

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
- [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Stratus Properties Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
- [] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[] Fee paid previously with preliminary materials.

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

2

[STRATUS LOGO]

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

MAY 11, 2000

March 27, 2000

DATE: Thursday, May 11, 2000

TIME: 1:30 p.m., Central Time

PLACE: Hotel Crescent Court
400 Crescent Court
Dallas, Texas

PURPOSE: - To elect one director;
- To ratify the appointment of the independent auditors; and
- To transact such other business as may properly come
before the meeting.

RECORD DATE: Close of business on March 16, 2000.

Your vote is important. Whether or not you plan to attend the meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed envelope. Your cooperation will be appreciated.

By Order of the Board of Directors.

/s/Kenneth N. Jones

KENNETH N. JONES
General Counsel and Secretary

3

INFORMATION ABOUT ATTENDING THE ANNUAL MEETING

If you plan to ATTEND the meeting, please bring the following:

1. Proper identification.
2. Proof of Ownership if your shares are held in "Street Name."

Street Name means your shares are held of record by brokers, banks or other institutions.

Acceptable Proof of Ownership is a letter from your broker stating that you owned Stratus Properties stock on the record date or an account statement showing that you owned Stratus Properties stock on the record date.

Only stockholders of record on the record date may attend or vote at the annual meeting.

STRATUS PROPERTIES INC.
98 SAN JACINTO BOULEVARD, SUITE 220
AUSTIN, TEXAS 78701

The 1999 Annual Report to Stockholders, including financial statements, is being mailed to stockholders together with these proxy materials on or about March 27, 2000.

This proxy statement is furnished in connection with a solicitation of proxies by the board of directors of Stratus Properties Inc. for use at our Annual Meeting of Stockholders to be held on May 11, 2000, and at any adjournments (the meeting).

WHO CAN VOTE

Each share of our common stock that you held on the record date entitles you to one vote at the meeting. On the record date, there were 14,288,270 shares of common stock outstanding.

VOTING RIGHTS

Inspectors of election will count votes cast at the meeting. Directors are elected by plurality vote. All other matters are decided by majority vote present at the meeting, except as otherwise provided by statute, our certificate of incorporation and our by-laws.

Abstentions and broker non-votes will have no effect on the election of directors. Abstentions as to all other matters to come before the meeting will be counted as votes against those matters. Broker non-votes as to all other matters will not be counted as votes for or against and will not be included in calculating the number of votes necessary for approval of those matters.

QUORUM

A quorum at the meeting is a majority of the common stock entitled to vote, present in person or represented by proxy. The persons whom we appoint to act as inspectors of election will determine whether a quorum exists. Shares of common stock represented by properly executed and returned proxies will be treated as present. Shares of common stock present at the meeting that abstain from voting or are the subject of broker non-votes will be counted as present for purposes of determining a quorum. A broker non-vote occurs when a nominee holding common stock for a beneficial owner does not vote on a particular matter because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

HOW YOUR PROXY WILL BE VOTED

The board of directors is soliciting a proxy in the enclosed form to provide you with an opportunity to vote on all matters scheduled to come before the meeting, whether or not you attend in person.

Granting Your Proxy. If you properly execute and return a proxy in the enclosed form, your stock will be voted as you specify. If you make no specifications, your proxy will be voted:

- in favor of the proposed director nominee, and
- for the ratification of the appointment of auditors.

We expect no matters to be presented for action at the meeting other than the items described in this proxy statement. The enclosed proxy will, however, confer discretionary authority with respect to any other matter that may properly come before the meeting. The persons named as proxies in the enclosed proxy intend to vote in accordance with their judgment on any other matters that may properly come before the meeting.

Revoking Your Proxy. If you submit a proxy, you may subsequently revoke it or submit a revised proxy at any time before it is voted. You may also attend the meeting in person and vote by ballot, which would cancel any proxy that you previously submitted.

PROXY SOLICITATION

We will pay all expenses of soliciting proxies for the meeting. In addition to solicitations by mail, arrangements have been made for brokers and nominees to send proxy materials to their principals, and we will reimburse them for their reasonable expenses. We have retained Georgeson Shareholder Communications Inc., 17 State Street, New York, New York, to assist us in the solicitation of proxies from brokers and nominees. It is estimated that the fees for Georgeson's services will be \$6,500 plus its reasonable out-of-pocket expenses. We may also have our representatives, who will receive no compensation for their services, solicit proxies by telephone, telecopy, personal interview or other means.

