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 JUNE 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:

17,064,337 shares of Common Stock, $.01 par value as of July 31, 1998

SUN COMMUNITIES, INC.

INDEX

SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

JUNE 30, 1998 AND DECEMBER 31, 1997

(IN THOUSANDS)

ASSETS	1998	1997
Investment in rental property, net	$708,289	$634,737
Cash and cash equivalents	1,896	2,198
Investment in affiliates	30,585	16,559
Mortgage notes receivable	15,546	19,269
Other assets	20,679	18,151
Total assets	$776,995	$690,914
LIABILITIES AND STOCKHOLDERS= EQUITY		
Liabilities:		
Line of credit	$ 5,000	$ 17,000
Debt	338,779	247,264
Accounts payable and accrued expenses	12,425	8,765
Deposits and other liabilities	10,577	8,853
Distributions payable	10,053	--
Total liabilities	376,834	281,882
Minority interests	82,625	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; 17,063 and 16,587 issued and outstanding in 1998 and 1997, respectively	171	166
Paid-in capital	370,895	364,050
Officers' notes	(11,626)	(11,773)
Unearned compensation	(5,631)	--
Distributions in excess of accumulated earnings	(36,273)	(25,663)
Total stockholders' equity	317,536	326,780
Total liabilities and stockholders' equity	$776,995	$690,914

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE PERIODS ENDED JUNE 30, 1998 AND 1997

	For the Three Months Ended June 30, 1998	For the Three Months Ended June 30, 1997	For the Six Months Ended June 30, 1998	For the Six Months Ended June 30, 1997
Revenues:				
Income from property	$ 28,281	$22,468	$ 56,886	$45,455
Other income	1,543	765	3,294	1,171
Total revenues	29,824	23,233	60,180	46,626
Expenses:				
Property operating and maintenance	6,132	5,050	12,551	10,197
Real estate taxes	2,213	1,877	4,380	3,740
General and administrative	1,393	1,118	2,709	2,196
Depreciation and amortization	6,066	4,956	12,006	9,777
Interest	6,052	3,354	11,630	6,799
Total expenses	21,856	16,355	43,276	32,709
Income before minority interests	7,968	6,878	16,904	13,917
Less income allocated to minority interests:				
Preferred OP Units	626	626	1,252	1,252
Common OP Units	839	805	1,848	1,650
Net income	$ 6,503	$ 5,447	$ 13,804	$11,015
Earnings per common share:				
Basic	$ 0.38	$ 0.34	$ 0.82	$ 0.70
Diluted	$ 0.38	$ 0.34	$ 0.81	$ 0.69
Weighted average common shares outstanding - basic	16,867	15,924	16,774	15,778
Distributions declared per common share outstanding	$ 0.49	$ 0.47	$ 0.98	$ 0.94

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

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997

(IN THOUSANDS)

	1998	1997
Cash flows from operating activities:		
Net income	$ 13,804	$ 11,015
Adjustments to reconcile net income to net cash provided by operating activities:		
Income allocated to minority interests	1,848	1,650
Gain related to mortgage notes receivable	(937)	--
Depreciation and amortization	12,006	9,777
Deferred financing costs	300	77
Increase in other assets	(918)	(2,402)
Increase in accounts payable and other liabilities	6,010	1,670
Net cash provided by operating activities	32,113	21,787
Cash flows from investing activities:		
Investment in rental properties	(56,032)	(19,318)
Investment in affiliates	(14,026)	(7,869)
Proceeds related to mortgage notes receivable	4,660	--
Officer note	147	(2,600)
Net cash used in investing activities	(65,251)	(29,787)
Cash flows from financing activities:		
Distributions	(18,233)	(16,376)
Proceeds from borrowings	65,000	--
Repayment on borrowings	(12,477)	--
Proceeds from stock options, dividend reinvestment plan and other	1,286	16,546
Payments for deferred financing costs	(2,740)	(51)
Net cash provided by financing activities	32,836	119
Net decrease in cash and cash equivalents	(302)	(7,881)
Cash and cash equivalents, beginning of period	2,198	9,236
Cash and cash equivalents, end of period	$ 1,896	$ 1,355
Supplemental Information:		
OP units issued for rental properties	$ 1,704	--
Debt assumed for rental properties	$ 19,217	--
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

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):

	June 30, 1998	December 31, 1997
Land	$ 88,585	$ 67,677
Land improvements and buildings	661,866	598,699
Furniture, fixtures, equipment	14,198	12,676
Property under development	4,900	5,769
	769,549	684,821
Accumulated depreciation	61,260	50,084
Rental property, net	$ 708,289	$ 634,737

Through June 30, 1998, acquisitions have totaled approximately $68.4 million including eight communities and four land parcels comprising approximately 1,800 developed sites and 2,500 sites suitable for development.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. NOTES RECEIVABLE:

Notes receivable consisted of the following (in thousands):

	June 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)	$ 15,546	$ 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
	$ 15,546	$ 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):

	June 30, 1998	December 31, 1997
Collateralized term loan, interest at 7.01%, due September 9, 2007	$ 44,661	$ 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	26,680	17,375
Mortgage note, interest at 8.24%, due April 1, 2006	7,020	--
Mortgage note, interest at 8.0%, due May 1, 2017	8,305	--
Mortgage note, other	2,113	--
	$ 338,779	$ 247,264

The Company had $95 million available to borrow under its line of credit at June 30, 1998. In May 1998, the Company increased its line of credit facility from $75 million to $100 million.

