

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001.

OR

Transition pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

COMMISSION FILE NUMBER 1-2616

SUN COMMUNITIES, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland 38-2730780
(State of Incorporation) (I.R.S. Employer Identification No.)

31700 Middlebelt Road
Suite 145
Farmington Hills, Michigan 48334
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (248) 932-3100

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Number of shares of Common Stock, \$.01 par value per share, outstanding
as of April 30, 2001: 17,489,151

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2001 AND DECEMBER 31, 2000
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

ASSETS	2001	2000
	-----	-----
Investment in rental property, net	\$ 751,936	\$ 751,820
Cash and cash equivalents	18,465	18,466
Notes and other receivables	135,609	156,349
Investment in and advances to affiliate	8,802	7,930
Other assets	31,108	32,063
	-----	-----
Total assets	\$ 945,920	\$ 966,628
	=====	=====
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Line of credit	\$ --	\$ 12,000
Debt	442,384	452,508
Accounts payable and accrued expenses	20,245	16,304
Deposits and other liabilities	10,070	8,839
	-----	-----
Total liabilities	472,699	489,651
	-----	-----
Minority interests	141,201	140,943
	-----	-----
Stockholders' equity:		
Preferred stock, \$.01 par value, 10,000 shares authorized; no shares issued and outstanding	--	--
Common stock, \$.01 par value, 100,000 shares authorized; 17,591 and 17,516 issued and outstanding for 2001 and 2000, respectively	176	175
Paid-in capital	393,799	393,771
Officers' notes	(11,172)	(11,257)
Unearned compensation	(4,525)	(4,746)
Distributions in excess of accumulated earnings	(39,874)	(41,688)
Treasury stock, at cost, 202 and 7 shares for 2001 and 2000, respectively	(6,384)	(221)
	-----	-----
Total stockholders' equity	332,020	336,034
	-----	-----
Total liabilities and stockholders' equity	\$ 945,920	\$ 966,628
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

	2001 -----	2000 -----
Revenues:		
Income from property	\$34,625	\$33,129
Other income	4,466	2,751
	-----	-----
Total revenues	39,091	35,880
	-----	-----
Expenses:		
Property operating and maintenance	7,411	7,172
Real estate taxes	2,256	2,247
Property management	784	740
General and administrative	1,142	1,051
Depreciation and amortization	7,854	7,546
Interest	8,380	6,694
	-----	-----
Total expenses	27,827	25,450
	-----	-----
Income before other, net and minority interests	11,264	10,430
Other, net gain from property dispositions	3,517	--
	-----	-----
Income before minority interest	14,781	10,430
Less income allocated to minority interests:		
Preferred OP Units	1,976	1,915
Common OP Units	1,701	1,158
	-----	-----
Net income	\$11,104	\$ 7,357
	=====	=====
Earnings per common share:		
Basic	\$ 0.64	\$ 0.43
	=====	=====
Diluted	\$ 0.64	\$ 0.42
	=====	=====
Weighted average common shares outstanding:		
Basic	17,365	17,286
	=====	=====
Diluted	17,474	17,345
	=====	=====
Distributions declared per common share outstanding	\$ 0.51	\$ 0.51
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000
(IN THOUSANDS)

