FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1998.

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 [X] 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:

16,853,211 shares of Common Stock, $.01 par value as of April 30, 1998

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

MARCH 31, 1998 AND DECEMBER 31, 1997

(IN THOUSANDS)

	1998	1997
ASSETS		
Investment in rental property, net	$ 695,898	$ 634,737
Cash and cash equivalents	10,792	2,198
Investment in affiliates	21,872	16,559
Mortgage notes receivable	15,293	19,269
Other assets	16,949	18,151
Total assets	$ 760,804	$ 690,914
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Line of credit	$ 54,000	$ 17,000
Debt	272,890	247,264
Accounts payable and accrued expenses	12,285	8,765
Deposits and other liabilities	10,352	8,853
Distributions payable	9,956	--
Total liabilities	359,483	281,882
Minority interests	82,785	82,252
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; 16,852 and 16,587 issued and outstanding in 1998 and 1997, respectively	168	166
Paid-in capital	364,557	364,050
Officers' notes	(11,773)	(11,773)
Distributions in excess of accumulated earnings	(34,416)	(25,663)
Total stockholders' equity	318,536	326,780
Total liabilities and stockholders' equity	$ 760,804	$ 690,914

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1997

	1998	1997
Revenues:		
Income from property	$28,605	$22,987
Other income	1,751	406
Total revenues	30,356	23,393
Expenses:		
Property operating and maintenance	6,419	5,147
Real estate taxes	2,167	1,863
General and administrative	1,316	1,078
Depreciation and amortization	5,940	4,821
Interest	5,578	3,445
Total expenses	21,420	16,354
Income before minority interests	8,936	7,039
Less income allocated to minority interests:		
Preferred OP Units	626	626
Common OP Units	1,009	845
Net income	$ 7,301	$ 5,568
Earnings per common share:		
Basic	$ 0.44	$ 0.36
Diluted	$ 0.43	$ 0.35
Weighted average common shares outstanding	16,682	15,632
Distributions declared per common share outstanding	$ .49	$ .47

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1997

(IN THOUSANDS)

	1998	1997
Cash flows from operating activities:		
Net income	$ 7,301	$ 5,568
Adjustments to reconcile net income to net cash provided by operating activities:		
Income allocated to minority interests	1,009	845
Gain related to mortgage notes receivable	(937)	--
Depreciation and amortization	5,940	4,821
Deferred financing costs	137	39
(Increase) decrease in other assets	748	(669)
Increase in accounts payable and other liabilities	5,019	4,171
Net cash provided by operating activities	19,217	14,775
Cash flows from investing activities:		
Investment in rental properties	(39,135)	(9,277)
Investment in affiliates	(5,313)	(4,489)
Proceeds related to mortgage notes receivable	4,913	--
Net cash used in investing activities	(39,535)	(13,766)
Cash flows from financing activities:		
Distributions	(8,278)	(7,886)
Proceeds from borrowings	37,000	--
Repayment on borrowings	(246)	--
Stock options and dividend reinvestment plan	509	8,209
Payments for deferred financing costs	(73)	(16)
Net cash provided by financing activities	28,912	307
Net increase in cash and cash equivalents	8,594	1,316
Cash and cash equivalents, beginning of period	2,198	9,236
Cash and cash equivalents, end of period	$ 10,792	$ 10,552
Supplemental Information:		
OP units issued for rental properties	$ 1,704	--
Debt assumed for rental properties	$ 16,393	--
Capitalized lease obligation for rental properties	$ 9,479	--

The accompanying notes are an integral part of the 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, 1997. 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.

2. RENTAL PROPERTY:

The following summarizes rental property (in thousands):

	March 31, 1998	December 31, 1997
Land	$ 79,662	$ 67,677
Land improvements and buildings	654,272	598,699
Furniture, fixtures, equipment	13,575	12,676
Property under development	4,023	5,769
	751,532	684,821
Accumulated depreciation	55,634	50,084
Rental property, net	$695,898	$634,737

During the first quarter of 1998, the Company acquired eight communities comprising 1,800 developed sites and 650 sites suitable for development for approximately $60 million.

