes. Of the approximately 6,500 teachers "with tenure", almost 50% are over 54 years old and only 2% are under 34. Whilst the distribution of the alternate teachers appears to be completely reversed. A gender analysis shows there is a clear female (6,550) predominance in the field, accounting for 79% of teachers when compared to males (1,742). The need for support teachers appears to be always on the rise, reaching a total of 763 in the school year mentioned, and 53 of them are still employed without permanent (or with indefinite) contracts. The ATA (administrative, technical and auxiliary) staff, with its 2,077 collaborators, provides fundamental support to teachers and helps to ensure the proper functioning of the local school system. **SCHOOL STAFF BY ROLE, GENDER AND AGE S.Y. 2017/2018**



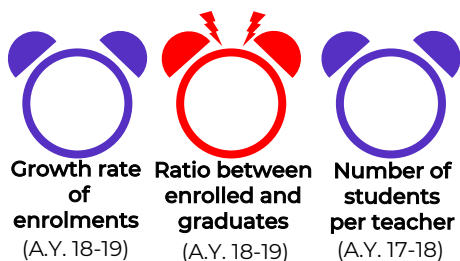
THE UNIVERSITY OF SASSARI

The number of people who graduate from the University of Sassari is always increasing, and in the last six years it grew from 2,085 to 2,146. Comparing students by gender, there are twice as many female graduates than male ones. Also, the number of newly enrolled students (13,295) is constantly increasing, with the best result ever and a positive balance of about 1,000 when compared to 2016. On the other hand, the different pace of the Sardinian universities in «churning out» graduates is quite concerning. In 2018, in both Sassari and Cagliari there were 15 graduates for every 1000 enrolled, less than the national average of 19. This figure becomes troubling if we consider that there is an average of 16.35 students for every university teacher (802 in total), compared to the Italian average of 17.58. Among all higher education institutions, Sassari boasts the presence of the prestigious «Sironi's» Academy of Fine Arts, which with its 560 students remains a unique presence in Sardinia.

GRADUATES OF THE UNIVERSITY OF SASSARI - HISTORY PER A.Y. AND GENDER



INDICATORS OF THE UNIVERSITY OF SASSARI



ACADEMY OF FINE ARTS OF SASSARI (A.Y. 2018/2019)



ENROLLED

GRADUATES

MATRICULATED



09

CULTURAL HERITAGE



Sources:

ISTAT, MIBACT, INFOCAMERE, MINISTERO
DELL'AMBIENTE, ISPRA, RAS - SARDEGNA AMBIENTE.

Unique places, culture and traditions of a timeless land





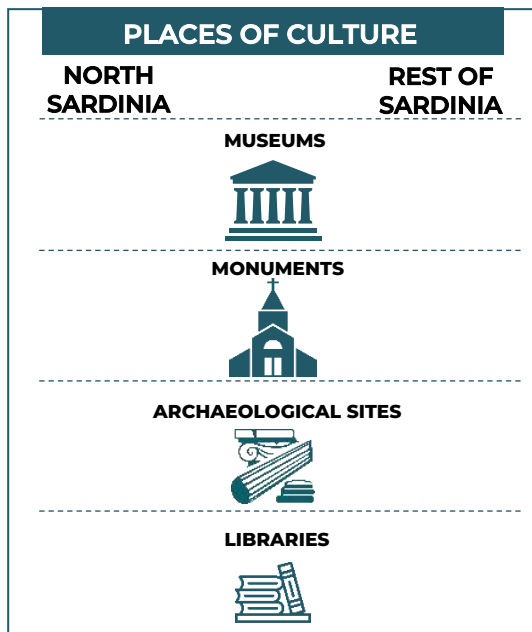
About 30% of all places representing Sardinian culture (more than 1,700 in total) are located in North Sardinia. In 2018, the attractiveness of the state-run cultural resources decreased slightly compared to the previous year, bringing the number of visitors to just over half a million and earnings for about €1.55million. The demand for cultural entertainment, which saw sporting events, cinema and archaeology among its main attractions, has also slowed down, presenting a balance not exceeding €10million. The environmental heritage is rich in biodiversity and represents a precious ecosystem which needs to be protected. Among the creative enterprises of Northern Sardinia, the cultural industry represents about 58% of all companies in the sector.



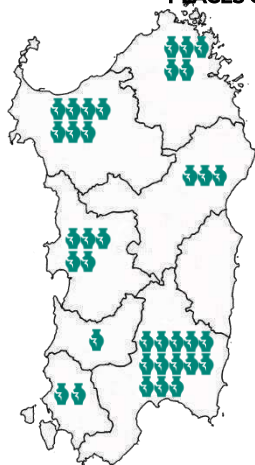
CULTURAL HERITAGE

CULTURAL RESOURCES

As of 2019, there are 1,706 places of cultural importance in Sardinia. Among them there are 731 monuments, 53 archaeological areas, 258 museums, and over 664 libraries and archives. About one third of these resources (29.66%), amounting to 506, can be found in the Province of Sassari. Of these, the sites with a higher incidence at the regional level are monuments (234), museums (79), and libraries (183). Of the 10 archaeological areas, belonging mainly to the Nuragic age, 8 can be found in the area of Sassari. These are located precisely in the municipalities of Alghero, Porto Torres, Burgos, Villanova Monteleone and 2 in Gallura (Buddusò to be exact).



PLACES OF CULTURE MANAGED BY MIBACT* IN SARDINIA IN 2019



In Sardinia there are 36 cultural places which are managed directly by the Ministry of Cultural Heritage, Activities and Tourism, and 8 of these are museums and galleries with paid entry. Of these, 12 can be found in North Sardinia, 7 in the area of Sassari (including the pre-Nuragic altar of *Monte d'Accoddi*) and 5 in Gallura (including the Garibaldi Memorial Museum). There is also a good number of sites in the area of Oristano, such as the archaeological area of *Tharros* and *Cabras*.

*Italian Ministry of Cultural Heritage, Activities, and Tourism

VISITORS AND REVENUE IN SARDINIA

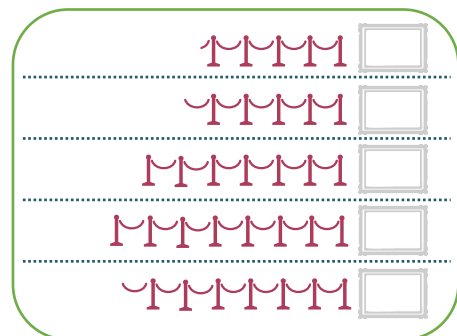
In 2018, according to what MIBACT communicated regarding the number of visitors in museums, state galleries, archaeological areas and monuments, Italy earned €55million, with an increase of + 9.9% of sold tickets compared to the previous year. The contribution of Sardinia to this context is minimal with about 0.91% and the island finds itself in sixth-to-last position for number of visitors (just over 500thousand). To make matters worse, in 2018 there was a 9.54% decrease in the number of visitors, with 53,133 fewer entries.

NUMBER OF VISITORS IN MIBACT SITES OF SARDINIA

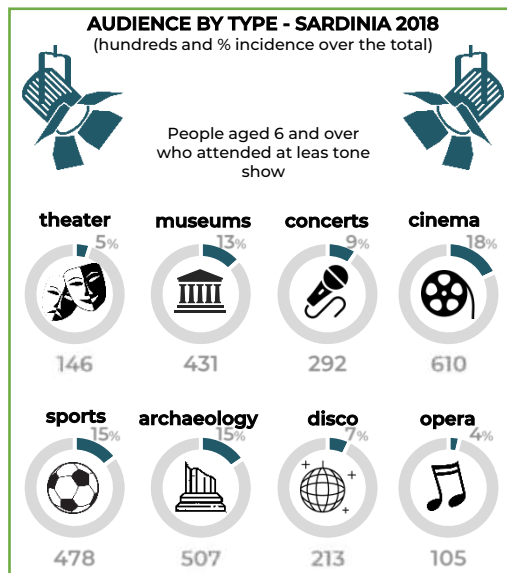


In 2018, the cultural revenue in Sardinia amounted to €1,569million, experiencing a slight decrease (€40thousand less) compared to the previous year. In complete contrast with the Italian growth trend, which experienced a rise of 18.42% in a single year (+€35million). Such positive performance brings the cultural system closer to the threshold of €230million, confirming the ongoing strong attractiveness of Italian cultural sites.

REVENUE OF MIBACT SITES
millions of



CULTURAL DEMAND IN SARDINIA

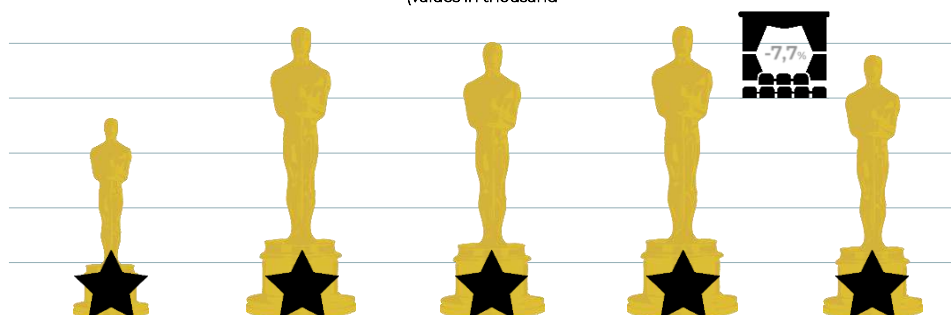


In 2018, paid cultural events in Sardinia recorded almost 2.8 million spectators. Cinemas, archaeological sites and sporting events found themselves on the podium, reaching 58% of the total entertainment offered on the island. Theatre appear to be quite alive, with the opera being seasonal in North Sardinia, whilst in the Cagliari area is always ongoing and managed by a foundation. Though it has been the time for young people and the entertainment dedicated to them. In fact, in 2018 213,000 people danced late into the night.

