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 This report also includes the Registrant's Use of Proceeds Report Pursuant to Section 229.701(f).

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998.

OR

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

COMMISSION FILE NUMBER 1-12616

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:

17,071,966 shares of Common Stock, $.01 par value as of October 30, 1998

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

(SEPTEMBER 30, 1998 AND DECEMBER 31, 1997)

(IN THOUSANDS)

ASSETS	1998	1997
Investment in rental property, net	$ 714,665	$ 634,737
Cash and cash equivalents	12,168	2,198
Investment in affiliates	31,785	16,559
Mortgage notes receivable	15,931	19,269
Other assets	23,463	18,151
Total assets	$ 798,012	$ 690,914
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Line of credit	$ 21,000	$ 17,000
Debt	339,391	247,264
Accounts payable and accrued expenses	16,166	8,765
Deposits and other liabilities	11,107	8,853
Distributions payable	10,054	--
Total liabilities	397,718	281,882
Minority interests	82,621	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; 17,070 and 16,587 issued and outstanding in 1998 and 1997, respectively	171	166
Paid-in capital	370,969	364,050
Officers' notes	(11,609)	(11,773)
Unearned compensation	(5,631)	--
Distributions in excess of accumulated earnings	(36,227)	(25,663)
Total stockholders' equity	317,673	326,780
Total liabilities and stockholders' equity	$ 798,012	$ 690,914

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE PERIODS ENDED SEPTEMBER 30, 1998 AND 1997

	For the Nine Months Ended September 30, 1998	For the Nine Months Ended September 30, 1997	For the Three Months Ended September 30, 1998	For the Three Months Ended September 30, 1997
Revenues:				
Income from property	$ 85,180	$ 68,632	$ 28,294	$ 23,177
Other income	4,466	2,111	2,109	940
Total revenues	89,646	70,743	30,403	24,117
Expenses:				
Property operating and maintenance	19,095	15,620	6,544	5,423
Real estate taxes	6,502	5,578	2,122	1,838
General and administrative	4,126	3,312	1,417	1,116
Depreciation and amortization	18,121	14,927	6,115	5,150
Interest	17,808	10,397	6,178	3,598
Total expenses	65,652	49,834	22,376	17,125
Income before gain on asset sales and minority interests	23,994	20,909	8,027	6,992
Gain on asset sales	3,030	--	2,093	--
Income before minority interests	27,024	20,909	10,120	6,992
Less income allocated to minority interests:				
Preferred OP Units	1,879	1,879	627	627
Common OP Units	2,931	2,442	1,083	792
Net income	$ 22,214	$ 16,588	$ 8,410	$ 5,573
Earnings per common share:				
Basic	$ 1.32	$ 1.04	$ 0.50	$ 0.34
Diluted	$ 1.30	$ 1.03	$ 0.49	$ 0.34
Weighted average common shares outstanding - basic	16,816	15,933	16,900	16,243
Distributions declared per common share outstanding	$ 1.47	$ 1.41	$ 0.49	$ 0.47

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

(IN THOUSANDS)

	1998	1997
Cash flows from operating activities:		
Net income	$ 22,214	$ 16,588
Adjustments to reconcile net income to net cash provided by operating activities:		
Income allocated to minority interests	2,931	2,442
Gain on asset sales	(3,030)	--
Depreciation and amortization	18,121	14,927
Deferred financing costs	491	116
Increase in other assets	(4,355)	(4,599)
Increase in accounts payable and other liabilities	10,281	5,025
Net cash provided by operating activities	46,653	34,499
Cash flows from investing activities:		
Investment in rental properties	(80,755)	(42,214)
Investment in affiliates	(15,226)	(12,927)
Proceeds related to asset sales	20,773	--
Mortgage notes receivable	(838)	(13,742)
Officer note	164	(2,600)
Net cash used in investing activities	(75,882)	(71,483)
Cash flows from financing activities:		
Distributions	(27,660)	(24,982)
Proceeds from borrowings, including line of credit, net	69,000	30,000
Repayment on borrowings	(708)	--
Proceeds from stock options, dividend reinvestment plan and other	1,337	26,815
Payments for deferred financing costs	(2,770)	(2,355)
Net cash provided by financing activities	39,199	29,478
Net increase (decrease) in cash and cash equivalents	9,970	(7,506)
Cash and cash equivalents, beginning of period	2,198	9,236
Cash and cash equivalents, end of period	$ 12,168	$ 1,730
Supplemental Information:		
OP units issued for rental properties	$ 1,704	--
Debt assumed for rental properties	$ 18,356	--
Capitalized lease obligation for rental properties	$ 9,479	--
Common stock issued as unearned compensation	$ 5,631	--