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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5. MINORITY INTERESTS:

Minority interests include 2,174,935 and 2,358,581 Common Operating Partnership Units at June 30, 1998 and December 31, 1997, respectively and 1,325,275 Convertible Preferred Operating Partnership Units ("POP Units") at June 30, 1998 and December 31, 1997.

6. OTHER INCOME:

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

	For the Three Months Ended June 30, 1998	For the Three Months Ended June 30, 1997	For the Six Months Ended June 30, 1998	For the Six Months Ended June 30, 1997
Interest	$ 785	$ 426	$ 1,250	$ 789
Gain from mortgage notes receivable	--	--	937	--
Equity earnings - Sun Home Services, Inc.	520	339	695	382
Other, principally brokerage commissions	238	--	412	--
	$1,543	$ 765	$ 3,294	$1,171

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

7. EARNINGS PER SHARE:

	For the Three Months Ended June 30, 1998	For the Three Months Ended June 30, 1997	For the Six Months Ended June 30, 1998	For the Six Months Ended June 30, 1997
Earnings used for basic and diluted earnings per share computation	$ 6,503	$ 5,447	$13,804	$11,015
Total shares used for basic earnings per share	16,867	15,924	16,774	15,778
Dilutive securities, principally stock options	171	163	182	159
Total shares used for diluted earnings per share computation	17,038	16,087	16,956	15,937

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 six months ended June 30, 1998 and 1997

For the six months ended June 30, 1998, income before minority interests increased by 21.5 percent from $13.9 million to $16.9 million, when compared to the six months ended June 30, 1997. The increase was due to increased revenues of $13.6 million while expenses increased by $10.6 million.

Income from property increased by $11.4 million from $45.5 million to $56.9 million or 25.1 percent, due to acquisitions ($8.3 million), lease up of manufactured home sites ($1.0 million) and increases in rents and other community revenues ($2.1 million).

Other income increased by $2.1 million from $1.2 million to $3.3 million. $.9 million of the increase was due to a gain from the repayment of the Company's shared appreciation mortgages, $.7 million of the increase relates to the improved results of SHS, including brokerage commissions and the remaining $.5 million of the increase relates to interest income.

Property operating and maintenance increased by $2.3 million from $10.2 million to $12.5 million or 23.1 percent due primarily to acquisitions ($1.8 million).

Real estate taxes increased by $.6 million from $3.8 million to $4.4 million or 17.1 percent due primarily to acquisitions ($.5 million).

General and administrative expenses increased by $.5 million from $2.2 million to $2.7 million or 23.4 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 $10.0 million from $30.5 million to $40.5 million or 32.9 percent.

Depreciation and amortization increased by $2.2 million from $9.8 million to $12.0 million or 22.8 percent due primarily to acquisitions.

Interest expense increased by $4.8 million from $6.8 million to $11.6 million or 71.1 percent primarily due to increased average debt outstanding.

SUN COMMUNITIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

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

For the three months ended June 30, 1998, income before minority interests increased by 15.8 percent from $6.9 million to $8.0 million, when compared to the three months ended June 30, 1997. The increase was due to increased revenues of $6.6 million while expenses increased by $5.5 million.

Income from property increased by $5.8 million from $22.5 million to $28.3 million or 25.9 percent, due to acquisitions ($4.3 million), lease up of manufactured home sites ($.5 million) and increases in rents and other community revenues ($1.0 million).

Other income increased by $.8 million from $.7 million to $1.5 million. $.4 million of the increase in other income relates to the improved results of SHS, including brokerage commissions and the remaining $.4 million of the increase relates to interest income.

Property operating and maintenance increased by $1.1 million from $5.0 million to $6.1 million or 21.4 percent due primarily to acquisitions ($.9 million).

Real estate taxes increased by $.3 million from $1.9 million to $2.2 million or 17.9 percent due primarily to acquisitions ($.2 million).

General and administrative expenses increased by $.3 million from $1.1 million to $1.4 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 declined from 5.0 percent to 4.9 percent.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by $4.9 million from $15.2 million to $20.1 million or 32.2 percent due primarily to acquisitions.

Depreciation and amortization increased by $1.1 million from $5.0 million to $6.1 million or 22.4 percent due primarily to acquisitions.

Interest expense increased by $2.7 million from $3.4 million to $6.1 million or 80.4 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 six months ended June 30, 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 2,070 sites in 1998 and 1997, respectively.

