

COHEN & STEERS TOTAL RETURN REALTY FUND INC
Form N-Q
May 30, 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 811-07154

Cohen & Steers Total Return 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, 2007

Item 1. Schedule of Investments

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS

March 31, 2007 (Unaudited)

| | | Number of Shares | Value |
|--|-------|---------------------|--------------|
| COMMON STOCK | 75.8% | | |
| DIVERSIFIED | 10.5% | | |
| Colonial Properties Trust | | 82,100 | \$ 3,749,507 |
| Entertainment Properties Trust | | 20,500 | 1,235,125 |
| iStar Financial | | 39,000 | 1,826,370 |
| Spirit Finance Corp. | | 149,600 | 2,229,040 |
| Vornado Realty Trust | | 84,300 | 10,060,362 |
| | | | 19,100,404 |
| HEALTH CARE | 14.3% | | |
| Health Care Property Investors | | 186,200 | 6,708,786 |
| Health Care REIT | | 27,600 | 1,211,640 |
| Nationwide Health Properties | | 157,300 | 4,917,198 |
| Senior Housing Properties Trust | | 117,628 | 2,811,309 |
| Ventas | | 242,524 | 10,217,536 |
| | | | 25,866,469 |
| HOTEL | 3.5% | | |
| DiamondRock Hospitality Co. | | 99,100 | 1,882,900 |
| Hospitality Properties Trust | | 51,700 | 2,419,560 |
| Strategic Hotels & Resorts | | 86,700 | 1,982,829 |
| | | | 6,285,289 |
| INDUSTRIAL | 1.6% | | |
| DCT Industrial Trust | | 79,500 | 940,485 |
| ING Industrial Fund (Australia) | | 512,202 | 978,038 |
| ProLogis European Properties (Netherlands) | | 48,400 | 1,005,387 |
| | | | 2,923,910 |
| MORTGAGE | 2.1% | | |
| Annaly Capital Management | | 50,500 | 781,740 |
| Newcastle Investment Corp. | | 107,827 | 2,990,043 |
| | | | 3,771,783 |

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| | | Number of Shares | Value |
|---------------------------------------|--------------|---------------------|-------------------|
| OFFICE | 11.5% | | |
| Brandywine Realty Trust | | 184,885 | \$ 6,177,008 |
| HRPT Properties Trust | | 107,300 | 1,319,790 |
| ING Office Fund (Australia) | | 718,800 | 913,083 |
| Kilroy Realty Corp. | | 27,000 | 1,991,250 |
| Mack-Cali Realty Corp. | | 131,100 | 6,244,293 |
| Maguire Properties | | 93,000 | 3,307,080 |
| Mapeley Ltd. (United Kingdom) | | 10,300 | 788,458 |
| | | | 20,740,962 |
| OFFICE/INDUSTRIAL | 4.0% | | |
| Liberty Property Trust | | 129,200 | 6,294,624 |
| Parkway Properties | | 19,100 | 997,975 |
| | | | 7,292,599 |
| RESIDENTIAL APARTMENT | 17.1% | | |
| American Campus Communities | | 53,869 | 1,631,692 |
| Apartment Investment & Management Co. | | 46,300 | 2,671,047 |
| Archstone-Smith Trust | | 92,361 | 5,013,355 |
| AvalonBay Communities | | 59,400 | 7,722,000 |
| Camden Property Trust | | 53,500 | 3,761,585 |
| Education Realty Trust | | 58,400 | 863,152 |
| GMH Communities Trust | | 49,900 | 498,501 |
| Home Properties | | 75,800 | 4,002,998 |
| Mid-America Apartment Communities | | 33,100 | 1,862,206 |
| UDR | | 93,400 | 2,859,908 |
| | | | 30,886,444 |
| SELF STORAGE | 1.9% | | |
| Extra Space Storage | | 56,300 | 1,066,322 |
| Sovran Self Storage | | 24,300 | 1,346,463 |
| U-Store-It Trust | | 53,100 | 1,068,372 |
| | | | 3,481,157 |