The accompanying notes are an integral part of the financial statements

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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1. BASIS OF PRESENTATION:

These unaudited 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):

	September 30, 1998	December 31, 1997
Land	$ 94,166	$ 67,677
Land improvements and buildings	660,299	598,699
Furniture, fixtures, equipment	14,624	12,676
Property under development	10,542	5,769
	779,631	684,821
Accumulated depreciation	64,966	50,084
Rental property, net	$ 714,665	$ 634,737

Through September 30, 1998, acquisitions have totaled approximately $65.6 million for ten communities and $14.1 million for six land parcels comprising approximately 2,100 developed sites and 3,700 sites suitable for development.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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3. NOTES RECEIVABLE:

Notes receivable consisted of the following (in thousands):

	September 30, 1998	December 31, 1997
Mortgage notes receivable with minimum monthly interest payments at 7%, maturing June 30, 2012 collateralized by communities located in Dover, DE(a)	$ 15,931	$ 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	--	4,176
	$ 15,931	$ 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.

4. DEBT:

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

	September 30, 1998	December 31, 1997
Collateralized term loan, interest at 7.01%, due September 9, 2007	$ 44,544	$ 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
Callable/redeemable notes, interest at 6.77%, due May 14, 2015, callable/redeemable May 16, 2005	65,000	--
Collateralized lease obligations, interest ranging from 6.1% to 6.3%, due March 10, 2001 through December 1, 2002	26,611	17,375
Mortgage note, interest at 8.24%, due April 1, 2006	7,004	--
Mortgage note, interest at 8.0%, due May 1, 2017	8,257	--
Mortgage note, other	2,975	--
	$ 339,391	$ 247,264

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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4. DEBT CONTINUED:

At September 30, 1998, the Company has Treasury Rate Locks for a total notional amount of $37.5 million and an unrealized loss of $3.6 million for the purpose of hedging against the potential for increased interest expense on anticipated future fixed rate financings. At the present time, the Company anticipates issuing fixed rate securities in 1999 with a maturity of at least five to ten years. Should medium term interest rates increase, the value of the Treasury Rate Locks will increase offsetting a portion of the additional interest expense incurred. Alternatively, should medium term interest rates decrease, the Company will incur costs which should be offset by lower interest expense.

5. MINORITY INTERESTS:

Minority interests include 2,169,935 and 2,358,581 Common Operating Partnership Units at September 30, 1998 and December 31, 1997, respectively, and 1,325,275 Convertible Preferred Operating Partnership Units ("POP Units") at September 30, 1998 and December 31, 1997.

6. OTHER INCOME:

The components of other income are as follows for the periods ended September 30, 1998 and 1997 (in thousands):

	For the Nine Months Ended September 30,		For the Three Months Ended September 30,	
	1998	1997	1998	1997
Interest	$2,270	$1,222	$1,062	$ 438
Equity earnings - Sun Home Services, Inc. ("SHS")	1,480	875	786	493
Other, principally brokerage commissions	716	14	261	9
	$4,466	$2,111	$2,109	$ 940

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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7. EARNINGS PER SHARE:

