

COHEN & STEERS QUALITY INCOME REALTY FUND INC  
Form N-Q  
November 29, 2007

**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)

Francis C. Poli  
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: September 30, 2007

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**Item 1. Schedule of Investments**

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## COHEN &amp; STEERS QUALITY INCOME REALTY FUND, INC.

## SCHEDULE OF INVESTMENTS

September 30, 2007 (Unaudited)

|  | Number<br>of Shares | Value        |
|--|---------------------|--------------|
| <b>COMMON STOCK 119.1%</b>                 |                     |              |
| <b>DIVERSIFIED 16.4%</b>                   |                     |              |
| British Land Co., PLC (United Kingdom)     | 370,300             | \$ 8,879,460 |
| Colonial Properties Trust                  | 582,300             | 19,972,890   |
| Entertainment Properties Trust             | 228,600             | 11,612,880   |
| iStar Financial                            | 511,100             | 17,372,289   |
| Unibail-Rodamco (France)                   | 53,000              | 13,640,592   |
| Vornado Realty Trust                       | 602,943             | 65,931,817   |
|  |                     | 137,409,928  |
| <b>HEALTH CARE 25.1%</b>                   |                     |              |
| HCP  | 1,041,700           | 34,553,189   |
| Health Care REIT                           | 969,625             | 42,896,210   |
| Nationwide Health Properties               | 1,140,800           | 34,372,304   |
| Omega Healthcare Investors                 | 410,600             | 6,376,618    |
| Senior Housing Properties Trust            | 932,489             | 20,570,707   |
| Ventas                                     | 1,723,400           | 71,348,760   |
|  |                     | 210,117,788  |
| <b>HOTEL 5.3%</b>                          |                     |              |
| DiamondRock Hospitality Co.                | 696,900             | 12,133,029   |
| Hospitality Properties Trust               | 457,900             | 18,613,635   |
| Strategic Hotels & Resorts                 | 657,800             | 13,544,102   |
|  |                     | 44,290,766   |
| <b>INDUSTRIAL 4.0%</b>                     |                     |              |
| DCT Industrial Trust                       | 1,002,680           | 10,498,060   |
| First Industrial Realty Trust              | 155,000             | 6,024,850    |
| ING Industrial Fund (Australia)            | 3,292,584           | 8,268,339    |
| ProLogis European Properties (Netherlands) | 531,600             | 8,982,713    |
|  |                     | 33,773,962   |
| <b>MORTGAGE 3.7%</b>                       |                     |              |
| Annaly Capital Management                  | 284,000             | 4,524,120    |
| Gramercy Capital Corp.                     | 781,800             | 19,677,906   |

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|                                       | Number<br>of Shares | Value        |
|---------------------------------------|---------------------|--------------|
| Newcastle Investment Corp.            | 415,051             | \$ 7,313,199 |
|                                       |                     | 31,515,225   |
| <b>OFFICE 19.0%</b>                   |                     |              |
| BioMed Realty Trust                   | 398,310             | 9,599,271    |
| Brandywine Realty Trust               | 1,495,522           | 37,851,662   |
| Derwent London PLC (United Kingdom)   | 261,200             | 8,956,791    |
| Highwoods Properties                  | 415,300             | 15,229,051   |
| HRPT Properties Trust                 | 924,600             | 9,144,294    |
| ING Office Fund (Australia)           | 5,184,326           | 8,188,555    |
| Mack-Cali Realty Corp.                | 1,073,800           | 44,133,180   |
| Maguire Properties                    | 604,800             | 15,621,984   |
| Mapeley Ltd. (United Kingdom)         | 77,400              | 3,341,401    |
| Parkway Properties                    | 159,400             | 7,035,916    |
|                                       |                     | 159,102,105  |
| <b>OFFICE/INDUSTRIAL 6.6%</b>         |                     |              |
| EastGroup Properties                  | 145,000             | 6,562,700    |
| First Potomac Realty Trust            | 276,549             | 6,028,768    |
| Liberty Property Trust                | 1,065,200           | 42,831,692   |
|                                       |                     | 55,423,160   |
| <b>RESIDENTIAL APARTMENT 19.2%</b>    |                     |              |
| American Campus Communities           | 385,889             | 11,302,689   |
| Apartment Investment & Management Co. | 416,100             | 18,778,593   |
| AvalonBay Communities                 | 280,600             | 33,127,636   |
| Camden Property Trust                 | 366,600             | 23,554,050   |
| Education Realty Trust                | 712,800             | 9,622,800    |
| GMH Communities Trust                 | 477,300             | 3,699,075    |
| Home Properties                       | 517,845             | 27,021,152   |
| Mid-America Apartment Communities     | 267,700             | 13,344,845   |
| UDR                                   | 833,900             | 20,280,448   |
|                                       |                     | 160,731,288  |
| <b>SELF STORAGE 3.0%</b>              |                     |              |
| Extra Space Storage                   | 426,100             | 6,557,679    |

