

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): May 16, 2007

ACADIA REALTY TRUST  
(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation)	1-12002 (Commission File Number)	23-2715194 (I.R.S. Employer Identification No.)
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1311 Mamaroneck Avenue  
Suite 260  
White Plains, New York 10605  
(Address of principal executive offices) (Zip Code)

(914) 288-8100  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425 )
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

On May 16, 2007, Acadia Realty Trust (the "Company") issued a press release announcing that it has formed its third discretionary opportunity fund, Acadia Strategic Opportunity Fund III LLC ("Fund III"). The Company anticipates that in addition to the Company's investment, 13 investors will invest in Fund III, including all of the investors from its most recent opportunity fund, Acadia Strategic Opportunity Fund II LLC ("Fund II").

Fund III expects to receive total aggregate capital commitments of \$400 million from the existing investors in Fund II and seven new investors. The Company has agreed to commit up to an additional \$100 million of its own capital, representing 20% of the total committed capital. Approximately 90% of Fund III's offering has closed; with the remaining balance expected to close during the second quarter of 2007. With \$500 million of discretionary capital, Fund III intends to acquire up to approximately \$1.5 billion of assets on a leveraged basis.

The terms and structure of Fund III are substantially the same as Fund II except that the preferred return threshold is equal to 6%. A subsidiary of the Company will be the managing member of Fund III with a 20% interest.

In addition to a pro-rata return on its invested equity, the Company is entitled to a profit participation based upon certain investment return thresholds. Cash flow is distributed pro-rata to the members (including the Company) until they have received a 6% cumulative return on, and a return of, all capital contributions. Thereafter, remaining cash flow is distributed 80% to the members (including the Company) and 20% to the Company as a carried interest. The Company also earns fees and/or priority distributions for asset management services equal to 1.5% of the allocated invested equity, as well as for property management, leasing, development/re-development and construction

services.

A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

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Item 9.01. Financial Statements, Pro Forma Financial Information and Exhibits.

(d) Exhibits.

Exhibit Number	Description
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99.1	Press Release dated May 16, 2007

SIGNATURES

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

ACADIA REALTY TRUST  
(Registrant)

Date: May 16, 2007

By: /s/ Michael Nelsen

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Name: Michael Nelsen  
Title: Sr. Vice President and  
Chief Financial Officer

Acadia Realty Trust Announces Formation of \$500 Million Equity Fund:  
Acadia's Third Discretionary Fund

NEW YORK--(BUSINESS WIRE)--May 16, 2007--Acadia Realty Trust (NYSE:AKR - "Acadia") today announced the formation of its third discretionary investment fund, Acadia Strategic Opportunity Fund III LLC ("Fund III"). Fund III will be capitalized with \$500 million of discretionary institutional capital, which will enable Acadia to acquire or develop approximately \$1.5 billion of assets on a leveraged basis.

It is anticipated that Fund III will consist of 13 institutional investors, including all of the investors from prior funds. The existing investors and seven new members will invest a total of \$400 million of equity and Acadia will invest \$100 million. Approximately 90% of Fund III's offering has closed; the remaining balance is anticipated to close during the current quarter.

To date, Fund I and Fund II are fully funded or committed. The terms and structure of Fund III are substantially the same as Funds I and II. Acadia will earn a pro-rata return on its invested equity in Fund III, as well as fees for asset management, development/redevelopment services, leasing, construction management and property management. Acadia also has the opportunity to earn additional amounts based on certain investment return thresholds.

Fund III will continue to pursue the investment initiatives of Acadia's first two discretionary investment funds. In line with this strategy, Fund III will continue to expand the Urban-Infill Redevelopment platform. This includes Acadia's joint-venture with P/A Associates in New York City, which currently has eight Urban-Infill projects representing approximately \$1 billion in value. Fund III will also continue to make investments in retailer-controlled properties, such as prior fund investments including Mervyns and Albertson's. The flexible and discretionary structure of Fund III also positions it well to move quickly and definitively to take advantage of market dislocations and corrections through investments in existing assets. Such opportunistic investments resulting from market turmoil, similar to Fund I's purchase of approximately 1.0 million square feet in Wilmington, Delaware, are expected to be a key component of Fund III's strategy.

Kenneth F. Bernstein, Acadia's President and CEO, stated "We are quite pleased with the high level of institutional interest we have received for participation in the Fund. Acadia will continue to focus on the investment strategies that have proven successful for us to date, and we are excited about the diverse and robust deals in our pipeline. We believe the size of Fund III will enable us to remain both disciplined and opportunistic. It remains our belief that the discretionary investment fund structure is an ideal vehicle for Acadia to continue to both maximize our capital structure and shareholder value."

Acadia Realty Trust, headquartered in White Plains, NY, is a fully integrated, self-managed and self-administered equity REIT focused primarily on the ownership, acquisition, redevelopment and management of retail properties, including neighborhood/community shopping centers and mixed-use properties with retail components.

Certain matters in this press release may constitute forward-looking statements within the meaning of federal securities law and as such may involve known and unknown risk, uncertainties and other factors which may cause the actual results, performances or achievements of Acadia to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. These forward-looking statements include statements regarding our future earnings, estimates regarding the timing of completion of, and costs relating to, our real estate redevelopment projects. Factors that could cause our forward-looking statements to differ from our future results include, but are not limited to, those discussed under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in the Company's most recent annual report on Form 10-K filed with the SEC on March 1, 2007 ("Form 10-K") and other periodic reports filed with the SEC, including risks related to: (i) the Company's reliance on revenues derived from major tenants; (ii) the Company's limited control over joint venture investments; (iii) the Company's partnership structure; (iv) real estate and the geographic concentration of our properties; (v) market interest rates;

(vi) leverage; (vii) liability for environmental matters;(viii) the Company's growth strategy; (ix) the Company's status as a REIT (x) uninsured losses and (xi) the loss of key executives. Copies of the Form 10-K and the other periodic reports Acadia files with the SEC are available on the Company's website at [www.acadiarealty.com](http://www.acadiarealty.com). Any forward-looking statements in this press release speak only as of the date hereof. Acadia expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Acadia's expectations with regard thereto or change in events, conditions or circumstances on which any such statement is based.

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Investor Relations