3. DEBT:

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

	March 31, 1998	December 31, 1997
Collateralized term loan, interest at 7.01%, due September 9, 2007	$ 44,776	$ 44,889
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
Collateralized lease obligations, interest ranging from 6.1% to 6.3%, due March 10, 2001 through December 1, 2002	26,747	17,375
Mortgage note, interest at 8.24%, due April 1, 2006	7,037	--
Mortgage note, interest at 8.0%, due May 1, 2017	8,351	--
Mortgage note, other	979	--
	$272,890	$247,264

The Company had $21 million available borrowings under its $75 million line of credit at March 31, 1998. The Company is negotiating an increase to its line of credit facility to $100 million. In May 1998, the Company will repay line of credit borrowings using proceeds received from the issuance of $65 million of senior notes which bear interest at 6.77% and mature May 14, 2015.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES RECEIVABLE:

Notes receivable consisted of the following (amounts in thousands):

	March 31, 1998	December 31, 1997
Mortgage notes receivable with minimum monthly interest payments at 7%, maturing June 30, 2012, collateralized by manufactured housing/ recreational vehicle communities located in Dover, DE(a)	$ 15,293	$15,093
Second mortgage and third shared appreciation mortgage notes with monthly interest payments at an average rate of 17 percent and excess interest as defined, collateralized by manufactured housing communities located in Alberta, Canada	--	4,176
	$ 15,293	$19,269

(a) The stated interest rate is 12%. The excess of the interest earned at the stated rate over the pay rate is added to the principal balance and will also accrue interest at the stated rate.

The officer notes are 10 year, LIBOR + 1.75% notes, with a minimum and maximum interest rate of 6% and 9%, respectively, collateralized by 372,206 shares of the Company's common stock and 127,794 OP Units with substantial personal recourse.

5. OTHER INCOME:

The components of other income are as follows for the three months ended March 31, 1998 and 1997 (in thousands):

	1998	1997
Interest	$ 447	$436
Gain from mortgage notes receivable	937	--
Equity earnings - SHS	175	43
Other, principally brokerage commissions	192	--
	$1,751	$479

The gain from mortgage notes receivable results from the repayment of the Company's shared appreciation mortgages on two Canadian communities.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. EARNINGS PER SHARE:

	March 31, 1998	March 31, 1997
Earnings used for basic and diluted earnings per share computation	$ 7,301	$ 5,568
Total shares used for basic earnings per share	16,682	15,632
Dilutive securities:		
Stock options	203	160
Total shares used for diluted earnings per share computation	16,885	15,792

Diluted earnings per share reflect the potential dilution that would occur if securities were exercised or converted into common stock. Convertible preferred limited partnership interests in Sun Communities Operating Limited Partnership ("POP Units") are excluded from the computations as their inclusion would have an antidilutive effect on earnings per share in 1998 and 1997.

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, 1998 and 1997

For the three months ended March 31, 1998, income before minority interests increased by 26.9 percent from $7.0 million to $8.9 million, when compared to the three months ended March 31, 1997. The increase was due to increased revenues of $7.0 million while expenses increased by $5.1 million.

Income from property increased by $5.6 million from $23.0 million to $28.6 million or 24.4 percent, due to acquisitions ($4.0 million), lease up of manufactured home sites ($.5 million) and increases in rents and other community revenues ($1.1 million).

Other income increased by $1.3 million from $.4 million to $1.7 million. The three months ended March 31, 1998 include a $.9 million gain from the repayment of the Company's shared appreciation mortgages on two Canadian communities. $.3 million of the increase in other income relates to the improved results of SHS, including brokerage commissions.

Property operating and maintenance increased by $1.3 million from $5.1 million to $6.4 million or 24.7 percent due primarily to acquisitions ($.9 million).

Real estate taxes increased by $.3 million from $1.9 million to $2.2 million or 16.3 percent due primarily to acquisitions ($.2 million).