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|   | Number<br>of Shares | Value         |
|---|---------------------|---------------|
| Sovran Self Storage                             | 261,800             | \$ 12,000,912 |
| U-Store-It Trust                                | 498,100             | 6,574,920     |
|   |                     | 25,133,511    |
| SHOPPING CENTER 16.8%                           |                     |               |
| COMMUNITY CENTER 6.9%                           |                     |               |
| Cedar Shopping Centers                          | 704,500             | 9,595,290     |
| Developers Diversified Realty Corp.             | 587,200             | 32,806,864    |
| Inland Real Estate Corp.                        | 324,100             | 5,020,309     |
| Urstadt Biddle Properties Class A               | 642,900             | 9,945,663     |
|   |                     | 57,368,126    |
| REGIONAL MALL 9.9%                              |                     |               |
| Glimcher Realty Trust                           | 690,300             | 16,222,050    |
| Macerich Co.                                    | 764,557             | 66,959,902    |
|   |                     | 83,181,952    |
| TOTAL SHOPPING CENTER 140,550,078               |                     |               |
| TOTAL COMMON STOCK                              |                     |               |
| (Identified cost \$694,168,979)                 |                     | 998,047,811   |
| PREFERRED SECURITIES \$25 PAR VALUE 27.8%       |                     |               |
| INSURANCE 0.4%                                  |                     |               |
| ING Groep N.V., 7.375%(a)                       | 138,400             | 3,432,320     |
| REAL ESTATE 27.4%                               |                     |               |
| DIVERSIFIED 3.6%                                |                     |               |
| Colonial Properties Trust, 8.125%, Series D     | 64,900              | 1,647,811     |
| Digital Realty Trust, 8.50%, Series A           | 122,000             | 3,118,320     |
| Duke Realty Corp., 6.625%, Series J             | 25,800              | 585,144       |
| Duke Realty Corp., 6.95%, Series M              | 110,000             | 2,568,500     |
| Duke Realty Corp., 7.25%, Series N              | 130,000             | 3,178,500     |
| Entertainment Properties Trust, 7.75%, Series B | 128,000             | 3,068,160     |
| iStar Financial, 7.80%, Series F                | 167,081             | 3,806,105     |
| iStar Financial, 7.65%, Series G                | 90,400              | 2,065,640     |
| iStar Financial, 7.50%, Series I                | 30,000              | 657,600       |
| Lexington Realty Trust, 7.55%, Series D         | 226,700             | 5,297,979     |

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|   | Number<br>of Shares | Value        |
|---|---------------------|--------------|
| Vornado Realty Trust, 6.75%, Series F                   | 114,000             | \$ 2,537,640 |
| Vornado Realty Trust, 6.625%, Series I                  | 90,600              | 2,011,320    |
|   |                     | 30,542,719   |
| <b>HEALTH CARE 1.3%</b>                                 |                     |              |
| HCP, 7.10%, Series F                                    | 202,700             | 4,915,475    |
| Health Care REIT, 7.625%, Series F                      | 209,600             | 5,181,312    |
| Omega Healthcare Investors, 8.375%, Series D            | 40,000              | 990,400      |
|   |                     | 11,087,187   |
| <b>HOTEL 4.2%</b>                                       |                     |              |
| Ashford Hospitality Trust, 8.45%, Series D              | 445,400             | 10,377,820   |
| Hospitality Properties Trust, 7.00%, Series C           | 300,000             | 6,525,000    |
| LaSalle Hotel Properties, 7.25%, Series G               | 170,000             | 3,775,700    |
| Strategic Hotels & Resorts, 8.50%, Series A             | 122,200             | 2,871,700    |
| Strategic Hotels & Resorts, 8.25%, Series B             | 45,000              | 1,078,200    |
| Strategic Hotels & Resorts, 8.25%, Series C             | 245,000             | 5,806,500    |
| Sunstone Hotel Investors, 8.00%, Series A               | 216,000             | 5,108,400    |
|   |                     | 35,543,320   |
| <b>INDUSTRIAL 0.3%</b>                                  |                     |              |
| First Industrial Realty Trust, 7.25%, Series J          | 100,000             | 2,387,000    |
| <b>MORTGAGE 2.2%</b>                                    |                     |              |
| Anthracite Capital, 8.25%, Series D                     | 99,000              | 1,988,910    |
| Gramercy Capital Corp., 8.125%, Series A                | 333,800             | 7,513,838    |
| Newcastle Investment Corp., 9.75%, Series B             | 56,000              | 1,341,200    |
| Newcastle Investment Corp., 8.375%, Series D            | 117,000             | 2,457,000    |
| NorthStar Realty Finance Corp., 8.25%, Series B         | 241,900             | 4,838,000    |
|   |                     | 18,138,948   |
| <b>NET LEASE COMPANY 0.5%</b>                           |                     |              |
| Realty Income Corp., 6.75%, Series E                    | 177,000             | 4,159,500    |
| <b>OFFICE 3.0%</b>                                      |                     |              |
| BioMed Realty Trust, 7.375%, Series A                   | 266,500             | 6,196,125    |
| Brandywine Realty Trust, 7.375%, Series D               | 38,300              | 903,880      |
| Corporate Office Properties Trust, 7.625%, Series J (b) | 197,600             | 4,781,920    |