	SAME PROPERTY		TOTAL PORTFOLIO	
	1998	1997	1998	1997
Income from property	$38,511	$35,802	$56,886	$45,455
Property operating expenses:				
Property operating and maintenance	7,004	6,796	12,551	10,197
Real estate taxes	3,360	3,121	4,380	3,740
Property operating expenses	10,364	9,917	16,931	13,937
Property EBITDA	$28,147	$25,885	$39,955	$31,518
Number of properties	74	74	104	86
Developed sites	24,829	24,386	36,800	31,500
Occupied sites	23,835	23,074	33,600	29,200
Occupancy %	96.0%(1)	94.6%(1)	96.1%(1)	94.5%(1)
Weighted average monthly rent per site	$ 264 (1)	$252 (1)	$ 266 (1)	$ 255 (1)
Sites available for development	2,300	2,565	5,554	3,312
Sites in development	678	601	1,512	736

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

On a same property basis, property revenues increased by $2.7 million from $35.8 million to $38.5 million, or 7.6 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 761 leased sites at June 30, 1998 compared to June 30, 1997.

Property operating expenses increased by $.5 million from $9.9 million to $10.4 million or 4.5 percent, due to increased occupancies and costs and increases in assessments and millage rates by local taxing authorities. Property EBITDA increased by $2.3 million from $25.9 million to $28.2 million, or 8.7 percent.

Sites available for development in the total portfolio increased by 2,242 from 3,312 to 5,554 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 decreased by $.3 million to $1.9 million at June 30, 1998 compared to $2.2 million at December 31, 1997 primarily because cash used in investing activities exceeded cash provided by operating and financing activities.

Net cash provided by operating activities increased by $10.3 million to $32.1 million for the six months ended June 30, 1998 compared to $21.8 million for the same period in 1997. Changes in working capital increased by $5.8 million and income before minority interests, depreciation and amortization and gain related to mortgage notes receivable increased by $4.5 million.

Net cash used in investing activities increased by $35.5 million to $65.3 million from $29.8 million primarily due to $36.7 million related to acquisition activities.

Net cash provided by financing activities increased by $32.7 million to $32.8 million for the six months ended June 30, 1998 compared to $.1 million for the same period in 1997. $49.8 million of this increase was due to additional net debt borrowings and deferred financing costs offset by a $15.3 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 $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 June 30, 1998, the Company's debt to total market capitalization approximated 33.3% (assuming conversion of all Common and Preferred OP Units to shares of common stock), with a weighted average maturity of approximately 8.0 years and a weighted average interest rate of 7.2%.

Recurring capital expenditures approximated $2.5 million for the six months ended June 30, 1998, including $.2 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 June 30, 1998 and 1997 (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1998	1997	1998	1997
Income before allocation to minority interest	$ 7,968	$ 6,878	$16,904	$13,917
Add depreciation and amortization, net of corporate office depreciation	6,024	4,926	11,922	9,717
Deduct distribution to Preferred OP Units	(626)	(626)	(1,252)	(1,252)
Deduct gain from mortgage notes receivable	--	--	(937)	--
Funds from operations	$13,366	$ 11,178	$26,637	$22,382
Weighted average OP Units outstanding used for basic FFO per share/unit	19,051	18,282	19,034	18,144
Dilutive securities:				
Stock options	171	163	182	159
Convertible preferred OP Units	1,227	1,266	1,212	1,275
Weighted average OP Units used for diluted FFO per share/unit	20,449	19,711	20,428	19,578
FFO, per share/unit:				
Basic	$ 0.70	$ 0.61	$ 1.40	$ 1.23
Diluted	$ 0.68	$ 0.60	$ 1.36	$ 1.21

PART II

ITEM 4. - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On June 5, 1998, the Company held its Annual Meeting of Shareholders. The following matters were voted upon at the meeting:

(a) The election of two directors to serve until the 2001 Annual Meeting of Shareholders or until their respective successors shall be elected and shall qualify. The results of the election appear below:

NAME	VOTES FOR	VOTES AGAINST OR WITHHELD	ABSTENTIONS OR BROKER NON-VOTES
Milton M. Shiffman	12,714,870	0	14,241
Clunet R. Lewis	12,712,170	0	16,941

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 filed a Report on Form 8-K dated April 24, 1998 with the Securities and Exchange Commission (the "SEC") on June 1, 1998, to report the establishment of its shareholder rights plan.

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: August 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	

6-MOS
DEC-31-1998
JAN-01-1998
JUN-30-1998
1,896
0
0
0
0
0
769,549
61,260
776,995
5,000
338,779
0
0
171
317,365
776,995
0
60,180
0
16,931
0
0
11,630
16,904
0
16,904
0
0
0
13,804
.82
.81

June 30, 1997 Earnings Per Share:

Basic	$.70
Fully Diluted	$.69