Overall, in 2018 almost €10million were spent in Sardinia to attend theatrical activities and musical performances. A figure that appears to be down by 7.7% compared to the previous year, but that also appears to be in clear recovery if compared with 2014 (post-crisis period), in which entertainment spending did not exceed 7.5 million.

AUDIENCE EXPENSES FOR THEATER AND MUSIC IN SARDINIA

(values in thousand)



ENVIRONMENTAL HERITAGE

Sardinia it is not just beaches, it is a land full of natural resources. Forests, caves, waterfalls and other areas of natural or historical value make the island one of the most popular destinations in the heart of the Mediterranean area characterized by the presence of 3 National Parks, 4 Regional Natural Parks, 6 Marine Protected Areas, a Cetacean Sanctuary, 2 areas of significant environmental interest

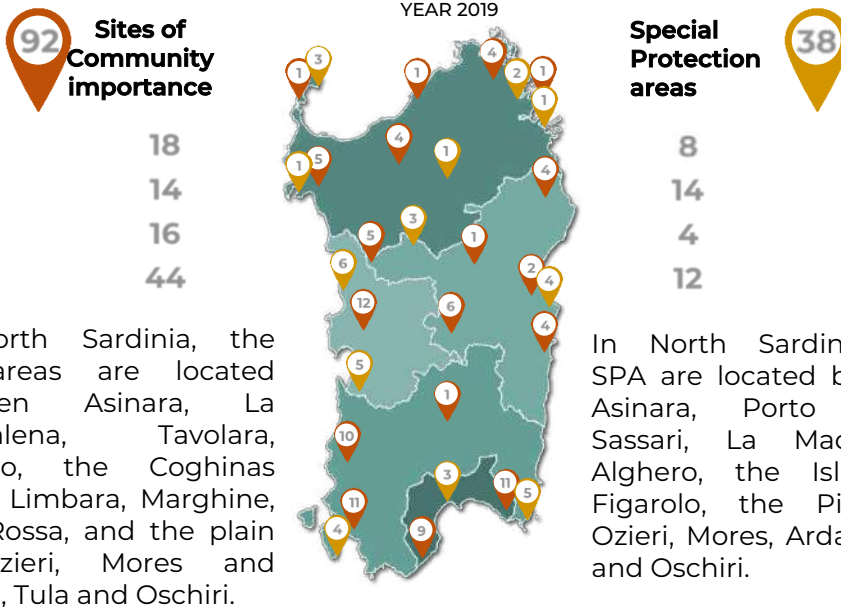
and 8 wetlands. The conservation of biodiversity in the territory is ensured by the EU with the Rete Natura 2000 association, which guarantees the maintenance of threatened and/or rare natural habitats (flora and fauna) in the long term. About 18.9% of the Sardinian territory is subject to this protection for an extension of 454 thousand hectares, almost in line with the national figure of 19.3% which covers over 4 million hectares.

SARDINIA 2019

			
		Covered area in hectares (% of the whole territory)	Covered area in hectares (% of the whole territory)
Sites of Community importance			
Special Protection areas			

BIODIVERSITY IN SARDINIA

YEAR 2019



CREATIVE BUSINESSES

In 2019, as revealed by the data released by Infocamere, in Sardinia there were 745 enterprises that operated in the cultural and creative world, 11% more than in 2017. The analysis indicates positive signs in all and four macro sectors: +13 for the “cultural industries”, +10 for the “creative industries”, +7 for the “performing arts”, and +5 for those used in the enhancement of the “historical artistic heritage”. IT consulting companies and software houses are increasingly growing, and so are architecture and design firms.

CREATIVE BUSINESSES IN NORTH SARDINIA 2019

ACTIVE IN 2019
ACTIVE IN 2017



ARTS



CREATIVE INDUSTRY



CULTURAL INDUSTRY

10

WORK AND EMPLOYMENT



Source:
Labour Force Survey, ISTAT

Positive signals from the job market to support economic development



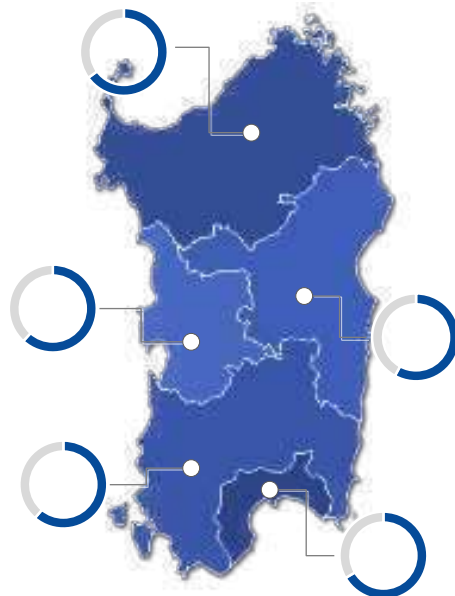


WORK AND EMPLOYMENT

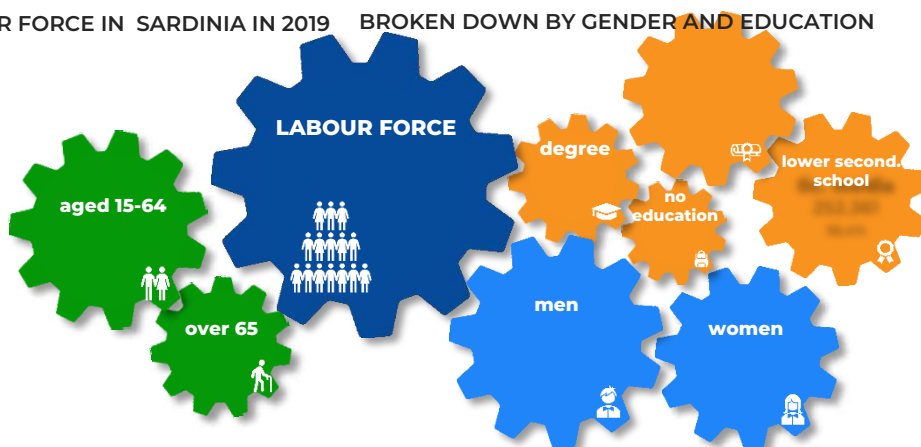
LABOUR FORCE IN SARDINIA

The Italian labour force in 2019 is made up by 26 million people, of which 692.120 are resident in Sardinia. Despite the national downtrend (-0.11% compared to 2018), workforce has increased by 0.63% in the island. Gender balance is improving considerably, with an increment of 30.000 female units compared to 2008. The rate of over 65s who are still in employment or are "not allowed" to retire (2.9%) is consistent with the national figure. Employed people and job seekers are more and more qualified: only 3.4% have a basic level of education. North Sardinia and the Metropolitan City of Cagliari show the highest activity rates of the island, with an average of 63.4.

LABOUR FORCE AND ACTIVITY RATE IN 2019



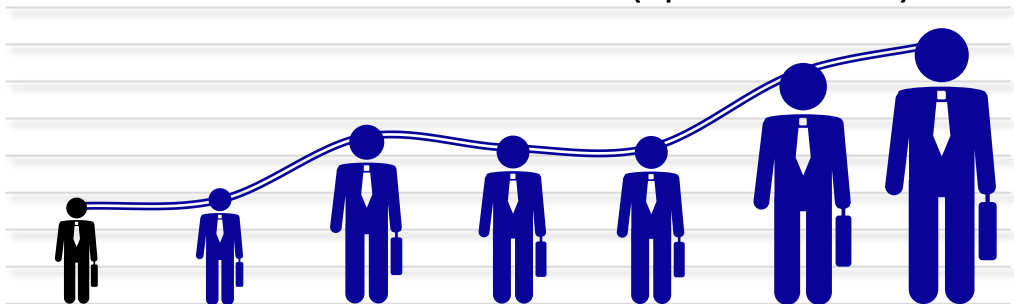
LABOUR FORCE IN SARDINIA IN 2019 BROKEN DOWN BY GENDER AND EDUCATION



JOB MARKET STATISTICS

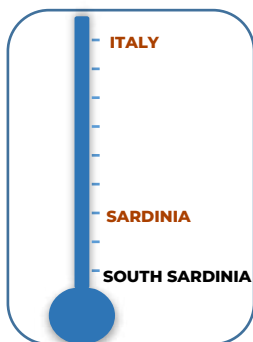
Thanks to the 590.000 employed recorded in 2019 - 8.000 more than the previous year - Sardinia obtains the 5th best result in Italy, after Lombardy, Veneto, Emilia-Romagna and Apulia. In particular, the number of female workers increases by 10.003 units, while the number of male workers decreases by 1.800 units. The ratio between employed people and active population goes up to 53%, +2,1% compared to 2018, still well below the national figure (59%).