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|  | Number<br>of Shares | Value        |
|--|---------------------|--------------|
| Cousins Properties, 7.50%, Series B                    | 200,000             | \$ 4,816,000 |
| HRPT Properties Trust, 8.75%, Series B                 | 155,000             | 3,924,600    |
| Kilroy Realty Corp., 7.50%, Series F                   | 55,500              | 1,324,230    |
| Maguire Properties, 7.625%, Series A                   | 145,670             | 3,133,362    |
|  |                     | 25,080,117   |
| <b>OFFICE/INDUSTRIAL 0.9%</b>                          |                     |              |
| PS Business Parks, 7.00%, Series H                     | 60,900              | 1,370,250    |
| PS Business Parks, 7.60%, Series L                     | 5,400               | 129,600      |
| PS Business Parks, 7.20%, Series M                     | 100,000             | 2,326,000    |
| PS Business Parks, 6.70%, Series P                     | 159,401             | 3,451,032    |
|  |                     | 7,276,882    |
| <b>RESIDENTIAL 2.1%</b>                                |                     |              |
| <b>APARTMENT 2.0%</b>                                  |                     |              |
| Apartment Investment & Management Co., 7.75%, Series U | 337,700             | 8,324,305    |
| Apartment Investment & Management Co., 8.00%, Series V | 50,000              | 1,233,500    |
| Associated Estates Realty Corp., 8.70%, Series B       | 55,800              | 1,422,900    |
| Mid-America Apartment Communities, 8.30%, Series H     | 164,600             | 4,115,000    |
| UDR, 6.75%, Series G                                   | 92,600              | 2,097,390    |
|  |                     | 17,193,095   |
| <b>MANUFACTURED HOME 0.1%</b>                          |                     |              |
| American Land Lease, 7.75%, Series A                   | 22,000              | 489,500      |
| <b>TOTAL RESIDENTIAL</b>                               |                     | 17,682,595   |
| <b>SELF STORAGE 6.7%</b>                               |                     |              |
| Public Storage, 6.60%, Series C                        | 99,900              | 2,237,760    |
| Public Storage, 6.75%, Series E                        | 64,300              | 1,458,324    |
| Public Storage, 6.95%, Series H                        | 256,400             | 5,981,812    |
| Public Storage, 7.25%, Series I                        | 325,429             | 7,995,790    |
| Public Storage, 7.25%, Series K                        | 550,300             | 13,427,320   |
| Public Storage, 6.75%, Series L                        | 468,500             | 10,634,950   |
| Public Storage, 6.625%, Series M                       | 246,500             | 5,459,975    |
| Public Storage, 7.00%, Series N                        | 399,800             | 9,327,334    |
|  |                     | 56,523,265   |

