

COHEN & STEERS QUALITY INCOME REALTY FUND INC

Form N-Q

November 17, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT COMPANY

Investment Company Act file number: 811-10481

Exact Name of Registrant
(as specified in charter): Cohen & Steers Quality Income Realty Fund, Inc.

Address of Principal Executive Office: 757 Third Avenue
New York, NY 10017

Name and address of agent for service: John E. McLean
757 Third Avenue
New York, NY 10017

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

Date of fiscal year end: December 31

Date of reporting period: September 30, 2005

Item 1. Schedule of Investments

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS
September 30, 2005 (Unaudited)

Number
of Shares

Value

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COMMON STOCK	117.3%		
DIVERSIFIED	11.4%		
Colonial Properties Trust		582,300	\$ 25,90
Digital Realty Trust		79,800	1,43
iStar Financial		400,500	16,19
Spirit Finance Corp.		700,700	7,88
Vornado Realty Trust		602,943	52,22

			103,63

HEALTH CARE	18.1%		
Health Care Property Investors		1,113,500	30,05
Health Care REIT		969,625	35,96
Healthcare Realty Trust		354,800	14,24
Medical Properties Trust		36,700	35
Nationwide Health Properties		1,136,800	26,48
Ventas		1,766,500	56,88

			163,98

HOTEL	3.1%		
DiamondRock Hospitality Co.		343,500	4,03
Hospitality Properties Trust		391,300	16,77
Strategic Hotel Capital		401,500	7,33

			28,13

INDUSTRIAL	2.3%		
First Industrial Realty Trust		529,700	21,21

MORTGAGE	4.5%		
Gramercy Capital Corp. (a)		785,000	18,80
Newcastle Investment Corp.		776,928	21,67

			40,48

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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS--(Continued)

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September 30, 2005 (Unaudited)

		Number of Shares	Value
		-----	-----
OFFICE	35.9%		
American Financial Realty Trust		1,016,300	\$ 14,431,460
Arden Realty		826,800	34,039,356
Brandywine Realty Trust		1,140,900	35,470,581
CarrAmerica Realty Corp.		1,006,700	36,190,865
Equity Office Properties Trust		1,314,400	42,994,024
Glenborough Realty Trust		68,700	1,319,040
Highwoods Properties		415,300	12,255,503
HRPT Properties Trust		1,143,700	14,193,317
Mack-Cali Realty Corp.		1,073,800	48,256,572
Maguire Properties		604,800	18,174,240
Prentiss Properties Trust		1,008,800	40,957,280
Reckson Associates Realty Corp.		794,100	27,436,155

			325,718,393

OFFICE/INDUSTRIAL	7.4%		
Duke Realty Corp.		638,700	21,639,156
Liberty Property Trust		1,065,200	45,313,608

			66,952,764

RESIDENTIAL - APARTMENT	15.4%		
American Campus Communities		275,100	6,607,902
AMLI Residential Properties Trust		215,300	6,904,671
Apartment Investment & Management Co.		167,700	6,503,406
Archstone-Smith Trust		660,272	26,325,045
AvalonBay Communities		280,600	24,047,420
Camden Property Trust		366,600	20,437,950
Education Realty Trust		496,800	8,296,560
GMH Communities Trust		583,800	8,564,346
Home Properties		412,900	16,206,325
Mid-America Apartment Communities		309,400	14,390,194
Town and Country Trust		50,000	1,451,000

			139,734,819

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS--(Continued)
September 30, 2005 (Unaudited)

		Number of Shares	Value
SELF STORAGE	2.1%		
Extra Space Storage		390,500	\$ 6,00
Extra Space Storage (Restricted) (b,c)		58,100	84
Sovran Self Storage		87,300	4,27
U-Store-It Trust		385,500	7,81
			----- 18,94 -----
SHOPPING CENTER	16.4%		
COMMUNITY CENTER	4.5%		
Cedar Shopping Centers		535,800	7,75
Heritage Property Investment Trust		449,100	15,71
Inland Real Estate Corp.		239,700	3,75
New Plan Excel Realty Trust		222,700	5,11
Urstadt Biddle Properties--Class A		544,000	8,24
			----- 40,58 -----
REGIONAL MALL	11.9%		
Glimcher Realty Trust		688,200	16,84
Macerich Co.		781,757	50,76
Mills Corp.		737,400	40,61
			----- 108,22 -----
TOTAL SHOPPING CENTER			----- 148,80 -----
SPECIALTY	0.7%		
Entertainment Properties Trust		148,200	6,61