EMPLOYED PEOPLE IN SARDINIA 2008 - 2019 (expressed in thousands)

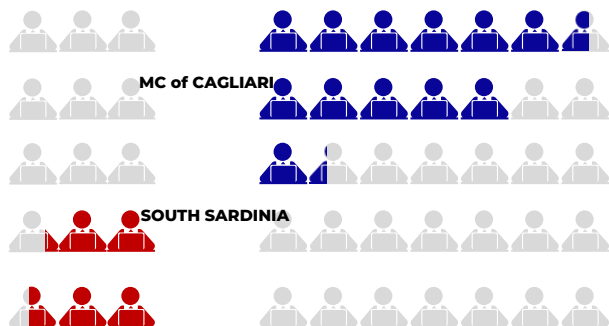


Job market keeps moving in provinces, particularly in North Sardinia, where in 2019 a rise of the number of employed people is observed, with 6.700 more units, reaching 187.437.

EMPLOYMENT RATE



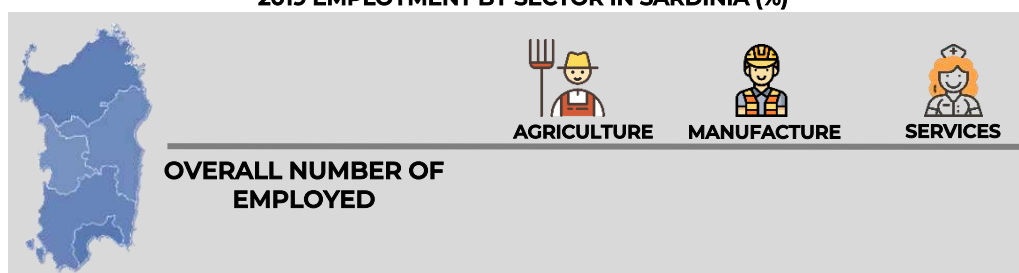
EMPLOYMENT DYNAMICS (



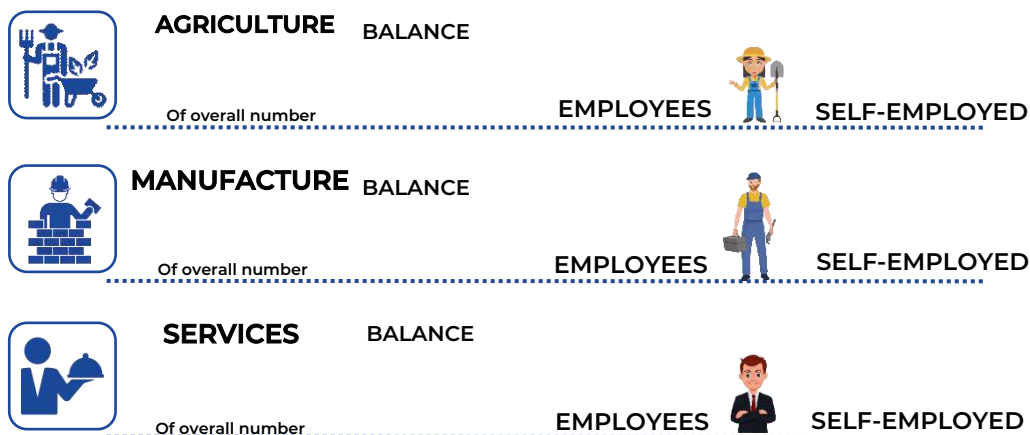
EMPLOYMENT BY SECTOR

In 2019 the number of employed people surpasses 590 thousand (1 out of 3 inhabitants). About 80% of these work in service and 14% in manufacturing industry. With 187.437 workers, North Sardinia represents 31% of the overall regional number. The analysis of employment data broken down by sector shows a high concentration of employed people in the service industry: 154.670 units, namely 82,53% of the overall number recorded in the province - which means nearly 25.000 more units compared to 2017. According to the figures published by Istat, manufacturing and agriculture sectors are experiencing a downturn, losing respectively 2.831 and 3.883 employed. The ratio between employed and self-employed people showed in the province of Sassari (2.65) is better balanced than the ones recorded in the whole island (3.2) and in the Metropolitan City of Cagliari (4.17).

2019 EMPLOYMENT BY SECTOR IN SARDINIA (%)



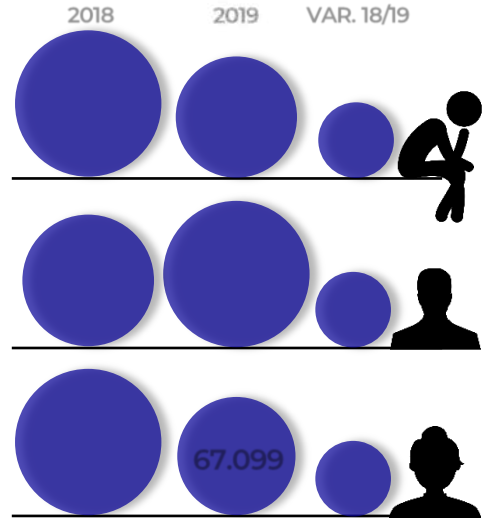
2019 - EMPLOYMENT IN NORTH SARDINIA BY SECTOR AND EMPLOYMENT STATUS



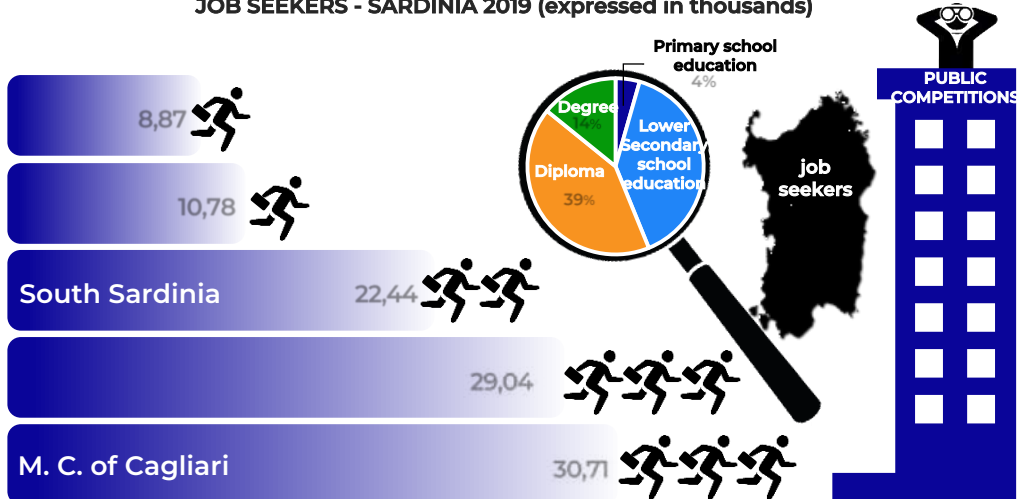
ECONOMICALLY INACTIVE PEOPLE AND JOB SEEKERS

The number of economically inactive people in North Sardinia is constantly decreasing, encouraged by the rise in numbers of employed people. In 2019 the percentage of people who are not in employment or not seeking job has decreased by about 5%. Although 59% of economically inactive people are women, the above mentioned reduction is mainly due to the increased number of women who are employed or searching for a job, whilst the rate of inactive men is on the rise (+3.3%). The overall number of job seekers is going down: 101.000 in 2019, of which 14% have a degree. Figures regarding job seekers are positive in North Sardinia too: 29,047 in 2019, compared to 34,396 in 2017.

ECONOMICALLY INACTIVE PEOPLE IN NORTH SARDINIA



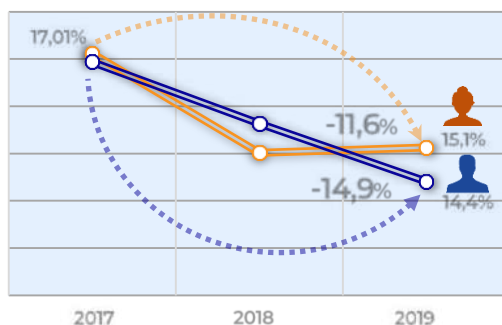
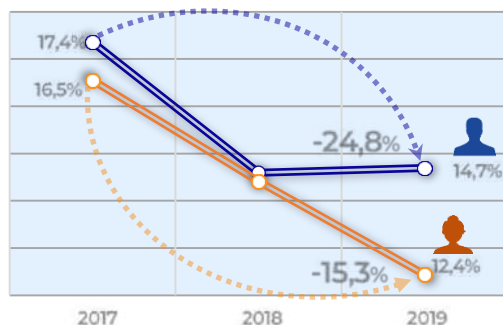
JOB SEEKERS - SARDINIA 2019 (expressed in thousands)



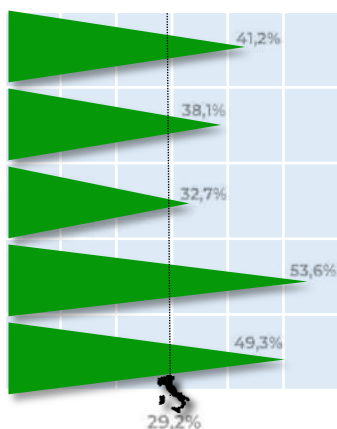
UNEMPLOYMENT AND NEETs

According to the Labour Force Survey conducted by the Italian Institute for Statistics (Istat), in 2019 unemployment rate (among people aged 15-64) was at a rate of 14.7% in Sardinia, whilst in North Sardinia it was at 13.4%. Figures from the last two years are certainly promising. In the area of Sassari, unemployment has decreased among both the female (24.8%) and the male (15.3%) work forces. Youth unemployment rate is still very high in the island, confirming that young people in Sardinia struggle to enter the world of work.

