FORM 4

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person*	2. Issuer Name **and** Ticker or Trading Symbol	6. Relationship of Reporting Person(s) to Issuer (Check all applicable)
Armstrong, III William H. (Last) (First) (Middle)	Stratus Properties Inc. (STRS)	X Director; 10% Owner; X Officer (give title below); Other (specify below) — Chairman of the Board, President and Chief Executive Officer
98 San Jacinto Boulevard, Suite 220 (Street)	3. I.R.S. Identification Number of Reporting Person, if an entity (Voluntary)	4. Statement for Month/Day/Year: 12/17/02
Austin Texas 78701 (City) (State) (Zip)		5. If Amendment, Date of Original (Month/Day/Year)
		7. Individual or Joint/Group Filing (Check Applicable Line): X Form filed by One Reporting Person; Form filed by More than One Reporting Person

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) Code	V	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) Amount	(A) or (D)	Price	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)
Common Stock	12/17/02		A		14,000[1]	A		34,786[2]	D	
Common Stock								3,250	I	By IRA for Self

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).

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(Over)
SEC 1474 (9-02)

FORM 4 (continued)

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) Code	V	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) (A)	(D)	6. Date Exercisable and Expiration Date (Month/Day/Year) Date Exercisable	Expiration Date	7. Title and Amount of Underlying Securities (Instr. 3 and 4) Title	Amount or Number of Shares	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
Options[3] (right to buy)	$9.25	12/17/02		A		46,000		12/17/03[4]	12/17/12	Common Stock	46,000	None	46,000	D	

Explanation of Responses:

1. Grant of Common Stock Restricted Stock Units
2. Includes 27,636 Common Stock Restricted Stock Units
3. Options with limited stock appreciation rights
4. 25% exercisable on the date indicated and 25% exercisable on each of the next three anniversaries thereof

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations.

See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

/s/ Margaret F. Murphy
**Signature of Reporting Person
Margaret F. Murphy, on behalf of
William H. Armstrong, III

12/17//02
Date

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

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