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| | Number of Shares | Value |
|--|---------------------|--------------|
| SHOPPING CENTER | 9.3% | |
| COMMUNITY CENTER | 2.5% | |
| Cedar Shopping Centers | 90,200 | \$ 1,461,240 |
| Inland Real Estate Corp. | 55,300 | 1,014,202 |
| Urstadt Biddle Properties Class A | 102,700 | 2,008,812 |
| | | 4,484,254 |
| REGIONAL MALL | 6.8% | |
| Glimcher Realty Trust | 95,500 | 2,580,410 |
| Macerich Co. | 104,500 | 9,651,620 |
| Primaris Retail REIT (Canada) | 3,000 | 52,802 |
| | | 12,284,832 |
| TOTAL SHOPPING CENTER | | 16,769,086 |
| TOTAL COMMON STOCK (Identified cost \$69,078,846) | | 137,118,103 |
| PREFERRED STOCK | 21.4% | |
| DIVERSIFIED | 2.7% | |
| Colonial Properties Trust, 8.125%, Series D | 14,600 | 376,096 |
| Colonial Properties Trust, 7.62%, Series E | 49,500 | 1,252,350 |
| Crescent Real Estate Equities Co., 6.75%, Series A (Convertible) | 60,500 | 1,346,730 |
| Digital Realty Trust, 8.50%, Series A | 10,700 | 276,274 |
| Digital Realty Trust, 7.875%, Series B | 13,200 | 339,240 |
| iStar Financial, 7.875%, Series E | 25,000 | 641,000 |
| Lexington Realty Trust, 7.55%, Series D | 26,000 | 663,390 |
| | | 4,895,080 |
| HEALTH CARE | 3.5% | |
| Health Care REIT, 7.625%, Series F | 17,000 | 437,750 |
| Health Care REIT, 7.50%, Series G | 38,800 | 1,232,288 |
| Nationwide Health Properties, 7.677%, Series A | 47,000 | 4,707,050 |
| | | 6,377,088 |

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| | | Number of Shares | Value |
|---|-------------|---------------------|------------|
| HOTEL | 2.0% | | |
| Hospitality Properties Trust, 7.00%, Series C | | 16,000 | \$ 395,200 |
| LaSalle Hotel Properties, 7.25%, Series G | | 20,000 | 505,000 |
| Strategic Hotels & Resorts, 8.50%, Series A | | 10,000 | 250,000 |
| Strategic Hotels & Resorts, 8.25%, Series B | | 11,000 | 280,005 |
| Strategic Hotels & Resorts, 8.25%, Series C | | 62,200 | 1,591,076 |
| Sunstone Hotel Investors, 8.00%, Series A | | 22,000 | 561,110 |
| | | | 3,582,391 |
| INDUSTRIAL | 0.3% | | |
| EastGroup Properties, 7.95%, Series D | | 21,000 | 539,490 |
| MORTGAGE | 0.5% | | |
| Anthracite Capital, 8.25%, Series D | | 13,300 | 315,210 |
| Newcastle Investment Corp., 8.375%, Series D | | 7,000 | 173,600 |
| NorthStar Realty Finance Corp., 8.25%, Series B | | 15,000 | 363,750 |
| | | | 852,560 |
| OFFICE | 3.8% | | |
| BioMed Realty Trust, 7.375%, Series A | | 30,000 | 756,000 |
| Brandywine Realty Trust, 7.50%, Series C | | 9,028 | 228,047 |
| Highwoods Properties, 8.625%, Series A | | 4,300 | 4,192,500 |
| HRPT Properties Trust, 8.75%, Series B | | 52,800 | 1,354,848 |
| SL Green Realty Corp., 7.625%, Series C | | 15,000 | 380,700 |
| | | | 6,912,095 |
| OFFICE/INDUSTRIAL | 0.3% | | |
| Duke Realty Corp., 6.625%, Series J | | 7,800 | 195,546 |
| PS Business Parks, 6.70%, Series P | | 17,100 | 419,976 |
| | | | 615,522 |
| RESIDENTIAL APARTMENT | 2.2% | | |
| Apartment Investment & Management Co., 9.375%, Series G | | 113,200 | 2,928,484 |
| Mid-America Apartment Communities, 8.30%, Series H | | 17,300 | 444,264 |
| Post Properties, 8.50%, Series A | | 11,000 | 666,820 |
| | | | 4,039,568 |