	For the Nine Months Ended September 30, 1998	For the Nine Months Ended September 30, 1997	For the Three Months Ended September 30, 1998	For the Three Months Ended September 30, 1997
Earnings used for basic and diluted earnings per share computation	$22,214	$16,588	$ 8,410	$ 5,573
Total shares used for basic earnings per share	16,816	15,933	16,900	16,243
Dilutive securities, principally stock options	167	181	140	226
Total shares used for diluted earnings per share computation	16,983	16,114	17,040	16,469

Diluted earnings per share reflect the potential dilution that would occur if securities were exercised or converted into common stock. Convertible 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 nine months ended September 30, 1998 and 1997

For the nine months ended September 30, 1998, income before gain on asset sales and minority interests increased by 14.7 percent from $20.9 million to $24.0 million, when compared to the nine months ended September 30, 1997. The increase was due to increased revenues of $18.9 million while expenses increased by $15.8 million.

Income from property increased by $16.6 million from $68.6 million to $85.2 million or 24.1 percent, due to acquisitions ($12.0 million), lease up of manufactured home sites ($1.9 million) and increases in rents and other community revenues ($2.7 million).

Other income increased by $2.4 million from $2.1 million to $4.5 million. $1.3 million of the increase relates to the improved results of SHS, including brokerage commissions and the remaining $1.1 million of the increase relates to interest income.

Property operating and maintenance increased by $3.5 million from $15.6 million to $19.1 million or 22.2 percent due primarily to acquisitions ($2.8 million).

Real estate taxes increased by $.9 million from $5.6 million to $6.5 million or 16.6 percent due primarily to acquisitions ($.7 million).

General and administrative expenses increased by $.8 million from $3.3 million to $4.1 million or 24.6 percent due primarily to increased staffing to manage the growth of the company. General and administrative expenses as a percentage of income from property remained constant at 4.8 percent.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by $13.7 million from $46.2 million to $59.9 million or 29.6 percent.

Depreciation and amortization increased by $3.2 million from $14.9 million to $18.1 million or 21.4 percent due primarily to acquisitions.

Interest expense increased by $7.4 million from $10.4 million to $17.8 million or 71.3 percent primarily due to increased average debt outstanding.

The $3.0 million gain on asset sales resulted from the disposal of certain assets during the current nine month period.

SUN COMMUNITIES, INC.

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

RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 1998 and 1997

For the three months ended September 30, 1998, income before gain on asset sales and minority interests increased by 14.8 percent from $7.0 million to $8.0 million, when compared to the three months ended September 30, 1997. The increase was due to increased revenues of $6.3 million while expenses increased by $5.3 million.

Income from property increased by $5.1 million from $23.2 million to $28.3 million or 22.1 percent, due to acquisitions ($3.7 million), lease up of manufactured home sites ($.9 million) and increases in rents and other community revenues ($.5 million).

Other income increased by $1.2 million from $.9 million to $2.1 million. $.6 million of the increase in other income relates to the improved results of SHS, including brokerage commissions and the remaining $.6 million of the increase relates to interest income.

Property operating and maintenance increased by $1.1 million from $5.4 million to $6.5 million or 20.7 percent due almost entirely to acquisitions.

Real estate taxes increased by $.3 million from $1.8 million to $2.1 million or 15.5 percent due almost entirely to acquisitions.

General and administrative expenses increased by $.3 million from $1.1 million to $1.4 million or 27.0 percent due primarily to increased staffing to manage the growth of the company. General and administrative expenses as a percentage of income from property increased from 4.8 percent to 5.0 percent.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by $4.6 million from $15.7 million to $20.3 million or 29.1 percent due primarily to acquisitions.

Depreciation and amortization increased by $1.0 million from $5.1 million to $6.1 million or 18.7 percent due primarily to acquisitions.

Interest expense increased by $2.6 million from $3.6 million to $6.2 million or 71.7 percent primarily due to increased average debt outstanding.

The $2.1 million gain on asset sales results from the disposal of certain assets during the current three month period.

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 nine months ended September 30, 1998 and 1997. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 1997 and September 30, 1998. 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 2,040 sites in 1998 and 1997, respectively.

