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, 1997

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: (810) 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:

15,959,509 shares of Common Stock, $.01 par value as of April 30, 1997

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

MARCH 31, 1997 AND DECEMBER 31, 1996

(IN THOUSANDS)

ASSETS	1997	1996
Investment in rental property, net	$ 562,955	$ 558,278
Cash and cash equivalents	10,552	9,236
Investment in Sun Home Services, Inc. ("SHS")	9,592	5,103
Other assets	12,864	12,439
Total assets	$ 595,963	$ 585,056
LIABILITIES AND EQUITY		
Liabilities:		
Debt	$ 185,000	$ 185,000
Accounts payable and accrued expenses	10,899	7,718
Deposits and other liabilities	9,487	9,123
Distributions payable	9,113	--
Total liabilities	214,499	201,841
Minority interests	81,136	82,283
Stockholders' equity:		
Preferred stock, $.01 par value, 10,000 shares authorized, none issued		
Common stock, $.01 par value, 100,000 shares authorized, 15,700 and 15,389 issued and outstanding in 1997 and 1996, respectively	157	154
Paid-in capital	336,527	328,321
Officers' notes	(9,173)	(9,173)
Distributions in excess of accumulated earnings	(27,183)	(18,370)
Total stockholders' equity	300,328	300,932
Total liabilities and equity	$ 595,963	$ 585,056

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, 1997 AND 1996

(IN THOUSANDS)

	1997	1996
Revenues:		
Rental income	$ 22,638	$ 11,995
Other income	755	447
Total revenues	23,393	12,442
Expenses:		
Property operating and maintenance	5,147	2,621
Real estate taxes	1,863	868
General and administrative	1,078	699
Depreciation and amortization	4,821	2,760
Interest	3,445	2,038
Total expenses	16,354	8,986
Income before minority interests	7,039	3,456
Less income allocated to minority interests:		
Preferred OP Units	626	--
Common OP Units	845	519
Net income	$ 5,568	$ 2,937
Earnings per weighted average common share outstanding	$ .36	$ .29
Distributions declared per common share outstanding	$ .47	$ .455
Weighted average common shares outstanding	15,632	10,013

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, 1997 AND 1996

(IN THOUSANDS)

	1997	1996
Cash flows from operating activities:		
Net income	$ 5,568	$ 2,937
Adjustments to reconcile net income to net cash provided by operating activities:		
Income allocated to minority interests	845	519
Depreciation and amortization costs	4,821	2,760
Deferred financing costs	39	113
Increase in prepaid expenses and other assets	(669)	(27)
Increase (decrease) in accounts payable and other liabilities	4,171	(361)
Net cash provided by operating activities	14,775	5,941
Cash flows from investing activities:		
Investment in rental properties	(9,277)	(1,577)
Investment in SHS	(4,489)	70
Net cash used in investing activities	(13,766)	(1,507)
Cash flows from financing activities:		
Distributions	(7,886)	(5,211)
Proceeds from borrowings	--	4,524
Repayments on borrowings	--	(370)
Payments for deferred financing costs	(16)	(35)
Stock options and dividend reinvestment plan	8,209	765
Net cash provided by (used in) financing activities	307	(327)
Net increase in cash and cash equivalents	1,316	4,107
Cash and cash equivalents, beginning of period	9,236	121
Cash and cash equivalents, end of period	$ 10,552	$ 4,228

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, 1996. 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, 1997	December 31, 1996
Land	$ 59,809	$ 58,943
Land improvements and buildings	518,856	510,726
Furniture, fixtures, equipment	10,477	9,826
Property under development	8,948	9,318
	598,090	588,813
Accumulated depreciation	(35,135)	(30,535)
Rental property, net	$ 562,955	$ 558,278

3. DEBT:

The following table sets forth certain information regarding debt at March 31, 1997 (in thousands):

Secured term loan, interest at LIBOR plus 1.50%, due November 1, 1997	$ 35,000
Senior notes, interest at 7.375%, due May 1, 2001	65,000
Senior notes, interest at 7.625%, due May 1, 2003	85,000
	$ 185,000

SUN COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME:

The components of other income are as follows (in thousands):

	March 31, 1997	March 31, 1996
Interest:		
Notes and mortgages	$ 436	$ 366
Other	124	39
Other property revenues	152	112
Equity earnings (loss) - SHS	43	(70)
	$ 755	$ 447

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 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, 1997 and 1996

For the three months ended March 31, 1997, net income before minority interests increased by 103.7 percent from $3.5 million to $7.0 million, when compared to the three months ended March 31, 1996. The increase was due to increased revenues of $10.9 million while expenses increased by $7.4 million.