STOCKHOLDER PROPOSALS

If you want us to consider including a proposal in next year's proxy statement, you must deliver it in writing to the Corporate Secretary, Stratus Properties Inc., 98 San Jacinto Boulevard, Suite 220, Austin, Texas 78701 by November 27, 2000.

If you want to present a proposal at the next annual meeting but do not wish to have it included in our proxy statement, you must submit it in writing to the Corporate Secretary at the above address, by January 11, 2001 in accordance with the specific procedural requirements in our by-laws.

If you would like a copy of these procedures, please contact the Corporate Secretary. Failure to comply with our by-law procedures and deadlines may preclude the presentation of the matter at the meeting.

2

6

CORPORATE GOVERNANCE

The board of directors, which held four meetings during 1999, has primary responsibility for directing the management of our business and affairs. The board currently consists of four members. To provide for effective direction and management of our business, the board of directors has established an audit committee and a corporate personnel committee. The board does not have a nominating committee.

AUDIT COMMITTEE MEMBERS -----	FUNCTIONS OF THE COMMITTEE -----	MEETINGS IN 1999 -----
Michael D. Madden, Chairman Robert L. Adair III James C. Leslie	- reviews our financial statements - exercises general oversight of the integrity and reliability of our accounting and financial reporting practices and the effectiveness of our system of internal controls - exercises general oversight of the activities of our independent auditors, principal financial and accounting officers, internal auditors and related matters	4

CORPORATE PERSONNEL COMMITTEE MEMBERS -----	FUNCTIONS OF THE COMMITTEE -----	MEETINGS IN 1999 -----
James C. Leslie, Chairman Michael D. Madden	- please refer to the Corporate Personnel Committee Report on	3

Executive Compensation

ELECTION OF DIRECTORS

The board of directors has fixed the number of directors at four. The board consists of three classes, each of which serves for three years, with one class being elected each year. This table shows the members of the different classes of the board and the expiration of their terms.

CLASS -----	EXPIRATION OF TERM -----	CLASS MEMBERS -----
Class I	2002 Annual Stockholder Meeting	Robert L. Adair III Michael D. Madden
Class II	2000 Annual Stockholder Meeting	James C. Leslie
Class III	2001 Annual Stockholder Meeting	William H. Armstrong III

The board has nominated the Class II director named above for an additional three-year term. The persons named as proxies in the enclosed form of proxy intend to vote your proxy for the re-election of the Class II director, unless otherwise directed. If, contrary to our present expectations, the nominee should become unavailable for any reason, votes may be cast pursuant to the accompanying form of proxy for a substitute nominee designated by the board.

INFORMATION ABOUT NOMINEE AND DIRECTORS

This table provides certain information as of January 31, 2000 with respect to the director nominee and each other director whose term will continue after the meeting. Unless otherwise indicated, each person has been engaged in the principal occupation shown for the past five years.

NAME OF NOMINEE OR DIRECTOR -----	AGE ---	PRINCIPAL OCCUPATIONS, OTHER DIRECTORSHIPS AND POSITIONS WITH THE COMPANY -----	YEAR FIRST ELECTED A DIRECTOR -----
Robert L. Adair III	56	Director, President and Chief Operating Officer of AMRESKO, Inc., a diversified financial services company. Director, Chairman and Chief Executive Officer of AMRESKO Capital Trust, a commercial mortgage real estate investment trust.	1998
William H. Armstrong III	35	Chairman of the Board, President and Chief Executive Officer of the Company. Chief Operating Officer and Chief Financial Officer until May 1998. Executive Vice President until August 1996.	1998
James C. Leslie	43	Director, President and Chief Operating Officer of The Staubach Company, a commercial real estate services firm. President of Wolverine Holding Company, a real estate holding company. President of Staubach Financial Services, a financial real estate services firm, until March 1996. Director of AMRESKO Capital Trust.	1996
Michael D. Madden	50	Partner of Questor Management Co., merchant bankers, since March 1999. Chairman of the Board of Hanover Capital L.L.C., investment bankers. Vice Chairman of the Board of PaineWebber Incorporated, investment bankers, until December 1995. Director of COMFORCE Corporation.	1992

DIRECTOR COMPENSATION

Cash Compensation

Each non-officer director receives \$500 for attending each board committee meeting as well as an annual fee consisting of (a) \$10,000 for serving on the board, (b) \$1,000 for each committee on which he serves, and (c) \$1,000 for each committee of which he is the chairman. Each director receives a fee of \$500 for attending each board meeting and reimbursement for reasonable out-of-pocket expenses incurred in attending board and committee meetings.

