

OMB APPROVAL	
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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

<b>1. Name and Address of Reporting Person*</b> <u>RICE CATHERINE</u>  (Last) (First) (Middle) <u>1114 AVENUE OF THE AMERCIAS, 27TH FLOOR</u>  (Street) <u>NEW YORK NY 10036</u>  (City) (State) (Zip)	<b>2. Issuer Name and Ticker or Trading Symbol</b> <u>ISTAR FINANCIAL INC [ SFI ]</u>	<b>5. Relationship of Reporting Person(s) to Issuer</b> (Check all applicable)  Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Chief Financial Officer</u>
	<b>3. Date of Earliest Transaction (Month/Day/Year)</b> <u>03/03/2006</u>	
<b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>		

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Restricted stock units <sup>(1)</sup>	03/02/2006		A		34,228 <sup>(1)</sup>	A	\$0 <sup>(1)</sup>	34,228 <sup>(2)</sup>	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)					

**Explanation of Responses:**

1. iStar Financial Inc. has granted the Reporting Person an award of 34,228 Restricted Stock Units. The Units represent the right to receive an equivalent number of shares of iStar's common stock if and when the Units have vested. The Units will vest in annual installments as follows: 11,410 Units on 1/3/07; 11,409 Units on 1/3/08 and 11,409 Units on 1/3/09. Vesting is based on continued employment. Units that are not vested may not be sold, transferred or pledged except by will, the laws of descent or to or for the benefit of the Reporting Person's family. If the Reporting Person voluntarily terminates her employment with iStar, or iStar terminates the Reporting Person's employment for cause (as defined in the award), any unvested portion of the Units will be forfeited automatically as of the date of termination of employment. The Reporting Person is entitled to receive common stock dividend equivalents on vested and unvested Units.

2. In addition to these Restricted Stock Units, the Reporting Person is the beneficial owner of a total of 174,647 shares of iStar common stock, all of which are owned directly. This total consists of 8,660 shares of iStar common stock previously reported by the Reporting Person and 208,980 restricted shares of iStar common stock previously reported by the Reporting Person, all of which have now become vested and unrestricted, less 42,993 shares withheld by iStar upon vesting to satisfy tax withholding obligations.

s/ Catherine D Rice

03/03/2006

\*\* Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.