

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person* <u>ARMSTRONG WILLIAM H III</u> (Last) (First) (Middle) 98 SAN JACINTO BOULEVARD, STE 220 (Street) AUSTIN TX 78701 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>STRATUS PROPERTIES INC [STRS]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Chair of Board, President, CEO</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>12/30/2007</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

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			
Common Stock								3,250	I	IRA for self
Common Stock	12/30/2007		F ⁽¹⁾		1,969	D	\$33.88	349,326	D	
Common Stock	12/31/2007		M		35,000	A	\$16.015	384,326	D	
Common Stock	12/31/2007		M		11,500	A	\$10.555	395,826	D	
Common Stock ⁽⁴⁾	12/31/2007		F ⁽⁵⁾		29,718	D	\$33.94	366,108	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)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	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		Date Exercisable	Expiration Date						Title
Option (right to buy)	\$16.015	12/31/2007		M		35,000	12/30/2005 ⁽²⁾	12/30/2014	Common Stock	35,000	\$0	17,500	D	
Option (right to buy)	\$10.555	12/31/2007		M		11,500	12/17/2004 ⁽³⁾	12/17/2013	Common Stock	11,500	\$0	0	D	

Explanation of Responses:

- Shares withheld to cover the taxes due upon the vesting of Common Stock Restricted Stock Units.
- 25% exercisable on the date indicated and 25% exercisable on each of the next three anniversaries thereof.
- 25% exercisable on the date indicated and 25% exercisable on each of the next three anniversaries thereof.
- Amount beneficially owned following the reported transactions includes 86,500 Common Stock Restricted Stock Units.
- Shares delivered and withheld in payment of the exercise price of options and resulting taxes.

Kelly C. Simoneaux, on behalf of William H. Armstrong III
 pursuant to a power of attorney
 01/02/2008

** 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.