

COHEN & STEERS QUALITY INCOME REALTY FUND INC  
Form N-Q  
May 27, 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: March 31, 2005

Item 1. Schedule of Investments

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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS  
MARCH 31, 2005 (UNAUDITED)

	NUMBER OF SHARES	VALUE	DIVIDEND YIELD (a)
	-----	-----	-----
EQUITIES		155.15% (b)	
COMMON STOCK		121.03%	
DIVERSIFIED		13.29%	

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Capital Trust -- Class A.....	66,100	\$ 2,193,198	6.63%
Colonial Properties Trust.....	582,300	22,366,143	7.03
Crescent Real Estate Equities Co.....	996,900	16,289,346	9.18
iStar Financial.....	400,500	16,492,590	7.12
Vornado Realty Trust.....	663,443	45,956,697	4.39
		-----	
		103,297,974	
		-----	
HEALTH CARE	17.33%		
Health Care Property Investors.....	1,113,500	26,133,845	7.16
Healthcare Realty Trust.....	224,600	8,184,424	7.14
Health Care REIT.....	969,625	31,028,000	7.50
LTC Properties.....	49,100	851,885	6.92
Nationwide Health Properties.....	1,205,300	24,359,113	7.32
Ventas.....	1,766,500	44,091,840	5.77
		-----	
		134,649,107	
		-----	
HOTEL	2.38%		
Hospitality Properties Trust.....	391,300	15,800,694	7.13
Strategic Hotel Capital.....	183,400	2,695,980	5.99
		-----	
		18,496,674	
		-----	
INDUSTRIAL	2.98%		
First Industrial Realty Trust.....	612,900	23,186,007	7.35
		-----	
MORTGAGE	4.73%		
Gramercy Capital Corp. (c).....	785,000	13,776,750	4.51
Newcastle Investment Corp.....	776,928	22,997,069	8.45
		-----	
		36,773,819	
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- (a) Dividend yield is computed by dividing the security's current annual dividend rate by the last sale price on the principal exchange or market.
- (b) Percentages indicated are based on the net assets applicable to common shares of the fund.
- (c) This security is restricted and cannot be resold without prior registration under the Securities Act of 1933 unless pursuant to an exemption therefrom. The fund prices this security at fair value using procedures approved by the fund's board of directors.
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	NUMBER OF SHARES	VALUE	DIVIDEND YIELD
OFFICE	36.04%		
Arden Realty.....	826,800	\$ 27,987,180	5.97%
BioMed Realty Trust.....	59,000	1,215,400	5.24
Brandywine Realty Trust.....	1,140,900	32,401,560	6.20
CarrAmerica Realty Corp. ....	1,010,600	31,884,430	6.34
Equity Office Properties Trust.....	1,314,400	39,602,872	6.64
Highwoods Properties.....	415,300	11,138,346	6.34
HRPT Properties Trust.....	1,109,000	13,208,190	7.05
Kilroy Realty Corp. ....	102,600	4,197,366	4.99
Mack-Cali Realty Corp. ....	1,073,800	45,475,430	5.95
Maguire Properties.....	604,800	14,442,624	6.70
Prentiss Properties Trust.....	1,000,200	34,166,832	6.56
Reckson Associates Realty Corp. ....	794,100	24,378,870	5.53
		280,099,100	
OFFICE/INDUSTRIAL	5.35%		
Liberty Property Trust.....	1,065,200	41,596,060	6.25
RESIDENTIAL	16.66%		
APARTMENT	15.93%		
AMLI Residential Properties Trust.....	77,000	2,109,030	7.01
American Campus Communities.....	130,800	2,746,800	6.43
Archstone-Smith Trust.....	754,100	25,722,351	5.04
AvalonBay Communities.....	307,200	20,548,608	4.25
Camden Property Trust.....	366,600	17,241,198	5.40
Education Realty Trust.....	220,700	3,670,241	7.16
GMH Communities Trust.....	477,600	5,592,696	7.77
Gables Residential Trust.....	586,900	19,543,770	7.24
Home Properties.....	361,600	14,030,080	6.49
Mid-America Apartment Communities.....	309,400	11,293,100	6.41
Town & Country Trust.....	50,000	1,322,500	6.50
		123,820,374	
MANUFACTURED HOME	0.73%		
Affordable Residential Communities....	448,700	5,676,055	9.88
TOTAL RESIDENTIAL.....		129,496,429	

