

COHEN & STEERS QUALITY INCOME REALTY FUND INC
Form N-Q
May 26, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-10481

Cohen & Steers Quality Income Realty Fund, Inc.
(Exact name of registrant as specified in charter)

280 Park Avenue
New York, NY
(Address of principal executive offices)

10017
(Zip code)

John E. McLean
280 Park Avenue
New York, NY 10017
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 832-3232

Date of fiscal year end: December 31

Date of reporting period: March 31, 2006

Item 1. Schedule of Investments

March 31, 2006 (Unaudited)

| | Number of Shares | Value |
|---------------------------------|---------------------|---------------|
| COMMON STOCK | 114.6% | |
| DIVERSIFIED | 13.9% | |
| Colonial Properties Trust | 676,200 | \$ 33,897,906 |
| Entertainment Properties Trust | 228,600 | 9,596,628 |
| iStar Financial | 430,500 | 16,479,540 |
| Spirit Finance Corp. | 1,030,300 | 12,569,660 |
| Vornado Realty Trust | 602,943 | 57,882,528 |
| | | 130,426,262 |
| HEALTH CARE | 19.1% | |
| Health Care Property Investors | 1,113,500 | 31,623,400 |
| Health Care REIT | 969,625 | 36,942,712 |
| Healthcare Realty Trust | 354,800 | 13,262,424 |
| Medical Properties Trust | 202,800 | 2,190,240 |
| Nationwide Health Properties | 1,136,800 | 24,441,200 |
| Senior Housing Properties Trust | 639,600 | 11,576,760 |
| Ventas | 1,766,500 | 58,612,470 |
| | | 178,649,206 |
| HOTEL | 4.6% | |
| Ashford Hospitality Trust | 398,900 | 4,946,360 |
| DiamondRock Hospitality Co. | 746,900 | 10,314,689 |
| Hospitality Properties Trust | 420,900 | 18,380,703 |
| Strategic Hotels & Resorts | 401,500 | 9,346,920 |
| | | 42,988,672 |
| INDUSTRIAL | 2.4% | |
| First Industrial Realty Trust | 529,700 | 22,612,893 |
| MORTGAGE | 4.2% | |
| Gramercy Capital Corp. | 785,000 | 19,570,050 |
| Newcastle Investment Corp. | 817,828 | 19,562,446 |
| | | 39,132,496 |
| OFFICE | 27.0% | |
| American Financial Realty Trust | 699,000 | 8,143,350 |
| Brandywine Realty Trust | 1,805,922 | 57,356,083 |
| CarrAmerica Realty Corp. | 142,200 | 6,343,542 |
| Equity Office Properties Trust | 1,420,400 | 47,697,032 |
| Highwoods Properties | 415,300 | 14,008,069 |
| HRPT Properties Trust | 833,100 | 9,780,594 |
| Mack-Cali Realty Corp. | 1,073,800 | 51,542,400 |
| Maguire Properties | 604,800 | 22,075,200 |
| Reckson Associates Realty Corp. | 794,100 | 36,385,662 |
| | | 253,331,932 |
| OFFICE/INDUSTRIAL | 7.8% | |
| Duke Realty Corp. | 596,700 | 22,644,765 |
| Liberty Property Trust | 1,065,200 | 50,234,832 |
| | | 72,879,597 |

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| | | | |
|--|--------------|-----------|---------------|
| RESIDENTIAL - APARTMENT | 18.5% | | |
| American Campus Communities | | 293,789 | \$ 7,612,073 |
| Apartment Investment & Management Co. | | 229,900 | 10,782,310 |
| Archstone-Smith Trust | | 660,272 | 32,201,465 |
| AvalonBay Communities | | 280,600 | 30,613,460 |
| Camden Property Trust | | 366,600 | 26,413,530 |
| Education Realty Trust | | 496,800 | 7,601,040 |
| GMH Communities Trust | | 583,800 | 6,795,432 |
| Home Properties | | 510,197 | 26,071,067 |
| Mid-America Apartment Communities | | 309,400 | 16,939,650 |
| United Dominion Realty Trust | | 310,600 | 8,864,524 |
| | | | 173,894,551 |
| SELF STORAGE | 2.5% | | |
| Extra Space Storage | | 448,600 | 7,711,434 |
| Sovran Self Storage | | 107,500 | 5,934,000 |
| U-Store-It Trust | | 498,100 | 10,036,715 |
| | | | 23,682,149 |
| SHOPPING CENTER | 14.6% | | |
| COMMUNITY CENTER | 4.4% | | |
| Cedar Shopping Centers | | 535,800 | 8,487,072 |
| Heritage Property Investment Trust | | 449,100 | 17,779,869 |
| Inland Real Estate Corp. | | 308,400 | 5,030,004 |
| Urstadt Biddle Properties Class A | | 544,000 | 9,792,000 |
| | | | 41,088,945 |
| REGIONAL MALL | 10.2% | | |
| Glimcher Realty Trust | | 688,200 | 19,544,880 |
| Macerich Co. | | 781,757 | 57,810,930 |
| Mills Corp. | | 636,400 | 17,819,200 |
| | | | 95,175,010 |
| TOTAL SHOPPING CENTER | | | 136,263,955 |
| TOTAL COMMON STOCK (Identified cost \$709,536,742) | | | 1,073,861,713 |
| PREFERRED STOCK | 26.8% | | |
| DIVERSIFIED | 5.7% | | |
| Colonial Properties Trust, 8.125%, Series D | | 64,900 | 1,687,400 |
| Colonial Properties Trust, 7.62%, Series E | | 80,900 | 2,028,163 |
| Crescent Real Estate Equities Co., 6.75%, Series A (Convertible) (a) | | 1,671,000 | 36,060,180 |
| Digital Realty Trust, 8.50%, Series A | | 122,000 | 3,087,820 |
| Entertainment Properties Trust, 9.50%, Series A | | 50,000 | 1,272,000 |
| Entertainment Properties Trust, 7.75%, Series B | | 128,000 | 3,123,200 |
| iStar Financial, 7.80%, Series F | | 167,081 | 4,237,174 |
| iStar Financial, 7.65%, Series G | | 90,400 | 2,271,752 |
| | | | 53,767,689 |
| HEALTH CARE | 0.3% | | |
| Health Care REIT, 7.625%, Series F | | 68,900 | 1,756,950 |
| Omega Healthcare Investors, 8.375%, Series D | | 40,000 | 1,039,800 |
| | | | 2,796,750 |

