

COHEN & STEERS TOTAL RETURN REALTY FUND INC
Form N-Q
November 20, 2006

**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: September 30, 2006

Item 1. Schedule of Investments

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS

September 30, 2006 (Unaudited)

| | Number of Shares | Value |
|--|---------------------|------------|
| COMMON STOCK 78.8% | | |
| CLOSED-END INVESTMENT COMPANY 0.5% | | |
| ProLogis European Properties (Netherlands) | 48,400 | \$ 902,192 |
| DIVERSIFIED 11.0% | | |
| Colonial Properties Trust | 91,300 | 4,365,053 |
| Entertainment Properties Trust | 30,200 | 1,489,464 |
| iStar Financial | 67,400 | 2,810,580 |
| Lexington Corporate Properties Trust | 19,800 | 419,364 |
| Spirit Finance Corp. | 136,800 | 1,588,248 |
| Vornado Realty Trust | 90,400 | 9,853,600 |
| | | 20,526,309 |
| HEALTH CARE 13.9% | | |
| Health Care Property Investors | 217,000 | 6,737,850 |
| Health Care REIT | 27,600 | 1,104,276 |
| Healthcare Realty Trust | 26,200 | 1,006,342 |
| Medical Properties Trust | 26,900 | 360,191 |
| Nationwide Health Properties | 157,300 | 4,206,202 |
| Senior Housing Properties Trust | 84,500 | 1,803,230 |
| Ventas | 281,700 | 10,856,718 |
| | | 26,074,809 |
| HOTEL 3.9% | | |
| Ashford Hospitality Trust | 94,300 | 1,124,999 |
| DiamondRock Hospitality Co. | 99,100 | 1,646,051 |
| Hospitality Properties Trust | 60,400 | 2,850,880 |
| Strategic Hotels & Resorts | 86,700 | 1,723,596 |
| | | 7,345,526 |

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| | Number of Shares | Value |
|---------------------------------------|---------------------|------------|
| INDUSTRIAL 0.2% | | |
| ING Industrial Fund (Australia) | 190,571 | \$ 335,197 |
| MORTGAGE 1.6% | | |
| Newcastle Investment Corp. | 107,827 | 2,955,538 |
| OFFICE 16.7% | | |
| American Financial Realty Trust | 74,700 | 833,652 |
| Brandywine Realty Trust | 227,185 | 7,394,872 |
| Equity Office Properties Trust | 223,500 | 8,886,360 |
| HRPT Properties Trust | 121,800 | 1,455,510 |
| Kilroy Realty Corp. | 27,000 | 2,034,180 |
| Mack-Cali Realty Corp. | 131,100 | 6,790,980 |
| Maguire Properties | 93,000 | 3,788,820 |
| | | 31,184,374 |
| OFFICE/INDUSTRIAL 5.0% | | |
| Duke Realty Corp. | 63,300 | 2,364,255 |
| Liberty Property Trust | 129,200 | 6,174,468 |
| Parkway Properties | 17,400 | 808,926 |
| | | 9,347,649 |
| RESIDENTIAL APARTMENT 15.8% | | |
| American Campus Communities | 53,369 | 1,361,443 |
| Apartment Investment & Management Co. | 23,100 | 1,256,871 |
| Archstone-Smith Trust | 92,361 | 5,028,133 |
| AvalonBay Communities | 59,400 | 7,151,760 |
| Camden Property Trust | 53,500 | 4,066,535 |
| Education Realty Trust | 68,400 | 1,009,584 |
| GMH Communities Trust | 49,900 | 629,738 |
| Home Properties | 75,800 | 4,332,728 |
| Mid-America Apartment Communities | 33,100 | 2,026,382 |
| United Dominion Realty Trust | 93,400 | 2,820,680 |
| | | 29,683,854 |
| SELF STORAGE 2.0% | | |
| Extra Space Storage | 56,300 | 974,553 |
| Sovran Self Storage | 24,300 | 1,349,865 |
| U-Store-It Trust | 65,800 | 1,412,068 |
| | | 3,736,486 |

| | Number of Shares | Value |
|--|---------------------|-------------------|
| SHOPPING CENTER 8.2% | | |
| COMMUNITY CENTER 2.1% | | |
| Cedar Shopping Centers | 90,200 | \$ 1,458,534 |
| Inland Real Estate Corp. | 55,300 | 968,856 |
| Urstadt Biddle Properties Class A | 86,600 | 1,573,522 |
| | | 4,000,912 |
| REGIONAL MALL 6.1% | | |
| Glimcher Realty Trust | 95,500 | 2,366,490 |
| Macerich Co. | 107,500 | 8,208,700 |
| Pennsylvania REIT | 17,130 | 729,224 |
| | | 11,304,414 |
| TOTAL SHOPPING CENTER | | 15,305,326 |
| TOTAL COMMON STOCK | | |
| (Identified cost \$80,524,700) | | 147,397,260 |
| PREFERRED STOCK 19.7% | | |
| DIVERSIFIED 2.2% | | |
| Colonial Properties Trust, 8.125%, Series D | 14,600 | 379,454 |
| Colonial Properties Trust, 7.62%, Series E | 49,500 | 1,254,825 |
| Crescent Real Estate Equities Co., 6.75%, Series A (Convertible) | 60,500 | 1,326,160 |
| Digital Realty Trust, 8.50%, Series A | 10,700 | 277,665 |
| Digital Realty Trust, 7.875%, Series B | 13,200 | 334,752 |
| iStar Financial, 7.875%, Series E | 25,000 | 638,875 |
| | | 4,211,731 |
| HEALTH CARE 3.4% | | |
| Health Care REIT, 7.625%, Series F | 17,000 | 437,070 |
| Nationwide Health Properties, 7.677%, Series A | 47,000 | 4,751,700 |
| Windrose Medical Properties Trust, 7.50%, Series A | 38,800 | 1,086,400 |
| | | 6,275,170 |