Stock Option Plan for Non-Employee Directors

Each non-employee and non-officer director is eligible for the grant of options under the 1996 Stock Option Plan for Non-Employee Directors. On September 1 of each year, each eligible director is granted an option to purchase 5,000 shares of common stock at 100% of the fair market value of the shares on the grant date. Each option granted under this plan expires ten years after the grant date. In accordance with this plan,

4

8

on September 1, 1999, each eligible director was granted an option to purchase 5,000 shares of common stock at an exercise price of \$4.0313.

STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

This table shows the amount of common stock each director and named executive officer beneficially owned on January 31, 2000. The directors and executive officers as a group beneficially owned approximately 1.9%. Each individual holds less than 1% of the outstanding shares, with the exception of Mr. Armstrong who beneficially owns 1.1%. All shares shown are held with sole voting and investment power. This table also shows the number of shares each director and named executive officer could acquire as of April 1, 2000 upon the exercise of options granted pursuant to our stock option plans.

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES NOT SUBJECT TO OPTIONS	NUMBER OF SHARES SUBJECT TO EXERCISABLE OPTIONS	TOTAL NUMBER OF SHARES BENEFICIALLY OWNED
Robert L. Adair III	7,000	1,250	8,250
William H. Armstrong III	14,800	146,250	161,050
James C. Leslie	71,000	18,750	89,750
Michael D. Madden	0	18,750	18,750
All directors and executive officers as a group (5 persons)	92,800	185,000	277,800

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

This table shows beneficial owners of more than 5% of our outstanding common stock based on filings with the SEC. Unless otherwise indicated, all information is presented as of December 31, 1999, and all shares indicated as beneficially owned are held with sole voting and investment power.

NAME AND ADDRESS OF PERSON	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENT OF CLASS
Ingalls & Snyder LLC 61 Broadway New York, New York 10006	2,802,895 (1)	19.6%

Carl E. Berg
10050 Bandlely Drive
Cupertino, California 95014

1,597,000 (2)

11.2%

Goldman, Sachs & Co.
The Goldman Sachs Group, L.P.
85 Broad Street
New York, New York 10004

835,290 (3)

5.8%

5

9

-
- (1) Based on the amended Schedule 13G dated February 7, 2000 that Ingalls & Snyder LLC filed with the SEC, Ingalls & Snyder has sole voting and investment power with respect to 298,300 of those shares.
- (2) Based on the amended Schedule 13G dated March 17, 2000 filed by Carl E. Berg with the SEC.
- (3) Based on the amended Schedule 13G dated February 14, 2000 that Goldman, Sachs & Co. and The Goldman Sachs Group, Inc. filed with the SEC, the companies share voting and investment power with respect to all 835,290 shares, and each disclaims beneficial ownership with respect to some of the shares.

EXECUTIVE OFFICER COMPENSATION

The current Chairman of the Board, President and Chief Executive Officer, William H. Armstrong III, was the only executive officer we employed who earned in excess of \$100,000 for services provided to us in 1999. The following table shows compensation that we paid to Mr. Armstrong for all services rendered to us and our subsidiaries in 1999, 1998 and 1997.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM	ALL OTHER
		SALARY	BONUS	OTHER ANNUAL	COMPENSATION	
				COMPENSATION (1)	AWARDS	COMPENSATION (2)
					SECURITIES	
					UNDERLYING	
					OPTIONS	
William H. Armstrong III	1999	\$225,000	\$250,000	\$2,250	100,000	\$24,000
Chairman of the Board,	1998	190,417	195,000	--	80,000	20,979
President and Chief	1997	159,167	150,000	\$1,000	65,000	17,917
Executive Officer						

-
- (1) Consists of matching gifts under the matching gifts program.
- (2) Consists of contributions to defined contribution plans and director fees as follows:

DATE	PLAN	DIRECTOR
----	CONTRIBUTIONS	FEEES
	-----	-----
1999	\$22,000	\$2,000
1998	20,479	500
1997	17,917	--

 This table shows all stock options that we granted to Mr. Armstrong.