UNEMPLOYMENT RATE VARIATION 2017-2019
NORTH SARDINIA SARDINIA

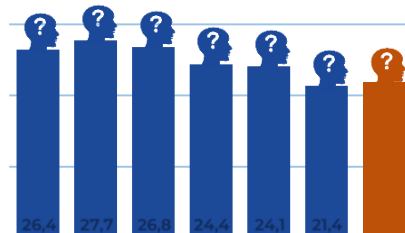


YOUTH UNEMPLOYMENT RATE - 2019



NEET RATE VARIATION 2019

In Sardinia, the number of "NEETs", young people aged between 18 and 24 who are not in education, employment or training, is once again on the rise.



11

THE
PROPERTY
MARKET

Sources:
MEF (Italian Ministry of Economy and Finance), Agenzia delle Entrate,
CRIF

Residential estate market, market economy and credit situation in Sardinia





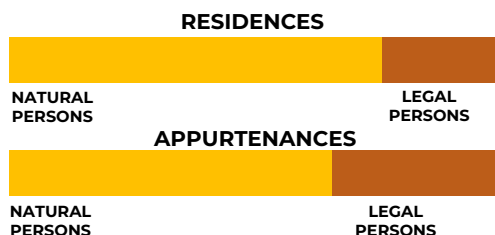
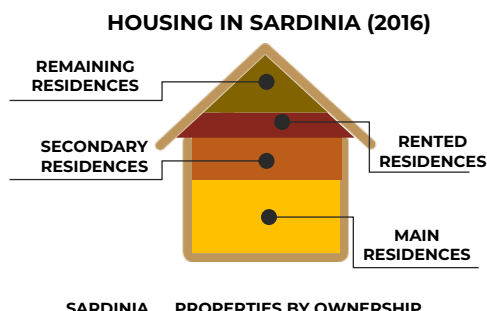
PROPERTY MARKET

SARDINIA'S HOUSING STOCK

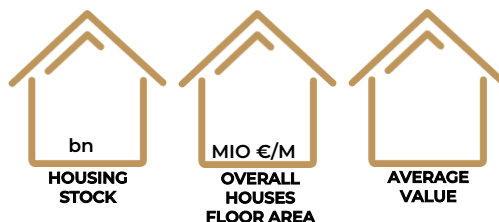
According to the figures published by the OMI (Osservatorio Mobiliare Italiano), the overall estimated gross floor area of Sardinia's houses is 128.5 million m², for an average floor area of 126.4 m², namely 77.7 m² per inhabitant. With regards to properties owned by natural persons, 66.3% are primary residences, 18.2% secondary houses, while 4.2% are rented houses. The average price of a main home in Sardinia is €173k, about €12.000 less than the national average price, while second homes cost on average €143k, being nearly €30.000 more expensive than in the rest of Italy.

CADASTRAL INCOME OF HOUSING STOCK (€) (YEAR 2019)

PROPERTIES	NUMBER OF RESIDENCES	AVERAGE CADASTRAL INCOME
MAIN RESIDENCES		
SECONDARY RESIDENCES		
RENTED HOMES		
OTHER USES		
NOT SPECIFIED USE		
FREE USE		



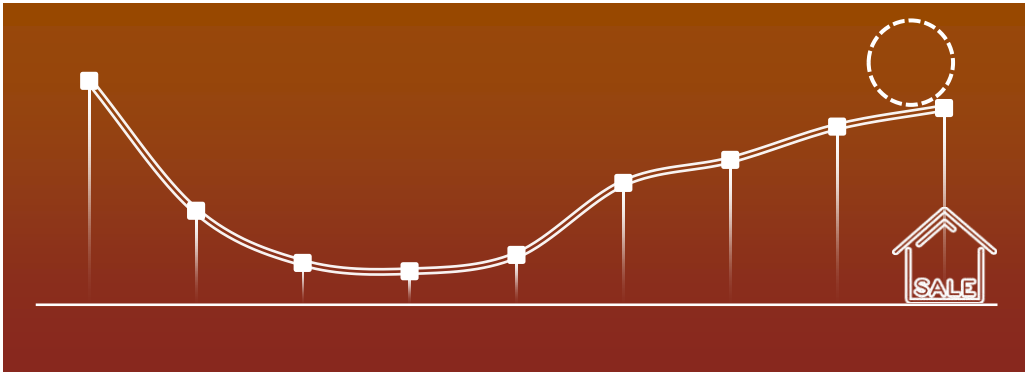
Overall Sardinia's housing stock value is estimated to €162.4 billion and represents 2.7% of the national one. €157.9 bn for residences and the rest for appurtenances. 92.5% are owned by natural persons and the remaining 7.5% by legal persons. The average value is €1.21/m² for natural persons and €1.469/m² for legal persons.



THE PROPERTY MARKET

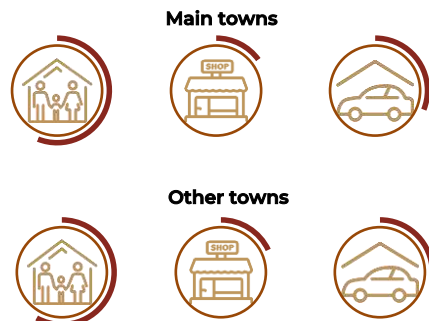
During the last 5 years, Sardinia's property market has been witnessing a constant upward sales trend. 24.230 commercial and residential properties (houses, garage boxes and storages) have been bought in Sardinia in 2019, +3.7% compared to the previous year. 82.5% of the above mentioned sales related to residential properties while the remaining to commercial units. Although less intensively than in the rest of Italy, in Sardinia the residential property market shows very positive changes: +2.3% for houses and 3.3% for garage boxes and storages.

PROPERTY SALES IN SARDINIA (2011-2019)



The growth of property market experienced in Sardinia in 2019, is mainly due to the number of sales recorded in other towns than the main province towns, as shown by the relevant figures broken down by area. Overall sales have increased by 5%, going from the 17.381 of 2018 up to 18.253. Property sales in the main province towns have reached the number of 5.976. Of these, 54% related to houses, 25% to garage boxes and 14% to commercial properties.

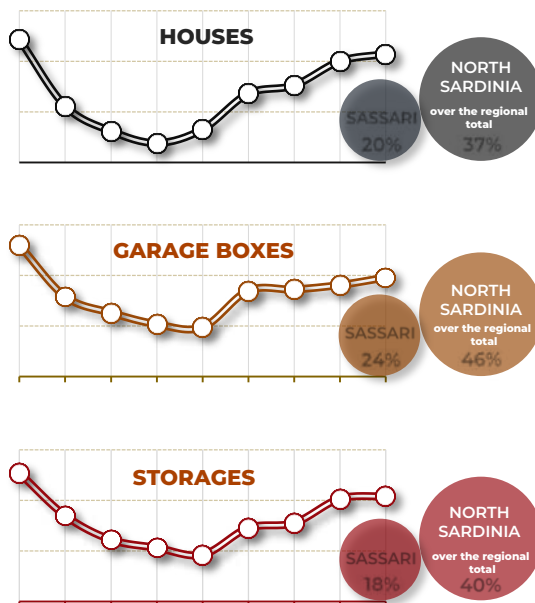
PROPERTY SALES IN SARDINIA (2019)



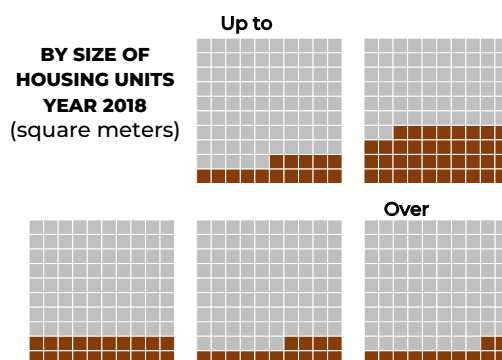
RESIDENTIAL REAL ESTATE IN NORTH SARDINIA

More and more people in North Sardinia are willing to buy properties. Following a period of recession (2014 has been the most critical moment), investments in real estate are growing in the province of Sassari. 7.926 sales have been recorded in 2019, of which 64% (5.141) for residential real estates, 28% for garage boxes and 8% for storage units. Housing sales have gone down (-3%) in the main province town, Sassari, while they have risen in the rest of the province, going from 3.926 up to 4.108 (+5% in one year only). North Sardinia confirms its position among the most active areas of the island in residential real estate market. Suffice to say that here concentrates 39.6% of the overall regional sales, in particular those related to appurtenances (40% of the regional total). In terms of size, more than half of the properties bought in the province of Sassari were smaller than 82m². Only in the main town, Sassari, 50% of the properties bought have a floor space higher than 145m².