	2001	2000
	-----	-----
Cash flows from operating activities:		
Net income	\$ 11,104	\$ 7,357
Adjustments to reconcile net income to net cash provided by operating activities:		
Income allocated to minority interests	1,701	1,158
Net gain from property dispositions	(3,517)	--
Depreciation and amortization	7,854	7,546
Amortization of deferred financing costs	273	201
Increase in other assets	(197)	(1,843)
Increase in accounts payable and other liabilities	5,172	2,925
	-----	-----
Net cash provided by operating activities	22,390	17,344
	-----	-----
Cash flows from investing activities:		
Investment in rental properties	(19,632)	(8,090)
Proceeds related to property dispositions	16,212	--
Investment in and advances to affiliate	(872)	(18,541)
Repayments of (investments in) notes receivable, net	20,825	(1,468)
	-----	-----
Net cash provided by (used in) investing activities	16,533	(28,099)
	-----	-----
Cash flows from financing activities:		
Borrowings (repayments) on line of credit, net	(12,000)	23,000
Repayments on notes payable and other debt	(10,124)	(710)
Net proceeds from issuance of common stock	77	33
Treasury stock purchases	(6,163)	--
Distributions	(10,714)	(10,270)
Payments for deferred financing costs	--	(79)
	-----	-----
Net cash provided by (used in) financing activities	(38,924)	11,974
	-----	-----
Net increase (decrease) in cash and cash equivalents	(1)	1,219
Cash and cash equivalents, beginning of period	18,466	11,330
	-----	-----
Cash and cash equivalents, end of period	\$ 18,465	\$ 12,549
	=====	=====
Supplemental Information:		
Debt assumed for rental properties	\$ --	\$ 1,700
Cancellation of common stock previously issued as unearned compensation	\$ 48	\$ --

The accompanying notes are an integral part of the consolidated financial statements

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION:

These unaudited condensed consolidated financial statements of Sun Communities, Inc., a Maryland corporation, (the "Company"), have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the financial statements and notes thereto of the Company as of December 31, 2000. The following notes to consolidated financial statements present interim disclosures as required by the SEC. The accompanying consolidated financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature. Certain reclassifications have been made to the prior period financial statements to conform with current period presentation.

The Company owns 100 percent of the preferred stock of an affiliate, Sun Home Services, Inc. ("Sun Homes"), is entitled to 95 percent of the operating cash flow of Sun Homes, and accounts for its investment utilizing the equity method of accounting. The common stock is owned by two officers of the Company and the estate of a former officer of the Company who are entitled to receive five percent of the operating cash flow.

2. RENTAL PROPERTY:

The following summarizes rental property (in thousands):

	March 31, 2001	December 31, 2000
	-----	-----
Land	\$ 75,871	\$ 76,120
Land improvements and buildings	741,464	739,858
Furniture, fixtures, equipment	17,504	17,498
Land held for future development	14,090	12,042
Property under development	22,222	21,859
	-----	-----
	871,151	867,377
Accumulated depreciation	(119,215)	(115,557)
	-----	-----
Rental property, net	\$ 751,936	\$ 751,820
	=====	=====

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. NOTES RECEIVABLE:

Notes receivable consisted of the following (in thousands):

	March 31, 2001 -----	December 31, 2000 -----
Mortgage notes receivable with minimum monthly interest payments at LIBOR based floating rates of approximately LIBOR +3.0%, maturing at various dates from September 2001 through June 2012, collateralized by manufactured home communities	\$ 65,461	\$ 60,491
Note receivable, subordinated, collateralized by all assets of the borrower, bears interest at LIBOR + 2.35% and payable on demand	25,966	35,849
Note receivable, subordinated, bears interest at 9.75% and matures September 2005	4,000	4,000
Installment loans on manufactured homes with interest payable monthly at a weighted average interest rate and maturity of 11% and 20 years, respectively	15,841	32,426
Other receivables	24,341	23,583
	-----	-----
	\$135,609 =====	\$156,349 =====

Officers' notes, presented as a reduction to stockholders' equity in the balance sheet, are 10 year, LIBOR + 1.75% notes, with a minimum and maximum interest rate of 6% and 9%, respectively, collateralized by 366,206 shares of the Company's common stock and 127,794 OP Units with substantial personal recourse.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. DEBT:

The following table sets forth certain information regarding debt (in thousands):

