COHEN & STEERS TOTAL RETURN REALTY FUND INC
Form N-CSRS
August 28, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-7154

Cohen & Steers Total Return Realty Fund, Inc.
(Exact name of registrant as specified in charter)

280 Park Avenue, New York, NY	10017
(Address of principal executive offices)	(Zip code)

Adam M. Derechin

Cohen & Steers Capital Management, Inc.

280 Park Avenue

New York, New York 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: June 30, 2009

Item 1. Reports to Stockholders.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

To Our Shareholders:

We would like to share with you our report for the six months ended June 30, 2009. The net asset value at that date was $7.82 per common share. The Fund's common stock is traded on the New York Stock Exchange (NYSE) and its share price can differ from its net asset value; at period end, the Fund's closing price on the NYSE was $7.18. The total returns, including income, for the Fund and the comparative benchmarks were:

	Six Months Ended June 30, 2009
Cohen & Steers Total Return Realty Fund at Market Value[a]	1.91%
Cohen & Steers Total Return Realty Fund at Net Asset Value[a]	3.45%
FTSE NAREIT Equity REIT Index[b]	12.21%
S&P 500 Index[b]	3.16%
Blended benchmark 80% FTSE NAREIT Equity REIT Index, 20% Merrill Lynch REIT Preferred Index[b]	6.85%

The performance data quoted represent past performance. Past performance is no guarantee of future results. The investment return and the principal value of an investment will fluctuate and shares, if sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

Investment Review

U.S. real estate securities declined in the six-month period, although they were subject to strong swings in sentiment and performance. REITs entered 2009 with positive momentum from December's rally but quickly sold off as concerns about the economy and banking system took a disproportionate toll on the asset class. The new administration's proposed stimulus package failed to ignite markets when details suggested that the spending would occur slowly. Economic news remained negative.

[a] As a closed-end investment company, the price of the Fund's New York Stock Exchange-traded shares will be set by market forces and at times may deviate from the net asset value per share of the Fund.

[b] The FTSE NAREIT Equity REIT Index is an unmanaged, market-capitalization-weighted index of all publicly traded REITs that invest predominantly in the equity ownership of real estate. The index is designed to reflect the performance of all publicly traded equity REITs as a whole. The S&P 500 Index is an unmanaged index of common stocks that is frequently used as a general measure of stock market performance. The Merrill Lynch REIT Preferred Index is an unmanaged index of real estate preferred securities.

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Property stocks continued their downward trend in February as investors reacted unfavorably to the proposed budget and the lack of specifics on how the government would address the banking crisis. In this environment, real estate securities were positively correlated with troubled financial institutions. Although volatility remained high, conditions for REITs improved in March with greater clarity on the path the U.S. government was taking to improve the equity and liquidity of the financial system. Citigroup jump-started a broad market rally on March 9 when it announced that it expected to be profitable for the first two months of 2009.

Recapitalization comes to the United States

In late March, mall owner Simon Property Group and warehouse operator AMB Property recapitalized, raising $1.2 billion and $500 million, respectively, in the capital markets to strengthen their balance sheets and meet debt maturities. The capital raisings, which followed the earlier success of Australian and U.K. property companies, reassured investors that REITs would survive the current economic downturn and, in a growing number of instances, thrive. In total, U.S. REITs raised $16.8 billion between March and June. Cohen & Steers was instrumental in several capital raisings, and was a cornerstone investor in many of them.

The second quarter saw a continued rally in the broad equity markets but with a distinct acceleration and outperformance by real estate securities (REITs rose 28.9% in the quarter, compared with a total return of 15.9% for the S&P 500 Index). Re-equitization lifted property shares and also encouraged the REIT unsecured bond market; spreads tightened and the market reopened as an additional capital source. Investors were undeterred by General Growth Properties' bankruptcy. The former blue-chip REIT filed for Chapter 11 on April 16 and the market rose. The company's plight had been telegraphed for months. We did not have a position in the company during the period.

REIT performance leveled off from April's blistering pace, although the stream of recapitalizations continued. While earlier capital raisings focused on strengthening balance sheets and meeting debt maturities, some of the more recent activity was undertaken with an eye toward distressed acquisition opportunities, notably Simon, which raised an additional $1.7 billion for that stated purpose.