SALES IN NORTH SARDINIA
EVOLUTION AND % RATE - 2019

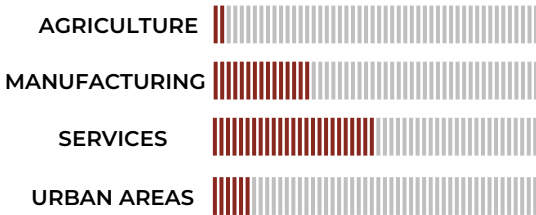
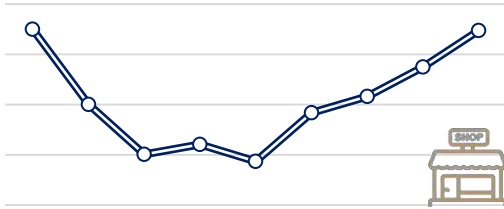


SALES IN NORTH SARDINIA



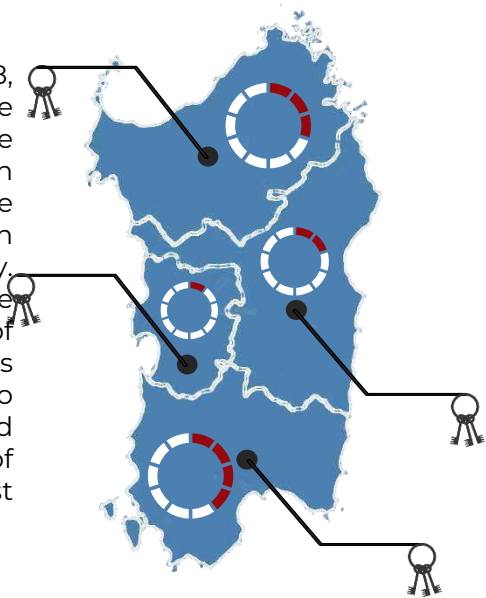
THE ECONOMIC SECTOR

SALES IN SARDINIA
EVOLUTION AND SECTORS 2019



2019 has been a positive year for the non-residential estate market, which is experiencing a strong growth in Sardinia, confirmed by all sectors. In particular, the economic sector represents 17% of the market with its 4.235 sales. Among the others, services sector stands out, thanks to the high volume of storage units, shops and offices sold in 2019 - reaching 49.2% of the total for year 2019. Follow manufacturing, buildings under construction and flat roofs (20%) and urban areas (14.5%).

SALES IN SARDINIA
% RATES 2019



Despite a loss of 14.8% compared to 2018, North Sardinia still represents 34% of the non-residential estate market of the island, thanks to its 1.440 sales in 2019. In comparison with the other towns of the province, Sassari is stepping backwards in terms of both volumes and intensity. However, with 1.200 sales recorded, the town covers 83% of the total sales of North Sardinia. Compared to the previous year, 2019 storage boxes sales went up to 430 (+30), whilst manufacturing related properties recorded an important fall of -92%, going from 40 down to 3 in the last year.

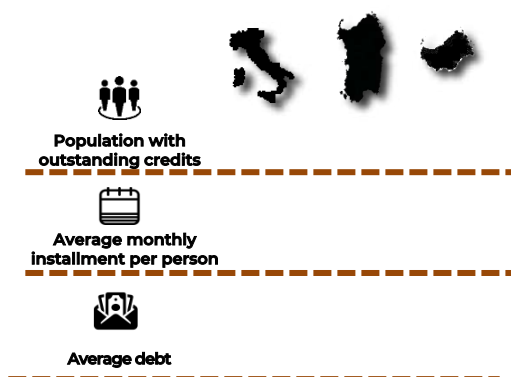
MORTGAGES AND CREDIT IN SARDINIA

According to the results of *FOCUS* surveys conducted by MISTER CREDIT (CRIF) about the credit situation in Italy, 40% of the population has outstanding credits. Figures broken down by area show higher rates on a regional and provincial level. In North Sardinia €296 is the average monthly installment for a loan repayment, €15 less than in the rest of the island and €40 less than in the rest of Italy.

The remaining average debt is lower in the province of Sassari than in the rest of the island and even lower than the national average (€4.200 less).

With regards to the credit situation in North Sardinia, applications for mortgages represent 16.8% of the total amount, slightly lower than the national figure (-3%) but yet consistent with the regional one. People in North Sardinia seem to prefer applying for personal loans, instead of choosing targeted loans (special purpose), while in the island 50% of the loans requested related to the purchase of specific goods.

LOANS - STATISTICAL INDICATORS YEAR 2019



NORTH SARDINIA - TYPES OF CREDIT % RATE YEAR 2019



12

SAFETY AND SECURITY



Sources:

ISTAT, Open Data INAIL, Ministero della Giustizia

Security within Sardinia's territory, between reality and perception





SAFETY AND SECURITY

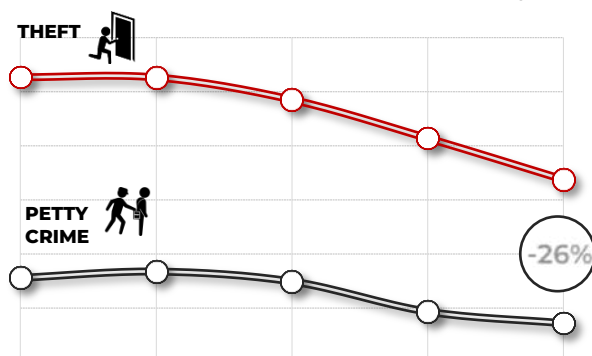
CRIME IN NORTH SARDINIA

Crime in North Sardinia is decreasing constantly. During the last two years the number of crimes reported to the authorities went down from 16.045 to 14.193, with a reduction of about 1.900 reports, most of them in 2018. Propensity to commit crime has fallen in the whole island (-3.7% in 2018 compared to 2017) and in the province of Sassari (-7.5%) which recorded the best result of the region, together with the province of Oristano. Although numbers regarding burglary in North Sardinia have fallen too - especially domestic burglary - as well as bag-snatching and pickpocketing, car theft has risen. The number of robberies remains unchanged. Murders decrease significantly, from 4 to 2, while the cases of attempted murders remain stable, around 16.

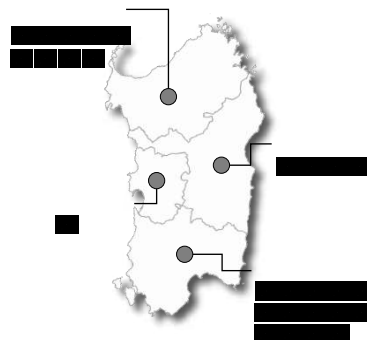
NORTH SARDINIA - REPORTED CRIMES AND % CHANGE COMPARED TO PREVIOUS YEAR



NORTH SARDINIA - THEFTS AND % CHANGE 15/18



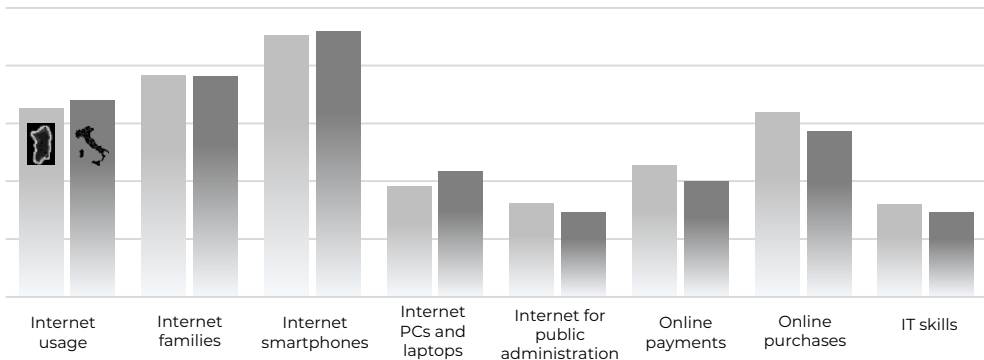
ROBBERIES IN SARDINIA



CYBER SECURITY

The spread of the Internet and information technology concurred to the proliferation of illegal activities on the net and cyber crime. In 2019 about 76.5 out of 100 families had access to the Internet with fixed or mobile broadband and more than 1 million Sardinians above the age of 6 have used the Internet at least once. 90.5% of people uses mobile phones to access the Internet - three times more than the number of people using a computer - in order to communicate with others or shop online. 60% of Sardinian people aged above 14 ordered and/or bought goods or services on the net, but only 32% of them had IT skills.

INTERNET USAGE IN SARDINIA AND ITALY - % VALUE 2019



1,368 scams and frauds have been reported in the province of Sassari in 2018, about 30% of the overall regional total, denoting an increment of the actions taken by judicial authorities: +41.2% in 4 years. Other cyber-crimes, such as damage to personal reputation, are on the rise, with almost 40 cases only in North Sardinia. Counterfeiting of trade marks and products, as well as intellectual property infringement crimes have gone down, respectively of 49 and 44%.

