

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 9, 1998

Stratus Properties Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	0-19989 (Commission File Number)	72-1211572 (IRS Employer Identification Number)
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98 San Jacinto Blvd., Suite 220
Austin, Texas 78701
(address of principal executive offices)

Registrant's telephone number, including area code: (512)478-5788

Item 5. Other Events.

The following news release was made by Stratus Properties Inc. on
September 9, 1998:

AUSTIN, TEXAS, September 9, 1998 - Stratus Properties Inc. (NASDAQ: STRS) announced today that the Hays County District Court has ruled that the Water Quality Protection Zone (WQPZ) enabling legislation is constitutional. In addition, the court confirmed the validity of a WQPZ which includes approximately 550 acres of STRS' Circle C development properties. The WQPZ legislation provides for development of defined areas outside of municipalities if the development conforms to state-approved water quality standards. The WQPZ legislation prohibits adjoining municipalities, such as the City of Austin, from enforcing inconsistent land use or development ordinances and from annexing any portion of a WQPZ prior to certain events. It is anticipated that the City of Austin will appeal the Hays County decision. The primary issue in the anticipated appeal, the constitutionality of the WQPZ enabling legislation, is already currently pending before the Texas Supreme Court on appeal from a recent Travis County District Court ruling, which held that the WQPZ enabling legislation is unconstitutional.

STRS is a diversified real estate company currently engaged in the development and marketing of real estate in the Austin, Dallas, Houston and San Antonio, Texas areas.

SIGNATURE

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

Stratus Properties Inc.

By: /s/ C. Donald Whitmire

C. Donald Whitmire
Vice President-Controller
(authorized signatory and
Principal Accounting Officer)

Date: September 10, 1998