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| | Number of Shares | Value |
|---|---------------------|------------|
| HOTEL 1.7% | | |
| Eagle Hospitality Trust, 8.25%, Series A | 10,600 | \$ 271,996 |
| Strategic Hotels & Resorts, 8.50%, Series A | 10,000 | 253,750 |
| Strategic Hotels & Resorts, 8.25%, Series B | 11,000 | 286,550 |
| Strategic Hotels & Resorts, 8.25%, Series C | 70,000 | 1,795,500 |
| Sunstone Hotel Investors, 8.00%, Series A | 22,000 | 558,800 |
| | | 3,166,596 |
| INDUSTRIAL 0.3% | | |
| EastGroup Properties, 7.95%, Series D | 21,000 | 540,750 |
| OFFICE 3.5% | | |
| Alexandria Real Estate Equities, 9.10%, Series B | 10,900 | 276,206 |
| Brandywine Realty Trust, 7.50%, Series C | 9,028 | 227,054 |
| Highwoods Properties, 8.625%, Series A | 4,300 | 4,386,000 |
| HRPT Properties Trust, 8.75%, Series B | 52,800 | 1,367,520 |
| SL Green Realty Corp., 7.625%, Series C | 15,000 | 379,650 |
| | | 6,636,430 |
| OFFICE/INDUSTRIAL 0.1% | | |
| Duke Realty Corp., 6.625%, Series J | 7,800 | 192,894 |
| RESIDENTIAL APARTMENT 2.2% | | |
| Apartment Investment & Management Co., 9.375%, Series G | 113,200 | 3,002,064 |
| Mid-America Apartment Communities, 8.30%, Series H | 17,300 | 441,323 |
| Post Properties, 8.50%, Series A | 11,000 | 628,650 |
| | | 4,072,037 |
| SELF STORAGE 0.9% | | |
| Public Storage, 7.25%, Series I | 29,600 | 767,232 |
| Public Storage, 7.25%, Series K | 36,300 | 935,088 |
| | | 1,702,320 |

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| | Number of Shares | Value |
|--|---------------------|-------------------|
| SHOPPING CENTER 5.4% | | |
| COMMUNITY CENTER 1.7% | | |
| Cedar Shopping Centers, 8.875%, Series A | 10,000 | \$ 265,900 |
| Ramco-Gershenson Property Trust, 9.50%, Series B | 11,600 | 310,474 |
| Regency Centers Corp., 7.45%, Series C | 34,800 | 893,664 |
| Saul Centers, 8.00%, Series A | 26,800 | 686,482 |
| Urstadt Biddle Properties, 8.50%, Series C | 4,000 | 430,000 |
| Urstadt Biddle Properties, 7.50%, Series D | 23,300 | 583,199 |
| | | 3,169,719 |
| REGIONAL MALL 3.7% | | |
| CBL & Associates Properties, 8.75%, Series B | 13,000 | 670,215 |
| CBL & Associates Properties, 7.75%, Series C | 11,000 | 284,900 |
| Glimcher Realty Trust, 8.125%, Series G | 16,000 | 401,440 |
| Mills Corp., 9.00%, Series B | 40,200 | 860,280 |
| Mills Corp., 8.75%, Series E | 9,300 | 192,882 |
| Pennsylvania REIT, 11.00%, Series A | 55,400 | 3,058,080 |
| Simon Property Group, 8.375%, Series J | 13,000 | 807,950 |
| Taubman Centers, 7.625%, Series H | 25,900 | 666,019 |
| | | 6,941,766 |
| TOTAL SHOPPING CENTER | | 10,111,485 |
| TOTAL PREFERRED STOCK (Identified cost \$34,023,390) | | 36,909,413 |

| | Principal Amount | |
|---|---------------------|----------------|
| CORPORATE BONDS 0.5% | | |
| HEALTH CARE 0.3% | | |
| Ventas Realty LP/Capital Corp., 6.75%, due 4/1/17 | \$ 500,000 | 505,625 |
| INDUSTRIAL 0.2% | | |
| ING Industrial Fund CLS, (Australia) 7.00%, due 4/2/07 | AUD 552,420 | 428,412 |
| TOTAL CORPORATE BONDS (Identified cost \$922,577) | | 934,037 |

| | Principal Amount | Value |
|---|-----------------------------|-----------------------|
| COMMERCIAL PAPER 0.7% | | |
| San Paolo U.S. Finance Co., 4.15%, due 10/2/06 (Identified cost \$1,421,836) | 1,422,000 | 1,421,836 |
| TOTAL INVESTMENTS (Identified cost \$116,892,503) | 99.7 % | 186,662,546 |
| OTHER ASSETS IN EXCESS OF LIABILITIES | 0.3 % | 473,751 |
| NET ASSETS (Equivalent to \$20.23 per share based on 9,249,159 shares of common stock outstanding) | 100.0 % | \$ 187,136,297 |

Glossary of Portfolio Abbreviation

| | |
|------|------------------------------|
| AUD | Australia Dollar |
| CLS | Convertible Loan Securities |
| REIT | Real Estate Investment Trust |

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

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
Title: President

Date: November 20, 2006

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 20, 2006