General and administrative expenses increased by $.2 million from $1.1 million to $1.3 million or 22.1 percent due primarily to increased staffing to manage the growth of the company. General and administrative expenses as a percentage of income from property declined from 4.7 percent to 4.6 percent as a result of economies of scale resulting from the company's growth.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by $5.1 million from $15.3 million to $20.4 million or 33.4 percent due primarily to acquisitions.

Depreciation and amortization increased by $1.1 million from $4.8 million to $5.9 million or 23.2 percent due primarily to acquisitions.

Interest expense increased by $2.1 million from $3.5 million to $5.6 million or 61.9 percent primarily due to increased average debt outstanding.

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, 1998 and 1997. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 1997. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The table includes sites where the Company's interest is in the form of shared appreciation mortgage notes or where the Company is providing financing and managing the properties. Such amounts relate to the total portfolio data and include 923 and 1,187 sites in 1998 and 1997, respectively.

	SAME PROPERTY		TOTAL PORTFOLIO	
	1998	1997	1998	1997
Income from property	$19,123	$17,815	$28,605	$22,987
Property operating expenses:				
Property operating and maintenance	3,410	3,268	6,419	5,147
Real estate taxes	1,680	1,561	2,167	1,863
Property operating expenses	5,090	4,829	8,586	7,010
Property EBITDA	$14,033	$12,986	$20,019	$15,977
Number of properties	74	74	104	86
Developed sites	24,798	24,239	36,720	30,700
Occupied sites	23,622	22,921	34,122	28,500
Occupancy %	95.3 (1)	94.6 (1)	94.3 (1)	94.7 (1)
Weighted average monthly rent per site	$ 262 (1)	$ 251 (1)	$ 263 (1)	$ 254 (1)
Sites available for development	2,200	2,667	4,700	3,552
Sites in development	684	579	1,269	849

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

On a same property basis, property revenues increased by $1.3 million from $17.8 million to $19.1 million, or 7.3 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 701 leased sites at March 31, 1998 compared to March 31, 1997.

Property operating expenses increased by $.3 million from $4.8 million to $5.1 million or 5.4 percent, due to increased occupancies and costs and increases in assessments and millage rates by local taxing authorities. Property EBITDA increased by $1.0 million from $13.0 million to $14.0 million, or 8.1 percent.

Sites available for development in the total portfolio increased by 1,148 from 3,552 to 4,700 primarily in conjunction with land acquisitions for new communities to be developed in Michigan, Texas and Nevada.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased by $8.6 million to $10.8 million at March 31, 1998 compared to $2.2 million at December 31, 1997 primarily because cash provided by operating and financing activities exceeded cash used in investing activities.

Net cash provided by operating activities increased by $4.4 million to $19.2 million for the three months ended March 31, 1998 compared to $14.8 million for the same period in 1997. Income before minority interests, depreciation and amortization and gain related to mortgage notes receivable increased by $2.1 million and the remaining balance was attributable to changes in working capital.

Net cash used in investing activities increased by $25.7 million to $39.5 million from $13.8 million due to $29.9 million related to acquisition activities offset by $4.9 million from the collection of mortgage notes receivable.

Net cash provided by financing activities increased by $28.6 million to $28.9 million for the three months ended March 31, 1998 compared to $.3 million for the same period in 1997. $37.0 million of this increase was due to additional debt borrowings offset by a $7.7 million reduction in the proceeds received from stock options and dividend reinvestment plan.

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 can also meet these short-term and long-term requirements by utilizing its $75 million line of credit which bears interest at LIBOR plus .90% and is due November 1, 1999. The Company is negotiating an increase to its line of credit facility to $100 million.

In May 1998, the Company issued $65 million of senior notes which bear interest at 6.77% and mature May 14, 2015. Proceeds from this debt issuance will be used to repay line of credit borrowings.

At March 31, 1998, the Company's debt to total market capitalization approximated 32% (assuming conversion of all Common and Preferred OP Units to shares of common stock), with a weighted average maturity of approximately 5.5 years and a weighted average interest rate of 7.2%.

Recurring capital expenditures approximated $1.0 million for the three months ended March 31, 1998.