Rental income increased by $10.6 million from $12.0 million to $22.6 million or 88.7 percent, due to acquisitions ($9.7 million), lease up of sites ($0.3 million) and increases in rents and other community revenues ($0.6 million).

Other income increased by $.3 million from $.4 million to $.7 million or 68.9 percent due primarily to increased interest income and improved results at SHS.

Property operating and maintenance increased by $2.5 million from $2.6 million to $5.1 million or 96.4 percent due primarily to acquisitions ($2.2 million).

Real estate taxes increased by $1.0 million from $.9 million to $1.9 million or 114.6 percent due primarily to acquisitions ($.9 million).

General and administrative expenses increased by $.4 million from $.7 million to $1.1 million or 54.2 percent due primarily to increased staffing to manage the growth of the company. General and administrative expenses as a percentage of rental income declined from 5.8 percent to 4.8 percent of rental revenues as a result of economies of scale resulting from the company's growth.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by $7.0 million from $8.3 million to $15.3 million or 85.4 percent. EBITDA decreased as a percentage of revenues from 66.3 percent to 65.4 percent.

Depreciation and amortization increased by $2.0 million from $2.8 million to $4.8 million or 74.7 percent due primarily to acquisitions.

Interest expense increased by $1.4 million from $2.0 million to $3.4 million or 69.0 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, 1997 and 1996. The "Same Property" data represents information regarding the operation of communities owned as of January 1, 1996. Site, occupancy, and rent data for those communities is presented as of the last day of each period presented. The table excludes the 1,200 sites where the Company's interest is in the form of a shared appreciation mortgage note.

	SAME PROPERTY		TOTAL PORTFOLIO	
	1997	1996	1997	1996
Property revenues, including other	$ 13,007	$ 12,107	$ 22,790	$ 12,107
Property operating expenses:				
Property operating and maintenance	2,859	2,621	5,147	2,621
Real estate taxes	964	868	1,863	868
Property operating expenses	3,823	3,489	7,010	3,489
Property EBITDA	$ 9,184	$ 8,618	$ 15,780	$ 8,618
Number of properties	52	52	84	52
Developed sites	17,400	16,900	30,000	16,900
Occupied sites	16,370	15,969	27,458	15,969
Occupancy %	94.1%	94.5%	94.7%(1)	94.5%
Weighted average monthly rent per site	$ 250	$ 240	$ 254	$ 240
Sites available for development	1,889	2,368	3,552	2,368
Sites in development	481	412	849	412

(1)
Occupancy % relates to manufactured housing sites, excluding recreational vehicle sites.

On a same property basis, property revenues increased by $.9 million from $12.1 million to $13.0 million, or 7.4 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 401 leased sites at March 31, 1997 compared to March 31, 1996.

Property operating expenses increased by $.3 million from $3.5 million to $3.8 million, or 9.6 percent, due to increased occupancies and costs and increases in assessments and millage rates by local taxing authorities. Property EBITDA increased by $.6 million from $8.6 million to $9.2 million, or 6.6 percent.

Sites available for development in the total portfolio increased by 1,184 from 2,368 to 3,552 with 778 sites added in conjunction with acquisitions in Michigan, Florida and Indiana, and 885 in new communities under development in Texas and Michigan.

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 $1.3 million to $10.5 million at March 31, 1997 compared to $9.2 million at December 31, 1996 primarily because cash provided by operating and financing activities exceeded cash used in investing activities.