CYBER CRIME IN NORTH SARDINIA
2018 AND % CHANGE 14/18



JUDICIAL SYSTEM

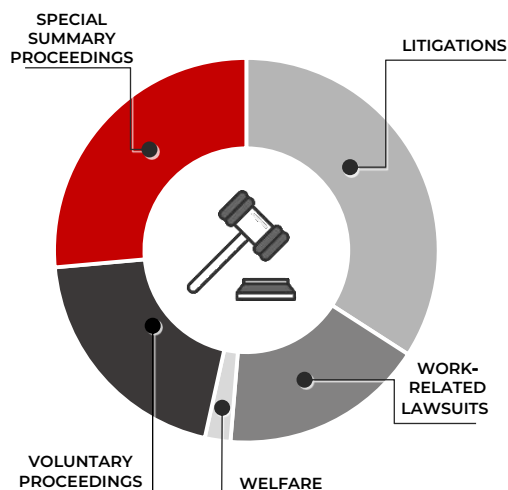
Figures regarding courts' performance in Sardinia are worrying. In 2019, 30.348 proceedings (excluding those addressed to the Court of Appeal) were recorded and 27.879 proceedings were resolved. The average disposition time, calculated according to CEPEJ rules, has been 355 days - nearly one year. Among the four provinces, Sassari has on average the longest disposition times. The court of Tempio Pausania, counting 3.932 proceedings recorded, against 1.939 resolved, is the slowest, with an average length of 740 days.

DISPOSITION TIME OF CRIMINAL PROCEEDINGS 2019 (DAYS)

CEPEJ - European Commission for the efficiency of justice



NORTH SARDINIA COURT CASES 2019 (BY TYPE)

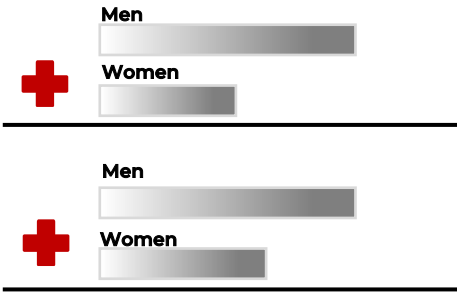


In total, 39.331 civil proceedings were resolved in Sardinia's courts in 2019, while 37.710 were recorded. About 7% have been managed by the Courts of Appeal of Sassari and Cagliari. North Sardinia's courts have resolved 10.329 proceedings, 31% of the overall proceedings of the whole island, whilst 10.657 are still pending. Almost 60% of these court cases were litigations and special summary proceedings (injunctions, evictions, preservation orders), 20% voluntary jurisdiction and the remaining 20% were work-related lawsuits.

WORKPLACE INJURIES AND SICKNESS LEAVES

In 2018, 12.961 workplace injuries have been reported to INAIL in Sardinia, 2% of the national total. About two thirds of them are men. With regards to sickness leave, figures show a strong incidence of the regional numbers over the national total. Nearly 80% are related to manufacturing and service industries.

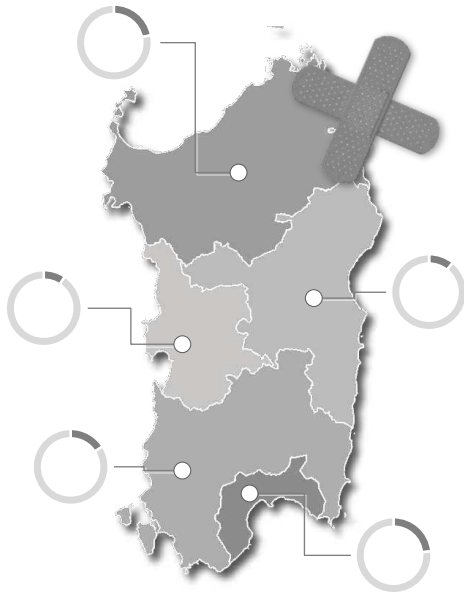
SARDINIA - WORKPLACE INJURIES BY GENDER



SARDINIA - WORKPLACE INJURIES AND SICKNESS LEAVES - 2018

WORKPLACE INJURIES

SICKNESS LEAVES

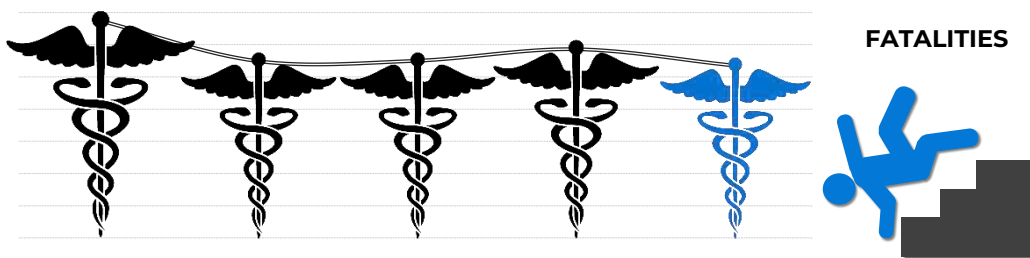


- MANUFACTURING AND SERVICE**
Infrared radiations, asbestos, etc.
- AGRICULTURE**
U.V. radiations, benzene and naphtalene
- Infrared radiations, lead and aldehydes

WORKPLACE INJURIES IN NORTH SARDINIA

Injury claims in the province of Sassari were 3.638 in 2018: 127 less than the previous year and 350 less compared to 2014. Fatalities, on the contrary, went up from 8 to 13. 2 injuries out of 3 take place in the workplace and it seems that more men get injured than women. This data reflects the different risk coefficient related to different industries and jobs. In fact, manufacturing and the service industry record 75% of the overall workplace injuries. Among the various jobs in these industries, the highest injury rates are recorded within transport and storage (254) and construction companies (247).

WORKPLACE INJURIES IN NORTH SARDINIA (2014-2018)



WORKPLACE INJURIES BY ACTIVITY SECTOR

MANUFACTURING AND SERVICE



PROFILE OF INJURED PERSON

MALE



AT WORK



TRANSPORT



13

ECONOMY AND REVENUE



Sources:

Istat, Italian Finance Department

Gross domestic product and personal income in Sardinia and in North Sardinia





ECONOMY AND REVENUE

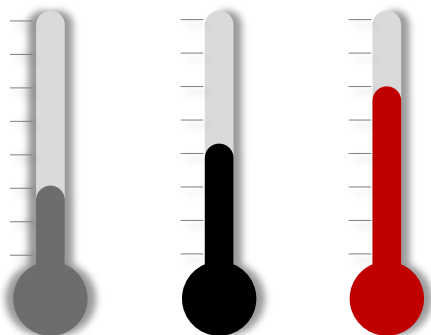
SARDINIA'S GROSS DOMESTIC PRODUCT

In 2018 the overall productivity of Sardinia amounted to €34.5 billion. The graph reflects the price levels of the current period.

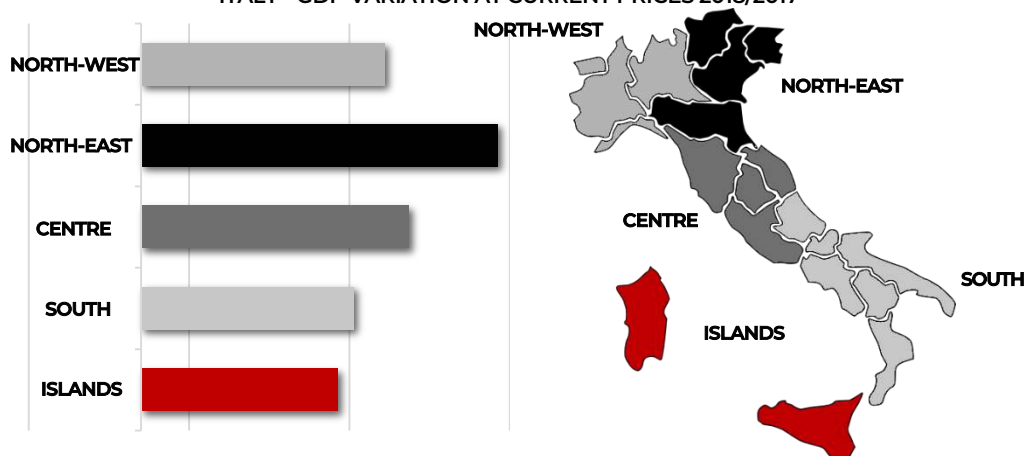
The + 2.4% growth gained, exceeds €800 million when compared to 2017 and rises to over €1.4 billion if compared to 2016. If we were to express the GDP of 2018 using the prices of the previous year there would be a loss of about €300 million, just over 1%, due to inflation which describes the rise of prices.

The North East of the peninsula recorded a higher growth than all other Italian macro regions. The national average of + 1.7% is in line with the performance of the central regions and higher than that of the southern territories. With + 1.2%, the 2 islands together place last in the ranking, but exclusively due to the disappointing + 0.8% of Sicily.

