

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

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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.  
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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.

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SCHEDULE OF INVESTMENTS--(Continued)

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September 30, 2005 (Unaudited)

|                                       |       | Number<br>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<br>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                     |
|  |       |                     | -----<br>18,94<br>-----  |
| 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                     |
|  |       |                     | -----<br>40,58<br>-----  |
| REGIONAL MALL                          | 11.9% |                     |                          |
| Glimcher Realty Trust                  |       | 688,200             | 16,84                    |
| Macerich Co.                           |       | 781,757             | 50,76                    |
| Mills Corp.                            |       | 737,400             | 40,61                    |
|  |       |                     | -----<br>108,22<br>----- |
| TOTAL SHOPPING CENTER                  |       |                     | -----<br>148,80<br>----- |
| SPECIALTY                              | 0.7%  |                     |                          |
| Entertainment Properties Trust         |       | 148,200             | 6,61                     |
|  |       |                     | -----                    |
| TOTAL COMMON STOCK                     |       |                     | -----                    |
| (Identified cost--\$725,829,933)       |       |                     | 1,064,23<br>-----        |

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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

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

|   |       | Number<br>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<br>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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 COHEN & STEERS QUALITY INCOME REALTY FUND, INC.  
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SCHEDULE OF INVESTMENTS--(Continued)  
 September 30, 2005 (Unaudited)

|  |      | Number<br>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.,<br>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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COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

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

|   |       | Number<br>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.

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

|   |         | Principal<br>Amount | Val      |
|---|---------|---------------------|----------|
|   |         | -----               | -----    |
| COMMERCIAL PAPER  | 1.2%    |                     |          |
| San Paolo U.S. Finance Co., 2.750%, due 10/3/05<br>(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.  
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SCHEDULE OF INVESTMENTS--(Continued)  
September 30, 2005 (Unaudited)

Interest Rate Swaps:

| Counterparty                      | Notional<br>Amount | Fixed<br>Rate | Floating Rate (a)<br>(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 |

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(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