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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS -- (CONTINUED)  
MARCH 31, 2005 (UNAUDITED)

	NUMBER OF SHARES	VALUE	DIVIDEND YIELD
	-----	-----	-----
SELF STORAGE	1.80%		
Extra Space Storage.....	314,300	\$ 4,243,050	6.74%
Sovran Self Storage.....	87,300	3,459,699	6.11
U-Store-It Trust.....	361,700	6,293,580	6.44
		-----	
		13,996,329	
		-----	
SHOPPING CENTER	20.47%		
COMMUNITY CENTER	8.07%		
Cedar Shopping Centers.....	268,100	3,817,744	6.32
Heritage Property Investment Trust....	449,100	13,329,288	7.08
Inland Real Estate Corp. ....	94,000	1,412,820	6.25
Kramont Realty Trust.....	1,293,300	30,263,220	5.56
New Plan Excel Realty Trust.....	222,700	5,591,997	6.57
Urstadt Biddle Properties -- Class A.....	544,000	8,296,000	5.77
		-----	
		62,711,069	
		-----	
REGIONAL MALL	12.40%		
Glimcher Realty Trust.....	605,200	14,343,240	8.11
Macerich Co. ....	807,857	43,042,621	4.88
Mills Corp. ....	737,400	39,008,460	4.74
		-----	
		96,394,321	
		-----	
TOTAL SHOPPING CENTER.....		159,105,390	
		-----	
TOTAL COMMON STOCK (Identified cost -- \$696,702,694).....		940,696,889	
		-----	
PREFERRED STOCK	34.12%		
DIVERSIFIED	7.17%		
Colonial Properties Trust, 8.125%, Series D.....	64,900	1,643,268	8.02
Colonial Properties Trust, 7.62%, Series E.....	55,000	1,302,812	8.04
Crescent Real Estate Equities Co., 6.75%, Series A (Convertible)(a)...	1,806,200	38,869,424	7.84
Digital Realty Trust, 8.50%, Series A.....	122,000	3,172,000	8.17
Entertainment Properties Trust, 7.75%, Series B.....	128,000	3,207,680	7.73
iStar Financial, 7.80%, Series F.....	166,681	4,308,704	7.54
iStar Financial, 7.65%, Series G.....	87,300	2,193,849	7.59
iStar Financial, 7.50%, Series I.....	40,200	998,970	7.55
		-----	
		55,696,707	
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 (a) 410,000 shares segregated as collateral for the interest rate swap transactions.  
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 COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS -- (CONTINUED)  
 MARCH 31, 2005 (UNAUDITED)

	NUMBER OF SHARES	VALUE	DIVIDEND YIELD
	-----	-----	-----
HEALTH CARE			0.23%
Health Care REIT, 7.625%, Series F....	28,300	\$ 707,500	7.62%
Omega Healthcare Investors, 8.375%, Series D.....	40,000	1,040,000	8.05
		----- 1,747,500 -----	
HOTEL			7.16%
FelCor Lodging Trust, 9.00%, Series B.....	652,500	16,769,250	8.02
FelCor Lodging Trust, 8.00%, Series C.....	104,300	2,451,050	8.31
Host Marriott Corp., 10.00%, Series B.....	14,100	354,192	9.92
Host Marriott Corp., 10.00%, Series C.....	30,700	785,613	9.77
Host Marriott Corp., 8.875%, Series E.....	10,000	269,500	8.23
Innkeepers USA Trust, 8.00%, Series C.....	91,300	2,291,630	7.97
LaSalle Hotel Properties, 10.25%, Series A.....	1,000,000	26,700,000	9.60
Strategic Hotel Capital, 8.50%, Series A, 144A.....	132,200	3,288,475	8.54
Sunstone Hotel Investors, 8.00%, Series A.....	111,000	2,769,450	8.00
		----- 55,679,160 -----	
MORTGAGE			0.19%
Newcastle Investment Corp., 9.75%, Series B.....	56,000	1,506,400	9.08