OPTION GRANTS IN 1999

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(1)	PERCENT OF OPTIONS GRANTED TO EMPLOYEES IN 1999	EXERCISE OR BASE PRICE	EXPIRATION DATE	GRANT DATE PRESENT VALUE(2)
William H. Armstrong III	100,000	55.17%	\$3.9063	February 11, 2009	\$273,000

 (1) The stock options will become exercisable over a four-year period. The stock options will become immediately exercisable in their entirety if (a) any person or group of persons acquires beneficial

6

10

ownership of shares representing 20% or more of the company's total voting power or (b) under certain circumstances, the composition of the board of directors is changed after a tender offer, exchange offer, merger, consolidation, sale of assets or contested election or any combination thereof. In addition, each stock option has an equal number of tandem "limited rights," which may be exercisable only for a limited period in the event of a tender offer, exchange offer, a series of purchases or other acquisitions or any combination thereof resulting in a person or group of persons becoming a beneficial owner of shares representing 40% or more of the company's total voting power. Each limited right entitles the holder to receive cash equal to the amount by which the highest price paid in such transaction exceeds the exercise price.

(2) The Black-Scholes option pricing model was used to determine the grant date present value of the options that we granted to Mr. Armstrong. The grant date present value was calculated to be \$2.73. The following facts and assumptions were used in making this calculation: (a) an exercise price for each stock option of \$3.9063; (b) a fair market value of \$3.9063 for one share on the grant date; (c) a term for options as set forth under the column labeled "Expiration Date"; (d) a stock volatility of 53.3%, based on an analysis of historical weekly closing prices of the common stock over a 200-week period through the grant date; and (e) an assumed risk-free interest rate of 5.28%, this rate being equivalent to the yield on the grant date on a treasury note with a maturity date comparable to the expiration date of the options. No other discounts or restrictions related to vesting or the likelihood of vesting of the options were applied.

 This table shows all outstanding stock options held by Mr. Armstrong as of December 31, 1999. Mr. Armstrong did not exercise any stock options during 1999.

OPTION VALUES AT DECEMBER 31, 1999

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1999	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 1999
William H. Armstrong III	121,250/198,750	\$170,391/\$59,859

CORPORATE PERSONNEL COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The corporate personnel committee is composed of two independent directors who are responsible for our executive compensation programs. The committee's executive compensation philosophy is to:

- Emphasize performance-based compensation that balances rewards for short-and long-term results;
- Tie compensation to the interests of stockholders; and
- Provide a level of total compensation that will enable us to attract and retain talented executives.

Executive officer compensation for 1999 included base salary, an annual cash incentive award, and long-term incentive compensation in the form of stock options.

Base Salaries

William H. Armstrong III, Chairman of the Board, President and Chief Executive Officer, is the only executive officer whose salary we pay. His salary is based on his level of responsibility and the committee's

7

11

assessment of his performance. We adjusted his salary to its current level in December 1998. In order to place more emphasis on performance-based compensation, no adjustment was made to Mr. Armstrong's base salary in 1999.

Annual Incentive Awards

We provided annual cash incentives to our chief executive officer and other officers for 1999 through our performance incentive awards program. Each person selected to participate in the program is assigned a target award based on level of responsibility, which serves as a guideline amount. When determining the actual amounts awarded to participants for any year, the committee makes a subjective determination after considering both individual performance and company performance as measured by operational and financial accomplishments.

The committee determined that the level of company and individual performance achieved in 1999 warranted the payment of a cash bonus to the chief executive officer in the amount shown in the Summary Compensation Table.

Long-Term Incentives

We also grant long-term incentives to our chief executive officer and other officers in the form of stock options. The stock option award guidelines are intended to reinforce the relationship between compensation and increases in the market price of our common stock and align the officer's financial interests with those of our stockholders. The committee establishes guidelines based upon the position of each participating officer and then grants options within those guidelines based upon the committee's assessment of individual performance. The table entitled Option Grants in 1999 shows the stock options that the committee granted in 1999 to the chief executive officer based upon the committee's guidelines and assessment.