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|  | Number<br>of Shares         | Value        |
|--|-----------------------------|--------------|
| <b>SHOPPING CENTER 2.6%</b>                                      |                             |              |
| <b>COMMUNITY CENTER 1.4%</b>                                     |                             |              |
| Cedar Shopping Centers, 8.875%, Series A                         | 75,200                      | \$ 1,899,552 |
| Developers Diversified Realty Corp., 8.00%, Series G             | 31,800                      | 805,176      |
| National Retail Properties, 7.375%, Series C                     | 85,600                      | 2,038,992    |
| Regency Centers Corp., 7.45%, Series C                           | 71,000                      | 1,735,950    |
| Urstadt Biddle Properties, 8.50%, Series C (\$100 par value) (c) | 24,000                      | 2,628,000    |
| Weingarten Realty Investors, 6.50%, Series F                     | 124,000                     | 2,739,160    |
|  |                             | 11,846,830   |
| <b>REGIONAL MALL 1.2%</b>  |                             |              |
| CBL & Associates Properties, 7.375%, Series D                    | 297,000                     | 7,110,180    |
| Glimcher Realty Trust, 8.75%, Series F                           | 35,000                      | 849,450      |
| Glimcher Realty Trust, 8.125%, Series G                          | 40,000                      | 940,800      |
| Simon Property Group, 8.375%, Series J (\$50 par value) (c)      | 14,000                      | 826,000      |
|  |                             | 9,726,430    |
| <b>TOTAL SHOPPING CENTER</b>                                     |                             | 21,573,260   |
| <b>TOTAL REAL ESTATE</b>   |                             | 229,994,793  |
| <b>TELECOMMUNICATION SERVICES 0.0%</b>                           |                             |              |
| United States Cellular Corp., 7.50%, due 6/15/34                 | 100                         | 2,355        |
| <b>TOTAL PREFERRED SECURITIES \$25 PAR VALUE</b>                 |                             |              |
| (Identified cost \$248,943,712)                                  |                             | 233,429,468  |
| <b>PREFERRED SECURITIES CAPITAL SECURITIES OFFICE 1.3%</b>       |                             |              |
| Highwoods Properties, 8.625%, Series A (c)                       |                             |              |
| (Identified cost \$11,366,700)                                   | 11,995                      | 10,975,425   |
|  | <b>Principal<br/>Amount</b> |              |
| <b>CORPORATE BONDS 1.4%</b>                                      |                             |              |
| <b>HEALTH CARE 0.9%</b>  |                             |              |
| Omega Healthcare Investors, 7.00%, due 4/1/14                    | \$ 3,215,000                | 3,223,037    |

|  | Principal<br>Amount | Value          |
|--|---------------------|----------------|
| Omega Healthcare Investors, 7.00%, due 1/15/16   | \$ 2,535,000        | \$ 2,525,494   |
| Ventas Realty LP/Capital Corp., 6.75%, due 4/1/17 (c)  | 2,000,000           | 2,005,000      |
|  |                     | 7,753,531      |
| <b>HOTEL 0.5%</b>  |                     |                |
| Host Hotels & Resorts LP, 6.875%, due 11/1/14  | 4,000,000           | 4,010,000      |
| <b>TOTAL CORPORATE BONDS</b><br>(Identified cost \$11,759,927)   |                     | 11,763,531     |
| <b>COMMERCIAL PAPER 1.1%</b>   |                     |                |
| San Paolo U.S. Finance Co., 4.15%, due 10/1/07<br>(Identified cost \$8,938,000)  | 8,938,000           | 8,938,000      |
| <b>TOTAL INVESTMENTS</b><br>(Identified cost \$975,177,318)  | 150.7%              | 1,263,154,235  |
| <b>OTHER ASSETS IN EXCESS OF LIABILITIES</b>   | 1.1%                | 8,884,803      |
| <b>LIQUIDATION VALUE OF PREFERRED SHARES</b>   | (51.8)%             | (434,000,000)  |
| <b>NET ASSETS APPLICABLE TO COMMON SHARES</b><br>(Equivalent to \$21.57 per share based on 38,856,074 shares<br>of common stock outstanding) | 100.0%              | \$ 838,039,038 |

## Glossary of Portfolio Abbreviation

REIT

Real Estate Investment Trust

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

(a) Fair valued security. Aggregate holdings equal 0.4% of net assets applicable to common shares.

(b) 197,600 shares segregated as collateral for interest rate swap transactions.

(c) Illiquid security. Aggregate holdings equal 2.0% of net assets applicable to common shares.