	March 31, 2001	December 31, 2000
	-----	-----
Collateralized term loan, interest at 7.01%, due September 9, 2007	\$ 43,253	\$ 43,393
Senior notes, interest at 8.20%, due August 15, 2008	100,000	100,000
Senior notes, interest at 7.375%, due May 1, 2001	65,000	65,000
Senior notes, interest at 7.625%, due May 1, 2003	85,000	85,000
Senior notes, interest at 6.97%, due December 3, 2007	35,000	35,000
Callable/redeemable notes, interest at 6.77%, due May 14, 2015, callable/redeemable May 16, 2005	65,000	65,000
Capitalized lease obligations, interest at 6.1%, due through December 2003	26,475	36,009
Mortgage notes, other	22,656	23,106
	-----	-----
	\$442,384	\$452,508
	=====	=====

The Company's entire \$125 million line of credit was available to borrow at March 31, 2001. Borrowings under the line of credit bear interest at the rate of LIBOR plus 1.0% and mature January 1, 2003. The Company retired the \$65 million of senior notes maturing May 1, 2001 by drawing from its line of credit.

5. OTHER INCOME:

The components of other income are as follows for the periods ended March 31, 2001 and 2000 (in thousands):

	2001	2000
	-----	-----
Interest income	\$ 3,453	\$ 2,071
Income (loss) from affiliate	165	(81)
Other income	848	761
	-----	-----
	\$ 4,466	\$ 2,751
	=====	=====

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. EARNINGS PER SHARE (IN THOUSANDS):

	For the Three Months Ended March 31,	
	2001	2000
	-----	-----
Earnings used for basic and diluted earnings per share computation	\$11,104 =====	\$ 7,357 =====
Total shares used for basic earnings per share	17,365	17,286
Dilutive securities, principally stock options	109	59
	-----	-----
Total weighted average shares used for diluted earnings per share computation	17,474 =====	17,345 =====

Diluted earnings per share reflect the potential dilution that would occur if dilutive securities were exercised or converted into common stock. Convertible POP Units are excluded from the computations as their inclusion would have an anti-dilutive effect on earnings per share in 2001 and 2000.

SUN COMMUNITIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes thereto. Capitalized terms are used as defined elsewhere in this Form 10-Q.

RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2001 and 2000

For the three months ended March 31, 2001, income before other, net and minority interests increased by 8.0 percent from \$10.4 million to \$11.2 million, when compared to the three months ended March 31, 2000. The increase was due to increased revenues of \$3.2 million while expenses increased by \$2.4 million.

Income from property increased by \$1.5 million from \$33.1 million to \$34.6 million, or 4.5 percent, due to rent increases and other community revenues (\$1.8 million) and acquisitions (\$0.8 million), offset by a revenue reduction of \$1.1 million due to property dispositions.

Other income increased by \$1.7 million from \$2.8 million to \$4.5 million due primarily to a \$1.4 million increase in interest income.

Property operating and maintenance expenses increased by \$0.2 million from \$7.2 million to \$7.4 million, or 3.3 percent, due to acquisitions (\$0.1 million) and other community expenses, net.

Real estate taxes remained constant at \$2.2 million for both periods.

Property management expenses remained constant at approximately \$0.8 million for both periods representing 2.3 percent and 2.2 percent of income from property in 2001 and 2000, respectively.

General and administrative expenses increased by \$0.1 million from \$1.0 million to \$1.1 million, representing 2.9 percent of total revenues in 2001 and 2000.

Earnings before interest, taxes, depreciation and amortization ("EBITDA", an alternative financial performance measure that may not be comparable to similarly titled measures reported by other companies, defined as total revenues less property operating and maintenance, real estate taxes, property management, and general and administrative expenses) increased by \$2.8 million from \$24.7 million to \$27.5 million. EBITDA as a percent of revenues increased to 70.3 percent in 2001 compared to 68.8 percent in 2000.

Depreciation and amortization increased by \$0.3 million from \$7.5 million to \$7.8 million, or 4.1 percent due primarily to the net additional investment in rental properties.

Interest expense increased by \$1.7 million from \$6.7 million to \$8.4 million due primarily to financing the additional investments in rental property and notes receivable.