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OFFICE	3.28%			
Cousins Properties, 7.50%, Series B.....	200,000	5,000,000	7.46	
HRPT Properties Trust, 8.75%, Series B.....	120,000	3,207,600	8.18	
Highwoods Properties, 8.625%, Series A.....	13,195	13,442,406	8.47	
Kilroy Realty Corp., 7.50%, Series F.....	49,000	1,215,200	7.56	
Maguire Properties, 7.625%, Series A.....	106,600	2,649,010	7.67	
		25,514,216		
OFFICE/INDUSTRIAL	0.17%			
PS Business Parks, 8.75%, Series F....	4,100	107,010	8.38	
PS Business Parks, 7.00%, Series H....	40,000	971,200	7.20	
ProLogis, 8.54%, Series C.....	4,000	234,250	7.29	
		1,312,460		

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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS -- (CONTINUED)  
MARCH 31, 2005 (UNAUDITED)

	NUMBER OF SHARES	VALUE	DIVIDEND YIELD
RESIDENTIAL	4.67%		
APARTMENT	4.60%		
Apartment Investment & Management Co., 10.10%, Series R.....	940,000	\$ 24,722,000	9.51%
Associated Estates Realty Corp., 8.70%, Series B.....	90,000	2,304,000	8.50
Home Properties, 9.00%, Series F.....	196,000	5,141,080	8.65
Mid-America Apartment Communities, 8.30%, Series H.....	138,100	3,549,170	8.07
		35,716,250	
MANUFACTURED HOME	0.07%		
American Land Lease, 7.75%,			

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Series A.....	22,000	561,000	7.64
		-----	
TOTAL RESIDENTIAL.....		36,277,250	
		-----	
SHOPPING CENTER	10.99%		
COMMUNITY CENTER	5.00%		
Cedar Shopping Centers, 8.875%,			
Series A.....	61,000	1,601,250	8.45
Developers Diversified Realty Corp.,			
8.60%, Series F.....	1,039,400	27,325,826	8.18
Federal Realty Investment Trust,			
8.50%, Series B.....	276,300	7,321,950	8.02
Urstadt Biddle Properties, 8.50%,			
Series C.....	24,000	2,640,000	7.73
		-----	
		38,889,026	
		-----	
FREE STANDING	0.09%		
Commercial Net Lease Realty, 9.00%,			
Series A.....	25,000	667,500	8.43
		-----	
REGIONAL MALL	5.90%		
CBL & Associates Properties, 8.75%,			
Series B.....	430,000	23,073,800	8.15
CBL & Associates Properties, 7.375%,			
Series D.....	325,000	8,034,000	7.46
Glimcher Realty Trust, 8.75%,			
Series F.....	40,000	1,040,000	8.41
Glimcher Realty Trust, 8.125%,			
Series G.....	40,000	1,004,000	8.09
Mills Corp., 9.00%, Series B.....	55,300	1,459,920	8.56
Mills Corp., 9.00%, Series C.....	159,600	4,175,136	8.60
Mills Corp., 8.75%, Series E.....	84,000	2,194,080	8.37
Simon Property Group, 8.75%,			
Series F.....	30,000	781,800	8.39
Simon Property Group, 8.375%,			
Series J.....	14,000	910,000	6.44
Taubman Centers, 8.30%, Series A.....	127,600	3,218,072	8.23
		-----	
		45,890,808	
		-----	
TOTAL SHOPPING CENTER.....		85,447,334	
		-----	