	SAME PROPERTY		TOTAL PORTFOLIO	
	1998	1997	1998	1997
Income from property	$ 56,619	$ 52,555	$ 85,180	$ 68,632
Property operating expenses:				
Property operating and maintenance	10,706	10,422	19,095	15,620
Real estate taxes	4,893	4,525	6,502	5,578
Property operating expenses	15,599	14,947	25,597	21,198
Property EBITDA	$ 41,020	$ 37,608	$ 59,583	$ 47,434
Number of properties	72	72	104	95
Developed sites	24,593	23,930	36,956	33,326
Occupied sites	23,342	22,739	33,484	30,965
Occupancy %	94.9%(1)	95.0%(1)	95.2(1)	95.2%(1)
Weighted average monthly rent per site	$ 265(1)	$ 253(1)	$ 267(1)	$ 256(1)
Sites available for development	1,744	2,405	5,854	3,288
Sites in development	374	497	1,220	762

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

On a same property basis, property revenues increased by $4.1 million from $52.5 million to $56.6 million, or 7.7 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 603 leased sites at September 30, 1998 compared to September 30, 1997.

Property operating expenses increased by $.7 million from $14.9 million to $15.6 million or 4.4 percent, due to increased occupancies and costs and increases in assessments and millage rates by local taxing authorities. Property EBITDA increased by $3.4 million from $37.6 million to $41.0 million, or 9.1 percent.

Sites available for development in the total portfolio increased by 2,566 from 3,288 to 5,854 primarily in conjunction with land acquisitions for new communities to be developed in Arizona, 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 $10.0 million to $12.2 million at September 30, 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 $12.2 million to $46.7 million for the nine months ended September 30, 1998 compared to $34.5 million for the same period in 1997. Income before minority interests, depreciation and amortization and gain on asset sales increased by $6.7 million and changes in working capital increased by $5.5 million.

Net cash used in investing activities increased by $4.4 million to $75.9 million from $71.5 million primarily due to an increase of $38.5 million in rental property acquisition activities offset by $20.8 million in proceeds from asset sales and a reduction of $12.9 million used to finance mortgage notes receivable.

Net cash provided by financing activities increased by $9.7 million to $39.2 million for the nine months ended September 30, 1998 compared to $29.5 million for the same period in 1997. $37.9 million of this increase was due to additional net debt borrowings, net of deferred financing costs offset by a $25.5 million reduction in the proceeds received from stock options and dividend reinvestment plan and a $2.7 million increase in distributions.

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 $100 million line of credit which bears interest at LIBOR plus .90% and is due November 1, 1999.

In May 1998, the Company issued $65 million of senior notes which bear interest at 6.77%, mature May 14, 2015, and are callable/redeemable May 16, 2005. Proceeds from this debt issuance were used to repay line of credit borrowings.

At September 30, 1998, the Company's debt to total market capitalization approximated 33.6% (assuming conversion of all Common and Preferred OP Units to shares of common stock), with a weighted average maturity of approximately 7.5 years and a weighted average interest rate of 7.1%.

Recurring capital expenditures approximated $4.1 million for the nine months ended September 30, 1998, including $.3 million for additional space and related costs at corporate headquarters.

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 September 30, 1998 and 1997 (in thousands):

	For the Nine Months Ended September 30,		For the Three Months Ended September 30,	
	1998	1997	1998	1997
Income before gain on asset sales and minority interest	$23,994	$20,909	$ 8,027	$ 6,992
Add depreciation and amortization, net of corporate office depreciation	17,995	14,837	6,073	5,120
Deduct distribution to Preferred OP Units	(1,879)	(1,879)	(627)	(627)
Funds from operations	$40,110	$33,867	$13,473	$11,485
Weighted average OP Units outstanding used for basic FFO per share/unit	19,048	18,296	19,075	18,602
Dilutive securities:				
Stock options	167	181	140	226
Convertible preferred OP Units	1,230	1,238	1,268	1,170
Weighted average OP Units used for diluted FFO per share/unit	20,445	19,715	20,483	19,998
FFO, per share/unit:				
Basic	$ 2.11	$ 1.85	$ 0.71	$ 0.62
Diluted	$ 2.05	$ 1.81	$ 0.69	$ 0.61

SUN COMMUNITIES, INC.