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| | | Number of Shares | Value |
|---|------|---------------------|--------------|
| HOTEL | 4.3% | | |
| FelCor Lodging Trust, 8.00%, Series C | | 104,300 | \$ 2,609,586 |
| Highland Hospitality Corp., 7.875%, Series A | | 75,000 | 1,824,750 |
| Host Marriott Corp., 10.00%, Series C | | 30,700 | 773,640 |
| Innkeepers USA Trust, 8.00%, Series C | | 91,300 | 2,263,327 |
| LaSalle Hotel Properties, 10.25%, Series A | | 1,000,000 | 25,720,000 |
| Strategic Hotels & Resorts, 8.50%, Series A | | 10,000 | 253,750 |
| Strategic Hotels & Resorts, 8.50%, Series A, 144A(b) | | 132,200 | 3,354,575 |
| Strategic Hotels & Resorts, 8.25%, Series B | | 45,000 | 1,131,750 |
| Sunstone Hotel Investors, 8.00%, Series A | | 111,000 | 2,809,965 |
| | | | 40,741,343 |
| INDUSTRIAL | 0.3% | | |
| First Industrial Realty Trust, 7.25%, Series J | | 100,000 | 2,595,000 |
| MORTGAGE | 0.2% | | |
| Newcastle Investment Corp., 9.75%, Series B | | 56,000 | 1,458,800 |
| OFFICE | 3.0% | | |
| Brandywine Realty Trust, 7.375%, Series D | | 38,300 | 956,543 |
| Cousins Properties, 7.50%, Series B | | 200,000 | 5,076,000 |
| Highwoods Properties, 8.625%, Series A | | 13,195 | 14,514,500 |
| HRPT Properties Trust, 8.75%, Series B | | 120,000 | 3,152,400 |
| Kilroy Realty Corp., 7.50%, Series F | | 55,500 | 1,380,285 |
| Maguire Properties, 7.625%, Series A | | 124,600 | 3,128,706 |
| | | | 28,208,434 |
| OFFICE/INDUSTRIAL | 0.0% | | |
| PS Business Parks, 7.60%, Series L | | 5,400 | 136,080 |
| RESIDENTIAL | 3.4% | | |
| APARTMENT | 3.3% | | |
| Apartment Investment & Management Co., 10.00%, Series R | | 820,000 | 20,852,600 |
| Associated Estates Realty Corp., 8.70%, Series B | | 80,800 | 2,060,400 |
| Home Properties, 9.00%, Series F | | 196,000 | 5,037,200 |
| Mid-America Apartment Communities, 8.30%, Series H | | 138,100 | 3,493,930 |
| | | | 31,444,130 |
| MANUFACTURED HOME | 0.1% | | |
| American Land Lease, 7.75%, Series A | | 22,000 | 543,400 |
| TOTAL RESIDENTIAL | | | 31,987,530 |
| SHOPPING CENTER | 9.6% | | |
| COMMUNITY CENTER | 4.5% | | |
| Cedar Shopping Centers, 8.875%, Series A | | 61,000 | 1,635,715 |
| Developers Diversified Realty Corp., 8.60%, Series F | | 1,039,400 | 26,504,700 |
| Federal Realty Investment Trust, 8.50%, Series B | | 276,300 | 7,125,777 |
| Urstadt Biddle Properties, 8.50%, Series C | | 24,000 | 2,616,000 |
| Urstadt Biddle Properties, 7.50%, Series D | | 156,300 | 3,927,038 |
| | | | 41,809,230 |