TOTAL COMMON STOCK			-----
(Identified cost--\$725,829,933)			1,064,23 -----

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS--(Continued)
September 30, 2005 (Unaudited)

		Number of Shares	Value
		-----	-----
PREFERRED STOCK	29.0%		
DIVERSIFIED	6.1%		
Colonial Properties Trust, 8.125%, Series D		64,900	\$ 1,680
Colonial Properties Trust, 7.62%, Series E		80,900	2,017
Crescent Real Estate Equities Co., 6.75%, Series A (Convertible) (d)		1,671,000	37,012
Digital Realty Trust, 8.50%, Series A		122,000	3,214
Entertainment Properties Trust, 7.75%, Series B		128,000	3,244
iStar Financial, 7.80%, Series F		167,081	4,429
iStar Financial, 7.65%, Series G		90,400	2,276
iStar Financial, 7.50%, Series I		61,600	1,559

			55,436

HEALTH CARE	0.3%		
Health Care REIT, 7.625%, Series F		68,900	1,743
Omega Healthcare Investors, 8.375%, Series D		40,000	1,037

			2,780

HOTEL	4.5%		
FelCor Lodging Trust, 8.00%, Series C		104,300	2,597
Highland Hospitality Corp., 7.875%, Series A		75,000	1,856
Host Marriott Corp., 10.00%, Series C		30,700	781
Host Marriott Corp., 8.875%, Series E		10,000	273
Innkeepers USA Trust, 8.00%, Series C		91,300	2,387
LaSalle Hotel Properties, 10.25%, Series A		1,000,000	26,600
Strategic Hotel Capital, 8.50%, Series A, 144A (e)		132,200	3,470
Sunstone Hotel Investors, 8.00%, Series A		111,000	2,830

			40,795

MORTGAGE	0.2%		
Newcastle Investment Corp., 9.75%, Series B		56,000	1,486

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SCHEDULE OF INVESTMENTS--(Continued)
 September 30, 2005 (Unaudited)

		Number of Shares	Value
		-----	-----
OFFICE	3.0%		
Brandywine Realty Trust, 7.375%, Series D		38,300	\$ 961
Cousins Properties, 7.50%, Series B		200,000	5,120
Highwoods Properties, 8.625%, Series A		13,195	14,148
HRPT Properties Trust, 8.75%, Series B		120,000	3,181
Kilroy Realty Corp., 7.50%, Series F		55,500	1,411
Maguire Properties, 7.625%, Series A		106,600	2,702

			27,525

OFFICE/INDUSTRIAL	0.2%		
ProLogis, 8.54%, Series C		4,000	221
PS Business Parks, 8.75%, Series F		4,100	106
PS Business Parks, 7.00%, Series H		40,000	994
PS Business Parks, 7.60%, Series L		14,700	375

			1,696

RESIDENTIAL	4.0%		
APARTMENT	3.9%		
Apartment Investment & Management Co., 10.00%, Series R		940,000	24,308
Associated Estates Realty Corp., 8.70%, Series B		90,000	2,344
Home Properties, 9.00%, Series F		196,000	5,107
Mid-America Apartment Communities, 8.30%, Series H		138,100	3,604

			35,365

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MANUFACTURED HOME	0.1%		
American Land Lease, 7.75%, Series A		22,000	547

TOTAL RESIDENTIAL			35,912

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SCHEDULE OF INVESTMENTS--(Continued)
 September 30, 2005 (Unaudited)