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

OTHER CONTINUED:

Year 2000 Update

The Year 2000 Compliance issue concerns the inability of computerized information systems and non-information systems to accurately calculate, store or use a date after 1999. This could result in computer system failures or miscalculations causing disruptions of operations. The Year 2000 issue affects almost all companies and organizations.

The Company has discussed its software applications and internal operational programs with its current information systems' vendors and, based on such discussions, believes that such applications and programs will properly recognize calendar dates beginning in the year 2000. The Company is discussing with its material third-party service providers, such as its banks, payroll processor, stock transfer agent and telecommunications provider, their Year 2000 compliance efforts and is assessing what effect their possible non-compliance might have on the Company. In addition, the Company is discussing with its material vendors the possibility of any interface difficulties and/or electrical or mechanical problems relating to the year 2000 which may affect properties owned or operated by the Company. The Company plans to complete its assessment of Year 2000 compliance by such parties by December 31, 1998. Until such time, the Company cannot estimate any potential adverse impact resulting from the failure of vendors or third-party service providers to address their Year 2000 issues; however, to date, no significant Year 2000 related conditions have been identified.

The Company believes that its expenditures for assessing its Year 2000 issues, though difficult to quantify, to date have not been material because the Company's Year 2000 evaluation has been conducted by its own personnel or by its vendors in connection with their servicing operations. In addition, the Company is not aware of any Year 2000 related conditions that it believes would likely require material expenditures in the future.

Based on its current information, the Company believes that the risk posed by any forseeable Year 2000 related problem with its internal systems and the systems at its properties (including both information and non-information systems) or with its vendors is minimal. Year 2000 related problems with the Company's software applications and internal operational programs or with the electrical or mechanical systems at its properties are unlikely to cause more than minor disruptions in the Company's operations. The Company believes that the risk posed by Year 2000 related problems for certain third-party service providers, such as its banks, payroll processor, stock transfer agent and telecommunications provider is marginally greater, though, based on its current information, the Company does not believe any such problems would have a material effect on its operations. Any Year 2000 related problems at these third-party service providers could delay the processing of financial transactions and the Company's payroll and could disrupt the Company's internal and external communications. At this time, no contingency plans exist, however, the Company anticipates developing contingency plans if, and to the extent, deemed necessary. The Company does plan to seek independent verification or review of its assessment of its Year 2000 issues by March 31, 1999. Pursuant to the results of the independent review, contingency plans will be developed if, and to the extent deemed necessary.

SUN COMMUNITIES, INC.

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

OTHER CONTINUED:

Year 2000 Update, Continued

While the Company believes that it will be Year 2000 compliant by December 31, 1999, there can be no assurance that the Company has been or will be successful in identifying and assessing Year 2000 issues, or that, to the extent identified, the Company's efforts to resolve such issues will be effective such that Year 2000 issues will not have a material adverse effect on the Company's business, financial condition, or results of operation.

Safe Harbor Statement

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 "Risk Factors" of the Company's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on January 30, 1998 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.

SUN COMMUNITIES, INC.

PART II

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

EXHIBIT NO.	DESCRIPTION
27	Financial Data Schedule

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: November 10, 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
27	Financial Data Schedule	X	

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DEC-31-1998
JAN-01-1998
SEP-30-1998
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0
779,631
64,966
798,012
21,000
339,391
0
0
171
317,502
798,012
0
89,646
0
25,597
0
0
17,808
27,024
0
27,024
0
0
0
22,214
1.32
1.30

September 30, 1997 Earnings per share:
Basic $1.04
September 30, 1997 Earnings per share:
Diluted $1.03