SARDINIA - GDP AT CURRENT PRICES
MILLIONS OF EUROS AND % VARIATION 2017/2018

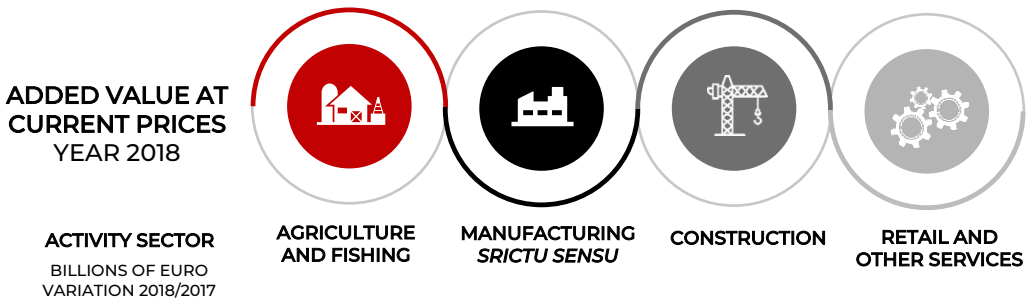


ITALY - GDP VARIATION AT CURRENT PRICES 2018/2017

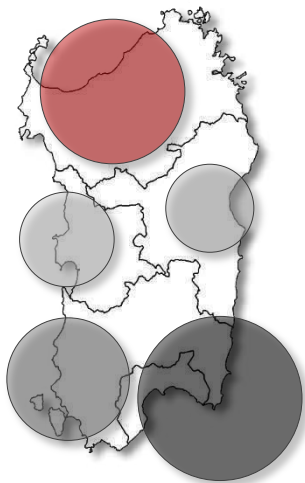


REGIONAL ADDED VALUE

2018 recorded a 2.5% growth in Added Value, gradually expanding from the 1.6% of 2017, but that also suffers a sharp slowdown in both the agricultural (-1.9%) and the manufacturing sectors (-0.5%). On the contrary, compared to the previous year the services sector increased to + 3.1% because of the metaphorical thrust provided by the «commerce» sector (+ 8.7%). On an opposite trend, real estate, financial firms and those providing services to businesses all slow down, losing more than 2% altogether.



BILLIONS OF EURO AND % DISTRIBUTION



ADDED VALUE BY PROVINCE

The provincial added value data refers to 2017 (latest available data). The percentage incidence of the various administrative areas is strongly influenced by the presence of 2 oil refineries in the metropolitan area of the Cagliari. The territory of North Sardinia is close to the regional share of 30%, with just under €9million, and becomes the second territory of the island for its productive value.

ADDED VALUE IN NORTH SARDINIA

In 2017, The territorial added value has improved compared to 2016 (latest data released by ISTAT) mainly because of the acceleration of the «service» macro-sector. The tertiary sector, with an overall productivity that covers more than 80% of the total, in 2017 recorded an increase of €160million compared to the previous year, largely balancing out the losses of the «construction» (-€21.2million) and the primary sectors (-€14.5million).

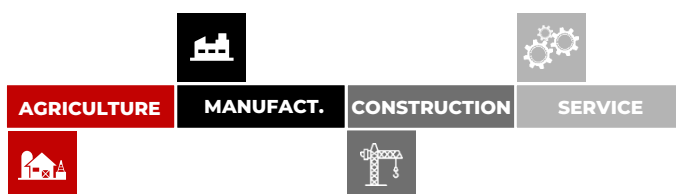
ADDED VALUE - 2017

MILLIONS OF EURO



ADDED VALUE BY SECTOR

MILLIONS OF EURO AND % VARIATION
2017/2016



NORTH SARDINIA - ADDED VALUE OVER THE REGIONAL TOTAL - 2017

AGRICULTURE



MANUFACTURING



CONSTRUCTION



SERVICE

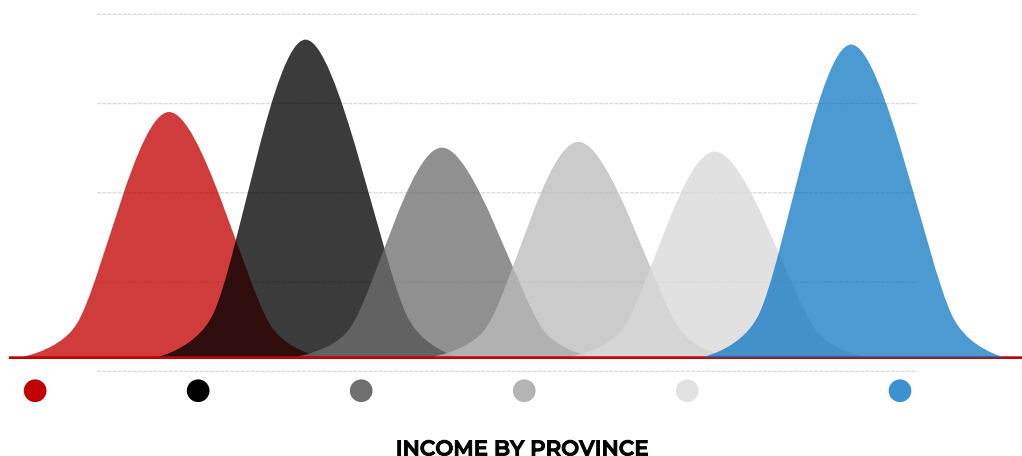


The contribution of North Sardinia to the making of regional added value oscillates around 30%. The agricultural sector is the least incisive, mainly because the territories of Southern Sardinia and the province of Nuoro tend to have greater participation towards other economic sectors. In the north of the island, «construction» produces over 30% of the total regional value. There is a good presence of businesses related to services, such as real estate and financial firms.

PERSONAL INCOME IN SARDINIA

The Department of Finance has published statistics regarding the personal income tax returns of the population relative to the 2016 tax year. In Sardinia, taxpayers who have successfully submitted their personal income tax return were 1,051,100 and have slightly increased (+ 0.02%) compared to the previous year. The total declared income was approximately €18.4 billion and was the total sum of contributions paid by all taxpayers, which represented all employees, retirees, self-employed or entrepreneurs. More than half of the taxpayers are employees who, in 2018, declared an income of over 9.3 billion euros.

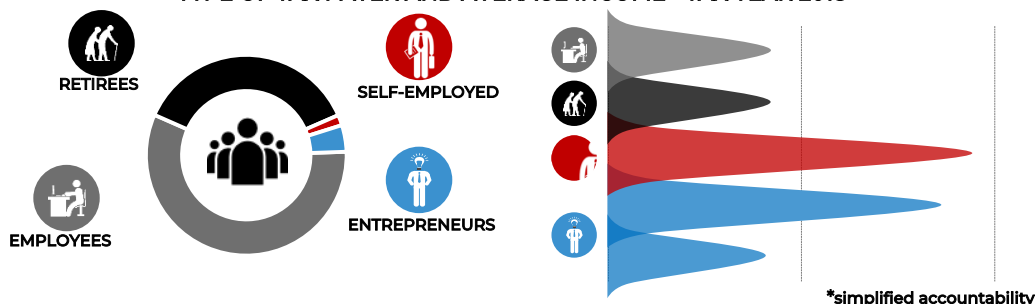
AVERAGE INCOME IN SARDINIA - TAX YEAR 2018 AVERAGE FOR TAX PAYERS WITH INCOME ABOVE ZERO



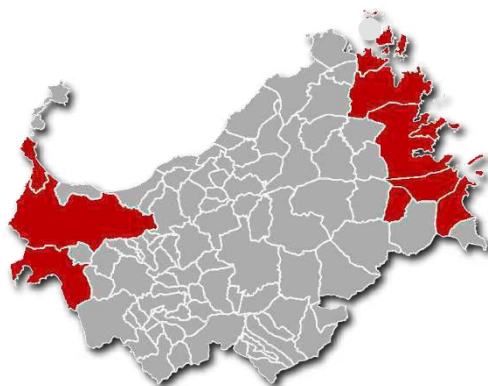
PERSONAL INCOME IN NORTH SARDINIA

Over 30% of Sardinian taxpayers is based in North Sardinia. The taxpayers' distribution by type sees the greatest concentration of people in the employee category or similar. One out of 3 tax returns presented is of a retiree, that with an average annual amount of €16,759 is slightly lower than those of the «employees» which exceeds €17thousand. Less frequent is the presence of tax returns deposited by businesses or self-employed, respectively by 4% and 2%. The clear difference in income indicated by the graph demonstrates the dual presence of the entrepreneurial component, in the ordinary and simplified accounting system.

TYPE OF TAX PAYER AND AVERAGE INCOME - TAX YEAR 2018



In North Sardinia, only 10 out of the 92 municipalities declared an income above the regional average of €18,180.