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| | | | |
|--|------|---------|-------------|
| FREE STANDING | 0.1% | | |
| Commercial Net Lease Realty, 9.00%, Series A | | 25,000 | \$ 642,500 |
| REGIONAL MALL | 5.0% | | |
| CBL & Associates Properties, 8.75%, Series B | | 430,000 | 21,891,300 |
| CBL & Associates Properties, 7.375%, Series D | | 297,000 | 7,543,800 |
| Glimcher Realty Trust, 8.75%, Series F | | 35,000 | 892,500 |
| Glimcher Realty Trust, 8.125%, Series G | | 40,000 | 1,012,000 |
| Mills Corp., 9.00%, Series B | | 53,300 | 1,223,235 |
| Mills Corp., 9.00%, Series C | | 158,600 | 3,624,010 |
| Mills Corp., 8.75%, Series E | | 84,000 | 1,894,200 |
| Mills Corp., 7.875%, Series G | | 275,600 | 5,870,280 |
| Simon Property Group, 8.75%, Series F | | 20,000 | 506,400 |
| Simon Property Group, 8.375%, Series J | | 14,000 | 903,000 |
| Taubman Centers, 8.30%, Series A | | 72,094 | 1,810,280 |
| | | | 47,171,005 |
| TOTAL SHOPPING CENTER | | | 89,622,735 |
| TOTAL PREFERRED STOCK (Identified cost \$241,864,481) | | | 251,314,361 |

| | | Principal Amount | Value |
|---|---------|---------------------|---------------|
| COMMERCIAL PAPER | 3.8% | | |
| San Paolo U.S. Finance Co., 3.69%, due 4/3/06 (Identified cost \$35,458,729) | | \$ 35,466,000 | 35,458,729 |
| TOTAL INVESTMENTS (Identified cost \$986,859,952) | 145.2% | | 1,360,634,803 |
| OTHER ASSETS IN EXCESS OF LIABILITIES | 1.1% | | 10,077,308 |
| LIQUIDATION VALUE OF PREFERRED SHARES | (46.3)% | | (434,000,000) |
| NET ASSETS APPLICABLE TO COMMON SHARES (Equivalent to \$24.11 per share based on 38,856,074 shares of common stock outstanding) | 100.0% | \$ | 936,712,111 |

Note: Percentages indicated are based on the net assets applicable to common shares of the fund.

(a) 410,000 shares segregated as collateral for interest rate swap transactions.

(b) Resale is restricted to qualified institutional investors; equals 0.4% of net assets applicable to common shares.

Glossary of Portfolio Abbreviation

REIT Real Estate Investment Trust

SCHEDULE OF INVESTMENTS (Continued)

March 31, 2006 (Unaudited)

Interest Rate Swaps

| Counterparty | Notional Amount | Fixed Rate | Floating Rate(a) (reset monthly) | Termination Date | Unrealized Appreciation/ (Depreciation) |
|-----------------------------------|-----------------|------------|-------------------------------------|------------------|--|
| Fleet Global Markets | \$ 14,000,000 | 3.2120% | 4.633% | October 2, 2008 | \$ 656,679 |
| Merrill Lynch Derivative Products | \$ 46,000,000 | 5.2100% | 4.660% | April 5, 2007 | (4,708) |
| Merrill Lynch Derivative Products | \$ 46,000,000 | 5.5800% | 4.660% | April 5, 2009 | (488,825) |
| Royal Bank of Canada | \$ 26,000,000 | 4.1370% | 4.818% | May 26, 2010 | 998,601 |
| Royal Bank of Canada | \$ 14,000,000 | 3.6800% | 4.793% | October 22, 2008 | 497,007 |
| Royal Bank of Canada | \$ 44,000,000 | 4.2580% | 4.691% | March 10, 2009 | 1,418,327 |
| UBS AG | \$ 24,000,000 | 5.1200% | 4.748% | April 15, 2007 | 25,140 |
| UBS AG | \$ 24,000,000 | 5.4950% | 4.748% | April 15, 2009 | (187,335) |
| | | | | | \$ 2,914,886 |

(a) Based on LIBOR (London Interbank Offered Rate). Represents rates in effect at March 31, 2006.

Item 2. Controls and Procedures

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective based on their evaluation of these disclosure controls and procedures required by Rule 30a-3(b) under the Investment Company Act of 1940 and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act as of a date within 90 days of the filing of this report.
- (b) During the last fiscal quarter, there were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

- (a) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

By: /s/ Adam M. Derechin
Name: Adam M. Derechin
Title: President

Date: May 26, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Adam M. Derechin
Name: Adam M. Derechin
Title: President and principal
executive officer

By: /s/ Jay J. Chen
Name: Jay J. Chen
Title: Treasurer and principal
financial officer

Date: May 26, 2006