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 debt restructuring and sales of property, plus 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 the periods ended March 31, 1998 and 1997 (in thousands):

	1998	1997
Income before allocation to minority interest	$ 8,936	$ 7,039
Add depreciation and amortization, net of corporate office depreciation	5,898	4,791
Deduct distribution to Preferred OP Units	(626)	(626)
Deduct gain from mortgage notes receivable	(937)	--
Funds from operations	$ 13,271	$ 11,204
Weighted average OP Units outstanding used for basic FFO per share/unit	19,017	18,005
Dilutive securities:		
Stock options	203	160
Convertible preferred OP Units	1,197	1,283
Weighted average OP Units used for diluted FFO per share/unit	20,417	19,448
FFO, per share/unit:		
Basic	$ 0.70	$ 0.62
Diluted	$ 0.68	$ 0.61

SUN COMMUNITIES, INC.

PART II

ITEM 5. - RATIOS OF EARNINGS TO FIXED CHARGES

The Company's ratios of earnings to fixed charges for the years December 31, 1993, 1994, 1995, 1996, and 1997, and the three months ended March 31, 1998 were 1.05:1, 2.79:1, 3.03:1, 2.49:1, 2.40:1, and 2.28:1, respectively.

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

EXHIBIT NO.	DESCRIPTION
12.1	Ratios of Earnings to Fixed Charges
27	Financial Data Schedule

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

The Company filed a report on Form 8-K, dated December 31, 1997, with the Securities and Exchange Commission on January 7, 1998 relating to 1997 acquisitions, as amended by a Report on Form 8-K/A filed on March 16, 1998 to include financial data for such acquisitions.

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 11, 1998

SUN COMMUNITIES, INC.

BY: /s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Chief Financial Officer
And Secretary

SUN COMMUNITIES, INC.
EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	FILED HEREWITH	PAGE NUMBER HEREIN
12.1	Ratio of Earnings to Fixed Charges	X	16
27	Financial Data Schedule	X	

EXHIBIT 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS

The ratio of earnings to fixed charges for the Company (including its predecessor-in-interest, Sundance Enterprises, Inc., the partnerships affiliated with Sundance Enterprises, Inc., and the Company's subsidiaries and majority-owned partnerships) presents the relationship of the Company's earnings to its fixed charges. "Earnings" as used in the computation, is based on net income from continuing operations(which includes a charge to income for depreciation and amortization expense) before income taxes, plus fixed charges. "Fixed charges" is comprised of (i) interest charges, whether expensed or capitalized, and (ii) amortization of loan costs and discounts or premiums relating to indebtedness of the Company and its subsidiaries and majority-owned partnerships, excluding in all cases items which would be or are eliminated in consolidation.

	3 MONTHS ENDED 3/31/98	YEAR ENDED DECEMBER 31, 1997	1996	1995	1994	1993
	(UNAUDITED, IN THOUSANDS)					
Earnings:						
Net income	$ 8,936	$27,927	$21,953(1)	$13,591	$ 8,924	$ 288
Add fixed charges other than capitalized interest	5,578	14,534	11,277	6,420	4,894	5,280
	$14,514	$42,461	$33,230	$20,011	$13,818	$ 5,568
Fixed Charges:						
Interest expense	$ 5,578	$14,534	$11,277	$ 6,420	$ 4,894	$ 5,280
Preferred OP distribution	626	2,505	1,670	--	--	--
Capitalized interest	150	645	380	192	58	--
Total fixed charges	$ 6,354	$17,684	$13,327	$ 6,612	$ 4,952	$ 5,280
Ratio of Earnings to Fixed Charges:	2.28:1	2.40:1	2.49:1	3.03:1	2.79:1	1.05:1

(1) Before extraordinary item

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1,000

3-MOS
DEC-31-1998
JAN-01-1998
MAR-31-1998
10,792
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751,532
55,634
760,804
54,000
272,890
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168
318,368
760,804
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30,356
0
8,586
0
0
5,578
8,936
0
8,936
0
0
0
7,301
0.44
0.43

MARCH 31, 1997 EARNINGS PER SHARE:

BASIC $0.36
DILUTED $0.35