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| | Number of Shares | Value |
|--|---------------------|------------|
| SELF STORAGE | 1.6% | |
| Public Storage, 7.25%, Series I | 29,700 | \$ 766,854 |
| Public Storage, 7.25%, Series K | 36,300 | 939,444 |
| Public Storage, 6.75%, Series L | 12,000 | 303,120 |
| Public Storage, 6.625%, Series M | 33,200 | 821,700 |
| | | 2,831,118 |
| SHOPPING CENTER | 4.5% | |
| COMMUNITY CENTER | 1.9% | |
| Cedar Shopping Centers, 8.875%, Series A | 10,000 | 262,400 |
| Ramco-Gershenson Property Trust, 9.50%, Series B | 11,600 | 294,872 |
| Regency Centers Corp., 7.45%, Series C | 34,800 | 879,048 |
| Saul Centers, 8.00%, Series A | 26,800 | 686,080 |
| Urstadt Biddle Properties, 8.50%, Series C | 4,000 | 432,800 |
| Urstadt Biddle Properties, 7.50%, Series D | 23,300 | 592,403 |
| Weingarten Realty Investors, 6.50%, Series F | 11,000 | 274,890 |
| | | 3,422,493 |
| REGIONAL MALL | 2.6% | |
| CBL & Associates Properties, 7.75%, Series C | 11,000 | 280,940 |
| Glimcher Realty Trust, 8.125%, Series G | 16,000 | 404,800 |
| Pennsylvania REIT, 11.00%, Series A | 45,400 | 2,406,200 |
| Simon Property Group, 8.375%, Series J | 13,000 | 868,400 |
| Taubman Centers, 7.625%, Series H | 25,900 | 665,759 |
| | | 4,626,099 |
| TOTAL SHOPPING CENTER | | 8,048,592 |
| TOTAL PREFERRED STOCK | | |
| (Identified cost \$35,916,606) | | 38,693,504 |

| | Principal Amount | Value |
|---|---------------------|----------------|
| CORPORATE BOND | 0.3% | |
| HEALTH CARE | 0.3% | |
| Ventas Realty LP/Capital Corp., 6.75%, due 4/1/17 (Identified cost \$496,986) | \$ 500,000 | \$ 520,000 |
| COMMERCIAL PAPER | 2.1% | |
| San Paolo U.S. Finance Co., 4.15%, due 4/2/07 (Identified cost \$3,846,556) | 3,847,000 | 3,846,556 |
| TOTAL INVESTMENTS (Identified cost \$109,338,994) | 99.6% | 180,178,163 |
| OTHER ASSETS IN EXCESS OF LIABILITIES | 0.4% | 748,249 |
| NET ASSETS (Equivalent to \$19.56 per share based on 9,249,159 shares of common stock outstanding) | 100.0% | \$ 180,926,412 |

Glossary of Portfolio Abbreviation

REIT Real Estate Investment Trust

Note: Percentages indicated are based on the net assets of the fund.

Note 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.

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.

Note 2. Income Tax Information

As of March 31, 2007, the federal tax cost and net unrealized appreciation were as follows:

| | | |
|--------------------------------------|----|-------------|
| Gross unrealized appreciation | \$ | 71,022,150 |
| Gross unrealized depreciation | | 182,981 |
| Net unrealized appreciation | \$ | 70,839,169 |
| Cost for federal income tax purposes | \$ | 109,338,994 |

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.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

By: */s/ Adam M. Derechin*
Name: Adam M. Derechin

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Title: President

Date: May 30, 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

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

Date: May 30, 2007