		Number of Shares	Value
		-----	-----
SHOPPING CENTER	10.5%		
COMMUNITY CENTER	4.8%		
Cedar Shopping Centers, 8.875%, Series A		61,000	\$ 1,58
Developers Diversified Realty Corp., 8.60%, Series F		1,039,400	26,92
Developers Diversified Realty Corp., 7.375%, Series H		41,500	1,05
Federal Realty Investment Trust, 8.50%, Series B		276,300	7,19
Urstadt Biddle Properties, 8.50%, Series C		24,000	2,60
Urstadt Biddle Properties, 7.50%, Series D		160,000	4,12

			43,48

FREE STANDING	0.1%		
Commercial Net Lease Realty, 9.00%, Series A		25,000	66

REGIONAL MALL	5.6%		
CBL & Associates Properties, 8.75%, Series B		430,000	22,44
CBL & Associates Properties, 7.375%, Series D		325,000	8,21
Glimcher Realty Trust, 8.75%, Series F		35,000	90
Glimcher Realty Trust, 8.125%, Series G		40,000	1,01
Mills Corp., 9.00%, Series B		55,300	1,44
Mills Corp., 9.00%, Series C		159,600	4,16
Mills Corp., 8.75%, Series E		84,000	2,22

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Mills Corp., 7.875%, Series G		275,600	7,08
Simon Property Group, 8.75%, Series F		30,000	77
Simon Property Group, 8.375%, Series J		14,000	91
Taubman Centers, 8.30%, Series A		72,094	1,82

			51,01

TOTAL SHOPPING CENTER			95,15

SPECIALTY	0.2%		
Capital Automotive REIT, 7.50%, Series A		80,000	1,78

TOTAL PREFERRED STOCK			
(Identified cost-\$247,184,587)			262,57

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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS--(Continued)
September 30, 2005 (Unaudited)

		Principal Amount	Val
		-----	-----
COMMERCIAL PAPER	1.2%		
San Paolo U.S. Finance Co., 2.750%, due 10/3/05 (Identified cost-\$11,054,311)		\$ 11,056,000	\$ 11,05

TOTAL INVESTMENTS (Identified cost-\$984,068,831)	147.5%		1,337,86
OTHER ASSETS IN EXCESS OF LIABILITIES	0.3%		3,43
LIQUIDATION VALUE OF PREFERRED SHARES	(47.8)%		(434,00
		-----	-----

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NET ASSETS APPLICABLE TO COMMON SHARES

(Equivalent to \$23.35 per share based on 38,856,074 shares of common stock outstanding)

100.0%
=====

\$ 907,29
=====

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

- (a) Resale is restricted. Security acquired 12/3/04 at a cost of \$13,556,950; equals 2.1% of net assets applicable to common shares.
- (b) Fair valued security. The total of all fair valued securities equals 0.1% of net assets applicable to common shares.
- (c) Resale is restricted. Security acquired 6/20/2005 at a cost of \$782,607; equals 0.1% of net assets applicable to common shares.
- (d) 410,000 shares segregated as collateral for interest rate swap transactions.
- (e) Resale is restricted to qualified institutional investors; equals 0.4% of net assets applicable to common shares.

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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS--(Continued)
September 30, 2005 (Unaudited)

Interest Rate Swaps:

Counterparty	Notional Amount	Fixed Rate	Floating Rate (a) (reset monthly)
-----	-----	-----	-----
Fleet Global Markets	\$14,000,000	3.212%	3.700%
Merrill Lynch Derivative Products	46,000,000	5.210	3.680
Merrill Lynch Derivative Products	46,000,000	5.580	3.680
Royal Bank of Canada	26,000,000	4.137	3.830

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Royal Bank of Canada	14,000,000	3.680	3.818
Royal Bank of Canada	44,000,000	4.258	3.704
UBS AG	24,000,000	5.120	3.768
UBS AG	24,000,000	5.495	3.768

(a) Based on LIBOR (London Interbank Offered Rate). Represents rates in effect at September 30, (2005.)

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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.

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.

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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

By: /s/ Adam M. Derechin

Name: Adam M. Derechin
Title: President

Date: November 17, 2005

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: November 17, 2005