Section 162(m)

Section 162(m) limits to \$1 million a public company's annual tax deduction for compensation paid to each of its most highly compensated executive officers. Qualified performance-based compensation is excluded from this deduction limitation if certain requirements are met. The committee's policy is to structure compensation that will be fully deductible where doing so will further the purposes of our executive compensation programs.

James C. Leslie, Chairman

Michael D. Madden

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The current members of our corporate personnel committee are Messrs. Leslie and Madden. In 1999, none of our executive officers served as a director or member of the compensation committee of another entity, where an executive officer of the entity served as our director or on our corporate personnel

committee.

12

PERFORMANCE GRAPH

The following graph compares the change in the cumulative total stockholder return on the common stock with the cumulative total return of the S&P 500 Stock Index and the Dow Jones Real Estate Investment Companies Group from 1995 through 1999. This comparison assumes \$100 invested on December 31, 1994 in (a) our common stock, (b) S&P 500 Stock Index and (c) Dow Jones Real Estate Investment Companies Group.

COMPARISON OF CUMULATIVE TOTAL RETURN*
STRATUS PROPERTIES INC., S&P 500 STOCK INDEX &
DOW JONES REAL ESTATE INVESTMENT COMPANIES GROUP

[PERFORMANCE GRAPH]

	DECEMBER 31,					
	1994	1995	1996	1997	1998	1999
Stratus Properties Inc.....	\$100.00	\$ 50.00	\$ 85.71	\$148.20	\$107.14	\$119.66
S&P 500 Stock Index.....	100.00	137.58	169.17	225.60	290.08	351.12
Dow Jones Real Estate Investment Companies Group...	100.00	117.49	159.55	197.27	163.50	149.86

* Total Return Assumes Reinvestment of Dividends [KEY]

RATIFICATION OF THE APPOINTMENT OF AUDITORS

The board of directors seeks stockholder ratification of the board's appointment of Arthur Andersen LLP to act as the independent auditors of our and our subsidiaries' financial statements for the year 2000. The board has not determined what, if any, action would be taken should the appointment of Arthur Andersen not be ratified. One or more representatives of Arthur Andersen will be available at the meeting to respond to appropriate questions, and those representatives will also have an opportunity to make a statement.

13

STRATUS PROPERTIES INC.

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR ANNUAL MEETING OF STOCKHOLDERS, MAY 11, 2000

The undersigned hereby appoints William H. Armstrong III and Kenneth N. Jones, or either of them, as proxies, with full power of substitution, to vote the shares of the undersigned in Stratus Properties Inc. at the Annual Meeting of Stockholders to be held on Thursday, May 11, 2000, at 1:30 p.m., and at any adjournment thereof, on all matters coming before the meeting. THE PROXIES WILL VOTE: (1) AS YOU SPECIFY ON THE BACK OF THIS CARD, (2) AS THE BOARD OF DIRECTORS RECOMMENDS WHERE DO YOU DO NOT SPECIFY YOUR VOTE ON A MATTER LISTED ON THE BACK OF THIS CARD, AND (3) AS THE PROXIES DECIDE ON ANY OTHER MATTER.

If you wish to vote on all matters as the Board of Directors recommends, please sign, date and return this card. If you wish to vote on items individually, please also mark the appropriate boxes on the back of this card.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY
IN THE ENCLOSED ENVELOPE

(continued on reverse side)

o FOLD AND DETACH HERE o

14

Please mark
your votes as [X]
indicated in
this example

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR:

ITEM 1 - Election of the nominee for director.
Nominee for director of Stratus Properties Inc.

James C. Leslie

FOR WITHHOLD
[] []

ITEM 2 - Ratification of appointment of Arthur Andersen LLP
as independent auditors.

FOR AGAINST ABSTAIN
[] [] []

SIGNATURE(S) _____ DATED: _____, 2000

You may specify your votes by marking the appropriate boxes on this side. You need not mark any boxes, however, if you wish to vote all items in accordance with the Board of Directors' recommendation. If your votes are not specified, this proxy will be voted FOR the election of the nominee for director and FOR Item 2.

o FOLD AND DETACH HERE o