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	NUMBER OF SHARES	VALUE	DIVIDEND YIELD
	-----	-----	-----
SPECIALTY			0.26%
Capital Automotive REIT, 7.50%, Series A.....	80,000	\$ 1,980,000	7.58%
		-----	
TOTAL PREFERRED STOCK (Identified cost -- \$248,302,703).....		265,161,027	
		-----	
TOTAL EQUITIES (Identified cost -- \$945,005,397).....		1,205,857,916	
		-----	
		PRINCIPAL AMOUNT	
		-----	
COMMERCIAL PAPER			1.31%
Prudential FDG Corp., 2.12%, due 04/01/05 (Identified cost -- \$10,161,000)....	\$10,161,000	10,161,000	
		-----	
TOTAL INVESTMENTS (Identified cost -- \$955,166,397).....	156.46%	1,216,018,916(a)	
LIABILITIES IN EXCESS OF OTHER ASSETS.....	(0.62)%	(4,773,212)	
LIQUIDATION VALUE OF TAXABLE AUCTION MARKET PREFERRED SHARES: SERIES T, SERIES W, SERIES TH, AND SERIES F (Equivalent to \$25,000 per share based on 2,800 shares outstanding).	(36.03)%	(280,000,000)	
LIQUIDATION VALUE OF AUCTION MARKET PREFERRED SHARES: SERIES M28 AND SERIES M7 (Equivalent to \$25,000 per share based on 2,400 shares outstanding for Series M28 and 3,760 shares outstanding for Series M7).....	(19.81)%	(154,000,000)	
	-----	-----	
NET ASSETS APPLICABLE TO COMMON SHARES (Equivalent to \$20.00 per share based on 38,856,074 shares of capital stock outstanding).....	100.00%	\$ 777,245,704	
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	-----	-----	

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(a) At March 31, 2005, net unrealized appreciation was \$260,852,519 based on cost for federal income tax purposes of \$955,166,397. This consisted of aggregate gross unrealized appreciation on investments of \$262,868,941 and aggregate gross unrealized depreciation on investments of \$2,016,422.



COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS -- (CONTINUED)  
MARCH 31, 2005 (UNAUDITED)

NOTE 1. INVESTMENTS IN INTEREST RATE SWAPS

The fund has entered into interest rate swap transactions with Merrill Lynch Derivative Products, UBS AG, Banc of America and Royal Bank of Canada. Under the agreements, the fund receives a floating rate of interest and pays a respective fixed rate of interest on the nominal values of the swaps. The fund has segregated 410,000 shares of Crescent Real Estate Equities Co., 6.75%, Series A as collateral for the interest rate swap transactions. Details of the interest rate swap transactions as of March 31, 2005 are as follows:

COUNTERPARTY	NOTIONAL AMOUNT	FIXED RATE	FLOATING RATE (a) (RESET MONTHLY)	TERMINATION DATE
Banc of America.....	\$14,000,000	3.2120%	2.7160%	October 2, 2008
Merrill Lynch Derivative Products.....	\$46,000,000	4.5600%	2.7450%	April 5, 2005
Merrill Lynch Derivative Products.....	\$46,000,000	5.2100%	2.7450%	April 5, 2007
Merrill Lynch Derivative Products.....	\$46,000,000	5.5800%	2.7450%	April 5, 2009
Royal Bank of Canada.....	\$14,000,000	3.6800%	2.8500%	October 22, 2008
Royal Bank of Canada.....	\$44,000,000	4.2580%	2.7600%	March 9, 2010
UBS AG.....	\$24,000,000	4.4500%	2.8100%	April 15, 2005
UBS AG.....	\$24,000,000	5.1200%	2.8100%	April 15, 2007
UBS AG.....	\$24,000,000	5.4950%	2.8100%	April 15, 2009

(a) Based on LIBOR (London Interbank Offered Rate). Represents rates in effect at March 31, 2005.

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/ Robert H. Steers

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Name: Robert H. Steers  
Title: Chairman

Date: May 27, 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.

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By: /s/ Robert H. Steers

By: /s/ Martin Cohen

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Name: Robert H. Steers  
Title: Chairman, Secretary  
and principal executive officer

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Name: Martin Cohen  
Title: President, Treasurer  
and principal financial officer

Date: May 27, 2005