

**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): September 13, 2006

iStar Financial Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

1-15371
(Commission File
Number)

95-6881527
(IRS Employer
Identification Number)

1114 Avenue of the Americas, 27th Floor
New York, New York
(Address of principal executive offices)

10036
(Zip Code)

Registrant's telephone number, including area code: **(212) 930-9400**

N/A

(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 (see General Instruction A.2. below):

- 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 September 13, 2006, iStar Financial Inc. issued a press release announcing today that it has agreed to sell \$700 million of Fixed Rate Notes and \$500 million of Floating Rate Notes. All of the Notes are senior, unsecured debt securities of the Company. A copy of the press release is furnished herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

Exhibit 99.1 Press release issued by iStar Financial Inc. on September 13, 2006.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

iSTAR FINANCIAL INC.

Date: September 13, 2006

By: /s/ Jay Sugarman
Jay Sugarman
Chairman and Chief Executive Officer

Date: September 13, 2006

By: /s/ Catherine D. Rice
Catherine D. Rice
Chief Financial Officer

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Exhibit Index

Exhibit 99.1 Press release issued by iStar Financial Inc. on September 13, 2006.

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iStar Financial Inc.
1114 Avenue of the Americas
New York, NY 10036
(212) 930-9400

News Release

COMPANY CONTACTS

[NYSE: SFI]

Catherine D. Rice
Chief Financial Officer

Andrew G. Backman
Vice President – Investor Relations

iStar Financial Agrees to Sell \$1.2 Billion of Senior Unsecured Notes

NEW YORK - September 13, 2006 - iStar Financial Inc. (NYSE: SFI), the leading publicly traded finance company focused on the commercial real estate industry, announced today that it has agreed to sell \$700 million of Fixed Rate Notes and \$500 million of Floating Rate Notes. All of the Notes are senior, unsecured debt securities of the Company.

The Company has agreed to sell \$700 million of Fixed Rate 5.95% Senior Notes due 2013. The Notes are being sold at 99.755% of their principal amount to yield 5.992% per annum.

The Company has also agreed to sell \$500 million of Floating Rate Senior Notes due 2009. The Notes will bear interest at a rate per annum equal to 3-month LIBOR plus 0.34%.

The offering of the Fixed Rate Notes is expected to close on September 22, 2006. The offering of the Floating Rate Notes is expected to close on September 18, 2006. iStar Financial expects to use the proceeds from the sale of the Notes to repay outstanding balances on its unsecured revolving credit facility.

The Notes have not been registered under the Securities Act of 1933, as amended. The Notes will be sold only to qualified institutional buyers and non-US persons in reliance on the exemptions from the registration requirements of U.S. that Act provided by Rule 144A and Regulation S. The Notes may not be offered or sold in the United States absent registration or an applicable exemption from registration.

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iStar Financial Inc. is the leading publicly traded finance company focused on the commercial real estate industry. The Company primarily provides custom tailored financing to high end private and corporate owners of real estate, including senior and mezzanine real estate debt, senior and mezzanine corporate capital, corporate net lease financing and equity. The Company, which is taxed as a real estate investment trust ("REIT"), seeks to deliver strong dividends and superior risk-adjusted returns on equity to shareholders by providing innovative and value added financing solutions to its customers. Additional information on iStar Financial is available on the Company's website at <http://www.istarfinancial.com>.

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