SUN COMMUNITIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SAME PROPERTY INFORMATION

The following table reflects property-level financial information as of and for the three months ended March 31, 2001 and 2000. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 2000 and March 31, 2001. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The "Total Portfolio" column differentiates from the "Same Property" column by including financial information for managed but not owned communities, recreational vehicle communities, new development and acquisition communities.

	SAME PROPERTY		TOTAL PORTFOLIO	
	2001	2000	2001	2000
Income from property	\$25,909	\$24,572	\$34,625	\$33,129
Property operating expenses:				
Property operating and maintenance	4,574	4,452	7,411	7,172
Real estate taxes	1,951	1,860	2,256	2,247
Property operating expenses	6,525	6,312	9,667	9,419
Property EBITDA	\$19,384	\$18,260	\$24,958	\$23,710
Number of operating properties	90	90	109	109
Developed sites	30,209	29,976	38,028	38,313
Occupied sites	28,724	28,563	35,338	35,636
Occupancy %	95.1%	95.3%	95.0%(1)	95.1%(1)
Weighted average monthly rent per site	\$ 296	\$ 283	\$ 294(1)	\$ 282(1)
Sites available for development	1,913	2,163	4,476	5,938
Sites planned for development in current year	185	438	593	1,351

(1) Occupancy % and weighted average rent relates to manufactured housing sites, excluding recreational vehicle sites.

On a same property basis, property EBITDA increased by \$1.1 million from \$18.3 million to \$19.4 million, or 6.2 percent. Property revenues increased by \$1.3 million from \$24.6 million to \$25.9 million, or 5.4 percent, due primarily to increases in rents and occupancy related charges including water and property tax pass through. Also contributing to revenue growth was the increase of 161 leased sites at March 31, 2001 compared to March 31, 2000.

Property operating expenses increased by \$0.2 million from \$6.3 million to \$6.5 million or 3.4 percent, due to increased occupancies and costs.

SUN COMMUNITIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents remained approximately \$18.5 million at March 31, 2001 and December 31, 2000 because cash provided by operating and investing activities approximated cash used in financing activities.

Net cash provided by operating activities increased by \$5.0 million to \$22.4 million for the three months ended March 31, 2001 compared to \$17.3 million for the same period in 2000. This increase was primarily due to accounts payable and other liabilities increasing by \$2.2 million, other assets decreasing by \$1.7 million and a \$1.1 million increase in income before minority interests, depreciation and amortization and net gain from property dispositions.

Net cash provided by investing activities was \$16.5 million for the three months ended March 31, 2001 compared to \$28.1 million used in investing activities during the same period in 2000. This change was primarily due to a \$22.3 million increase in investments in notes receivable, net, proceeds related to property dispositions of \$16.2 million and \$17.7 million related to investments in and advances to affiliates offset by a \$11.6 million increase in rental property acquisition activities.

Net cash used in financing activities was \$38.9 million for the three months ended March 31, 2001 compared to \$12.0 million provided by financing activities during the same period in 2000. This change was primarily because of a \$35.0 million reduction in borrowings on the line of credit, \$9.3 million repayments on notes payable and other debt, net of financing costs, treasury stock purchases of \$6.2 million and distributions increasing by \$0.4 million.

The Company expects to meet its short-term liquidity requirements generally through its working capital provided by operating activities. The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities and property acquisitions through the issuance of equity or debt securities, or interests in the Operating Partnership. The Company considers these sources to be adequate and anticipates they will continue to be adequate to meet operating requirements, capital improvements, investment in development, and payment of distributions by the Company in accordance with REIT requirements in both the short and long term. The Company may also meet these short-term and long-term requirements by utilizing its \$125 million line of credit which bears interest at LIBOR plus 1.0% and is due January 1, 2003. The Company retired the \$65 million of senior notes maturing May 1, 2001 by drawing from its line of credit.