Interest rate swaps outstanding at September 30, 2007 are as follows:

| Counterparty                         | Notional Amount | Fixed Rate Payable | Floating Rate(a) (reset monthly) Receivable | Termination Date | Unrealized Appreciation/ (Depreciation) |
|--------------------------------------|-----------------|--------------------|---|------------------|---|
| Bank of America                      | \$ 14,000,000   | 3.213%             | 5.720%                                      | October 2, 2008  | \$ 234,456                              |
| Merrill Lynch Derivative Products AG | \$ 46,000,000   | 5.580%             | 5.765%                                      | April 6, 2009    | (614,359)                               |
| Royal Bank of Canada                 | \$ 14,000,000   | 3.680%             | 5.136%                                      | October 22, 2008 | 151,732                                 |
| Royal Bank of Canada                 | \$ 44,000,000   | 4.258%             | 5.820%                                      | March 9, 2010    | 340,360                                 |
| Royal Bank of Canada                 | \$ 26,000,000   | 4.137%             | 5.129%                                      | May 26, 2010     | 281,606                                 |
| UBS AG                               | \$ 24,000,000   | 5.495%             | 5.753%                                      | April 15, 2009   | (298,492)                               |
|                                      |                 |                    |   |                  | \$ 95,303                               |

(a) Based on LIBOR (London Interbank Offered Rate). Represents rates in effect at September 30, 2007.

**Notes 1. Portfolio Valuation:** Investments in securities that are listed on the New York Stock Exchange are valued, except as indicated below, at the last sale price reflected at the close of the New York Stock Exchange on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices for the day or, if no asked price is available, at the bid price.

Securities not listed on the New York Stock Exchange but listed on other domestic or foreign securities exchanges or admitted to trading on the National Association of Securities Dealers Automated Quotations, Inc. (Nasdaq) national market system are valued in a similar manner. Securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined as reflected on the tape at the close of the exchange representing the principal market for such securities.

Readily marketable securities traded in the over-the-counter market, including listed securities whose primary market is believed by Cohen & Steers Capital Management, Inc. (the investment manager) to be over-the-counter, but excluding securities admitted to trading on the Nasdaq National List, are valued at the official closing prices as reported by Nasdaq, the National Quotation Bureau, or such other comparable sources as the Board of Directors deem appropriate to reflect their fair market value. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices for the day, or if no asked price is available, at the bid price. However, certain fixed-income securities may be valued on the basis of prices provided by a pricing service when such prices are believed by the Board of Directors to reflect the fair market value of such securities. Where securities are traded on more than one exchange and also over-the-counter, the securities will generally be valued using the quotations the Board of Directors believes most closely reflect the value of such securities.

Portfolio securities primarily traded on foreign markets are generally valued at the preceding closing values of such securities on their respective exchanges or if after the close of the foreign markets, but prior to the close of business on the day the securities are being valued, market conditions change significantly, certain foreign securities may be fair valued pursuant to procedures established by the Board of Directors.

Securities for which market prices are unavailable, or securities for which the investment manager determines that bid and/or asked price does not reflect market value, will be valued at fair value pursuant to procedures approved by the fund's Board of Directors. Circumstances in which market prices may be unavailable include, but are not limited to, when trading in a security is suspended, the exchange on which the security is traded is subject to an unscheduled close or disruption or material events occur after the close of the exchange on which the security is principally traded. In these circumstances, the fund determines fair value in a manner that fairly reflects the market value of the security on the valuation date based on consideration of any information or factors it deems appropriate. These may include recent transactions in comparable securities, information relating to the specific security and developments in the markets.

The fund's use of fair value pricing may cause the net asset value of fund shares to differ from the net asset value that would be calculated using market quotations. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a

security may be materially different than the value that could be realized upon the sale of that security.

Short-term debt securities, which have a maturity date of 60 days or less, are valued at amortized cost, which approximates value.

Interest rate swaps are valued based on pricing models that consider the time value of money, volatility, the current market and contractual prices of the underlying financial instrument.

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**Note 2. Income Tax Information**

As of September 30, 2007, the federal tax cost and net unrealized appreciation on investments were as follows:

|                                      |    |              |
|--------------------------------------|----|--------------|
| Cost for federal income tax purposes | \$ | 975,177,318  |
| Gross unrealized appreciation        | \$ | 323,385,448  |
| Gross unrealized depreciation        |    | (35,408,531) |
| Net unrealized appreciation          | \$ | 287,976,917  |

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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.

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Title: President

Date: November 29, 2007

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

Date: November 29, 2007

By: /s/ James Giallanza  
Name: James Giallanza  
Title: Treasurer and principal  
financial officer