FIRST 10 MUNICIPALITIES - AVERAGE INCOME

MUNICIPALITY	AVERAGE INCOME 2018
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PREDICTIONS & CONCLUSIONS



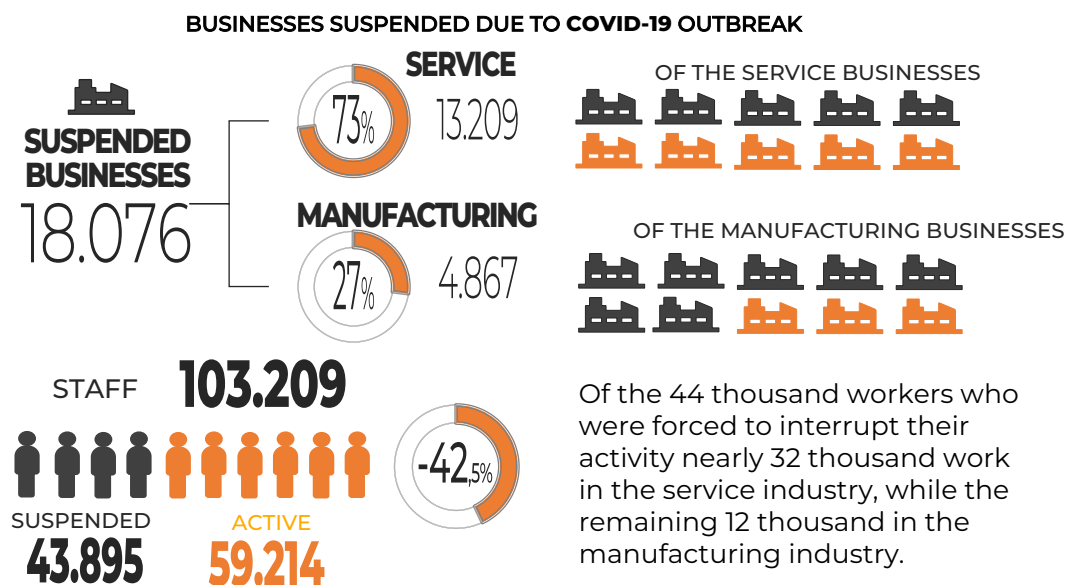
PREDICTIONS AND CONCLUSIONS

IMPACT OF COVID-19 ON THE LOCAL ECONOMY

In order to limit the sanitary risk related to COVID-19 pandemic, in March 2020 the Italian Council of Ministers has issued a series of measures leading to the temporary interruption ("suspension") of business activity for certain industries.

In April 2020, with the aim to define the incidence of "suspended" activities on the local economy, the Italian Institute for Statistics (Istat) published the annual figures regarding businesses, staff, and economic performance of all those activities considered as "active" and "suspended", according to the government's decrees issued during the emergency. Data refers to those «industry sectors such as manufacturing, construction, and part of the market tertiary sector. **The following sectors are excluded by definition: agriculture, credit and insurance, public administration, an important part of personal services; the mentioned sectors are not covered by the survey conducted on enterprises and are allowed to continue their activities.**».

In North Sardinia the measures issued by the government to help containing the Covid-19 pandemic, led about the half of the above mentioned businesses to cease their activity. More than 13 thousand of these businesses, meaning 73% of the total, are part of the "service" sector, while the rest are part of the "manufacturing" industry. Employment is also affected, with 43% of the staff being inactive, nearly 44 thousand over a total of 103.209 workers.

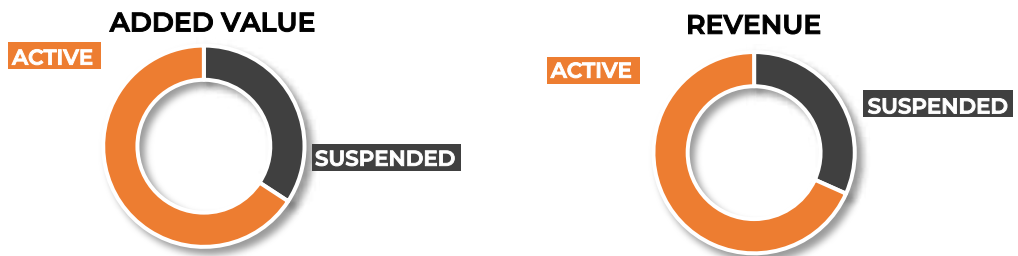


LOSS IN NORTH SARDINIA'S ECONOMY

Figures published by Istat help to measure the main economic variables at a local level and to understand the incidence of two groups of businesses - "active" and "suspended" - on the manufacturing sector. As mentioned before, government's decrees issued in March 2020 have temporarily "suspended" some business activities, while others are allowed to continue and are therefore indicated as "active".

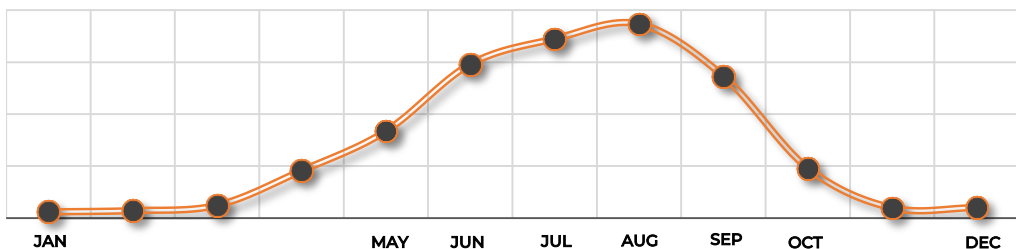
NORTH SARDINIA - ECONOMIC INDICATORS ACTIVE AND SUSPENDED BUSINESSES - 2017

MILLIONS OF EURO AND % RATE



In order to measure the loss in the local economy, it was important to identify which statistical indicator could give the most reliable numbers, for each month of suspension. Considering that tourism is the main sector in North Sardinia's economy, a deeper analysis of this industry has been necessary in the light of the strict correlation between economic indicators and tourist arrivals.

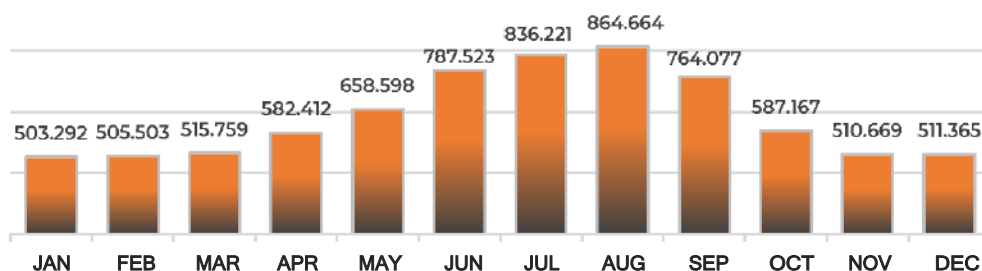
NORTH SARDINIA - ARRIVALS IN ACCOMODATION FACILITIES*



*Source: Osservatorio del Turismo - Regione Sardegna

It is essential to bring the focus on the monthly national and international arrivals, recorded in the accommodation facilities of the area during those months when activities were suspended. This data has a direct impact on the number of consumers, which is the most important variable to consider when determining the economic value of the "service" macro sector, which contributes for 70% to the economic wealth of the territory.

NORTH SARDINIA - POPULATION + INCOMING TOURISTS



Adding the number of residents to the number of arrivals, an average monthly demography of 635.604 inhabitants is obtained. During the winter months, the population is slightly above 500 thousand units, very similar to the standard local resident population.

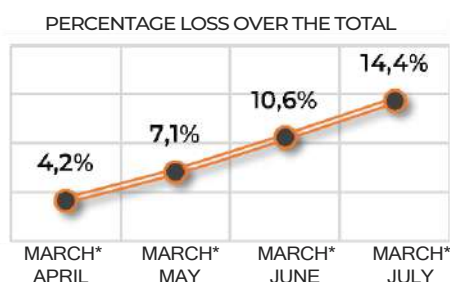
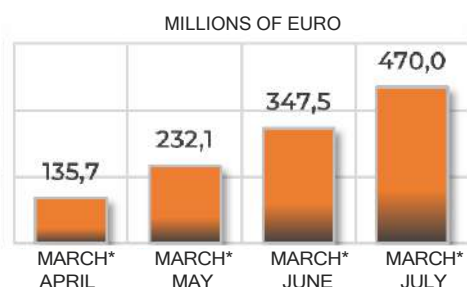
NORTH SARDINIA - MONTHLY %CHANGE OF POPULATION



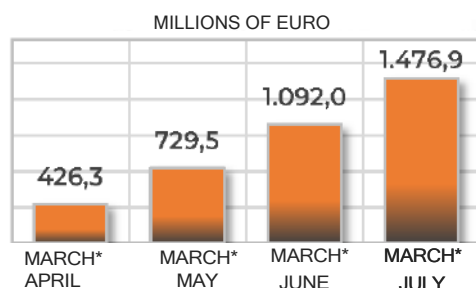
The percentage difference between monthly and annual population is used as a determinant in order to calculate the different consistency of added value and revenue in a given month.

By measuring the loss in the local economy with the method explained above, it has been possible to understand the consistency of the various periods of suspended activities. March has been taken into account for 2/3, considering that the lock-down began on the 11th day. The added value and the total revenue of the sectors analyzed here have been considered for this calculation.

NORTH SARDINIA - ESTIMATE OF THE LOSS IN LOCAL ECONOMY ADDED VALUE



REVENUE



*March is taken into account for 2/3

It is estimated that in less than 5 months the percentage loss in enterprises' economic performance will reach double-digit numbers. Unfortunately it is easy to imagine that the impact of business suspension will affect the productivity of those sectors not forced to stop. A slow reboot of the economy could generate even more negative scenarios than the ones we proposed in this analysis.



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