At March 31, 2001, the Company's debt to total market capitalization approximated 36.1% (assuming conversion of all Common and Preferred OP Units to shares of common stock). The debt has a weighted average maturity of approximately 5.9 years and a weighted average interest rate of 7.4%.

Recurring capital expenditures approximated \$0.9 million and \$1.0 million for the three months ended March 31, 2001 and 2000, respectively.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OTHER

Funds from operations ("FFO") is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as "net income (computed in accordance with generally accepted accounting principles) excluding gains (or losses) from sales of property, plus rental property depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures." Industry analysts consider FFO to be an appropriate supplemental measure of the operating performance of an equity REIT primarily because the computation of FFO excludes historical cost depreciation as an expense and thereby facilitates the comparison of REITs which have different cost bases in their assets. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time, whereas real estate values have instead historically risen or fallen based upon market conditions. FFO does not represent cash flow from operations as defined by generally accepted accounting principles and is a supplemental measure of performance that does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. In addition, FFO is not intended as a measure of a REIT's ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. The following table calculates FFO for both basic and diluted purposes for the three months ended March 31, 2001 and 2000 (in thousands):

	2001 -----	2000 -----
Net income	\$ 11,104	\$ 7,357
Deduct other, net	(3,517)	--
Add:		
Minority interest in earnings to common OP Unit holders	1,701	1,158
Depreciation and amortization, net of corporate office depreciation	7,779	7,481
	-----	-----
Funds from operations	\$ 17,067 =====	\$ 15,996 =====
Weighted average common shares and OP Units outstanding used for basic per share/unit data	20,025	20,006
Dilutive securities:		
Stock options and awards	109	59
	-----	-----
Weighted average common shares and OP Units used for diluted per share/unit data	20,134 =====	20,065 =====

SUN COMMUNITIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OTHER CONTINUED:

Special Note Regarding Forward-Looking Statements

This Form 10-Q contains various "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. The words "may", "will", "expect", "believe", "anticipate", "should", "estimate", and similar expressions identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance, but are based upon current assumptions regarding the Company's operations, future results and prospects, and are subject to many uncertainties and factors relating to the Company's operations and business environment which may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Please see the section entitled "Factors That May Affect Future Results" of the Company's Annual Report on Form 10-K for the year ended December 31, 2000 filed with the Securities and Exchange Commission for a list of uncertainties and factors.

Such factors include, but are not limited to, the following: (i) changes in the general economic climate; (ii) increased competition in the geographic areas in which the Company owns and operates manufactured housing communities; (iii) changes in government laws and regulations affecting manufactured housing communities; and (iv) the ability of the Company to continue to identify, negotiate and acquire manufactured housing communities and/or vacant land which may be developed into manufactured housing communities on terms favorable to the Company. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Recent Accounting Pronouncements

In June 1998, FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. The Company adopted SFAS 133 as amended by SFAS 137 and 138 effective January 1, 2001. There was no effect from the application of SFAS 133 on the earnings and financial position of the Company as the Company had no derivative instruments at March 31, 2001 and December 31, 2000.

SUN COMMUNITIES, INC.

PART II

ITEM 2. - CHANGES IN SECURITIES AND USE OF PROCEEDS

During the quarter ended March 31, 2001, the Company issued an aggregate of 64,186 shares of Common Stock to partners of the Operating Partnership, all of whom were accredited investors as defined in Rule 501 of Regulation D, in exchange for Common OP Units in the Operating Partnership.

All of the shares of Common Stock were issued in private placements in reliance on Section 4(2) of the Securities Act of 1933, as amended, including Regulation D promulgated there under.

ITEM 6.(a) - EXHIBITS REQUIRED BY ITEM 601 OF REGULATION S-K

None

ITEM 6.(b) - REPORTS ON FORM 8-K

The Company did not file any reports on Form 8-K during the period covered by this Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 14, 2001

SUN COMMUNITIES, INC.

BY: /s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Chief Financial Officer
and Secretary
(Duly authorized officer and principal
financial officer)