Net cash provided by operating activities increased by $8.8 million to $14.8 million for the three months ended March 31, 1997 compared to $6.0 million for the same period in 1996. $5.0 million of this increase was due to increases in net income before depreciation and amortization and minority interests with the remaining balance attributable to changes in working capital.

Net cash used in investing activities was $13.8 million for the three months ended March 31, 1997 compared to $1.5 million for the same period in 1996. $7.7 million of this increase was due to acquisition related activities with the remaining balance attributable to the Company's investment in SHS.

Net cash provided by financing activities was $.3 million for the three months ended March 31, 1997 and net cash used in financing activities for the three months ended March 31, 1996 was $.3 million. The change was primarily due to a $7.4 million increase in proceeds from sale of common stock pursuant to the Company's Dividend Reinvestment Plan offset by a $4.5 million decrease in proceeds from borrowings and a $2.7 million increase in distributions paid.

The Company expects to meet its short-term liquidity requirements generally through its working capital provided by operating activities and proceeds from the Company's Dividend Reinvestment Plan. The Company considers these sources to be adequate and anticipates they will continue to be adequate to meet operating requirements, capital improvements, investment in expansions, and payment of distributions by the Company in accordance with REIT requirements in both the short and long term.

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 Sun Communities Operating Limited Partnership. The Company can also meet these requirements by utilizing its $75 million line of credit which bears interest at LIBOR plus 1.25% (effective May 1 1997) and is due November 1, 1999.

At March 31, 1997, the Company's debt to total market capitalization approximated 23% (assuming conversion of all Common and Preferred OP Units to shares of common stock), with a weighted average maturity of approximately 4.3 years and a weighted average interest rate of 7.4%.

Recurring capital expenditures approximated $.8 million for the three months ended March 31, 1997.

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, 1997 and 1996:

(IN THOUSANDS)

	FOR THE THREE MONTHS ENDED MARCH 31	
	1997	1996
Income before allocation to minority interests	$ 7,039	$ 3,456
Add depreciation and amortization, net of corporate office depreciation	4,791	2,745
Deduct distribution to Preferred OP Units	(626)	--
Funds from operations	$ 11,204	$ 6,201
Weighted average shares and common OP units outstanding	18,005	11,766
FFO, per share/unit	$ 0.62	$ 0.53

PART II

ITEM 5. - RATIOS OF EARNINGS TO FIXED CHARGES

The Company's ratios of earnings to fixed charges for the years December 31, 1992, 1993, 1994, 1995 and 1996, and the three months ended March 31, 1997 were 1.05:1, 1.05:1, 2.79:1, 3.03:1, 2.49:1, and 2.52:1, 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 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 9, 1997

SUN COMMUNITIES, INC.

BY: /s/ Gary A. Shiffman

Gary A. Shiffman, President

BY: /s/ Jeffrey P. Jorissen

Jeffrey P. Jorissen, Chief Financial Officer and Secretary

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	FILED HEREWITH	PAGE NUMBER HEREIN
12.1	Ratio of Earnings to Fixed Charges	X	
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 (loss) 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 3/31/97	YEAR ENDED DECEMBER 31, 1996	1995	1994	1993	1992
		(UNAUDITED, IN THOUSANDS)				
Earnings:						
Net income (loss)	$ 7,039	$ 21,953 (1)	$ 13,591	$ 8,924	$ 288	$ 272
Add fixed charges other than capitalized interest	3445	11,277	6,420	4,894	5,280	5,522
	$ 10,484	$ 33,230	$ 20,011	$ 13,818	$ 5,568	$ 5,794
Fixed Charges:						
Interest expense	$ 3,445	$ 11,277	$ 6,420	$ 4,894	$ 5,280	$ 5,522
Preferred OP distribution	626	1,670	--	---	----	----
Capitalized interest	90	380	192	58	----	----
Total fixed charges	$ 4,161	$ 13,327	$ 6,612	$ 4,952	$ 5,280	$5,522
Ratio of Earnings to Fixed Charges:	2.52:1	2.49:1	3.03:1	2.79:1	1.05:1	1.05:1

(1) Before extraordinary item

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1,000

3-MOS
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JAN-01-1997
MAR-31-1997
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157
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