REIT preferred securities had gains

Real estate preferred securities also bounced off multi-year lows in early March, likewise spurred by signs of economic stabilization and recapitalizations. The group finished the period in positive territory, with a total return of +14.8% for the six months, as measured by the Merrill Lynch REIT Preferred Index. REIT preferreds were under heavy selling pressure in late 2008, in part due to tax-related selling, and did not fall as much as REIT common shares in the first quarter of 2009.

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Fund performance

The Fund had a decline in its net asset value in the period, although it outperformed its NAREIT benchmark. The Fund's allocation to REIT preferred securities (which are not included in the NAREIT index) posted strong returns in both absolute terms and compared with the broad REIT preferred market. Our underweight in troubled shopping center REITs (the sector returned   24.2% within the index) also contributed to performance, as did our stock selection in the office/industrial (0.8%) and health care (12.6%) sectors.

Factors that detracted from relative performance included our lack of investment in the specialty sector (1.7%). Stock selection in regional mall REITs also hindered performance, as did our underweight in the hotel sector (+7.9%).The Fund did not fully participate in the share price appreciation of several hotel companies that recapitalized in the second quarter. We had been underweight hotel REITs because their short-term leases are vulnerable to economic downturns and cut-backs in business and leisure travel.

The Fund's market price had a modestly positive return in the period, rising 1.9%. This reflected a general trend of a narrowing in closed-end funds' discounts to their underlying net asset values. Discounts for most funds reached historically wide levels in 2008, but narrowed considerably in the first half of 2009.

Investment Outlook

We are closely monitoring the flow of economic data, and it is our view that the economy will surprise to the upside later this year, possibly in the fourth quarter, and follow through into 2010.

REIT capital raisings will likely resume again later this year after June's pause, as companies continue to take advantage of a receptive market. We had expected to see increased instances of distressed selling at this point in the deleveraging cycle, but the greater access to capital has given private property owners and their lenders time to explore alternatives. We continue to believe that phase will come, and that companies with the balance sheet capacity will be in a position to play offense when these buying opportunities present themselves. As such, these companies and those fundamentally positioned for a better-than-expected recovery remain our primary focus.

Although it is our view that REIT preferreds can rise from current levels in six to 12 months, while providing attractive income along the way, we expect to see periods of price volatility as investors react to economic and corporate earnings news. Believing that a full recovery in preferreds could be slow, we favor a high income component in the total return equation.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

Sincerely,

MARTIN COHEN

Co-chairman

ROBERT H. STEERS

Co-chairman

JOSEPH M. HARVEY

Portfolio Manager

WILLIAM F. SCAPELL

Portfolio Manager

THOMAS N. BOHJALIAN

Portfolio Manager

The views and opinions in the preceding commentary are subject to change. This material represents an assessment of the market environment at a specific point in time, should not be relied upon as investment advice and is not intended to predict or depict performance of any investment.

Visit Cohen & Steers online at cohenandsteers.com

For more information about any of our funds, visit cohenandsteers.com, where you will find daily net asset values, fund fact sheets and portfolio highlights. You can also access newsletters, education tools and market updates covering the global real estate, listed infrastructure, utilities, large cap value and preferred securities sectors.

In addition, our Web site contains comprehensive information about our firm, including our most recent press releases, profiles of our senior investment professionals and an overview of our investment approach.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

JUNE 30, 2009

Top Ten Holdings
(Unaudited)

Security	Value	% of Net Assets
Simon Property Group	$ 5,515,713	7.5%
Vornado Realty Trust	3,780,989	5.2
Boston Properties	3,592,478	4.9
Public Storage	3,179,709	4.3
HCP	2,882,963	3.9
Host Hotels & Resorts	2,752,239	3.8
Equity Residential	2,072,926	2.8
ProLogis	1,928,838	2.6
Mack-Cali Realty Corp.	1,746,982	2.4
Liberty Property Trust	1,502,208	2.1

Sector Breakdown

(Based on Net Assets)
(Unaudited)

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS

June 30, 2009 (Unaudited)

		Number of Shares	Value
COMMON STOCK	73.7%		
DIVERSIFIED	6.2%		
Brookfield Properties Corp.		44,501	$ 354,673
Vornado Realty Trust		83,966	3,780,989
Washington REIT		16,700	373,579
			4,509,241
HEALTH CARE	11.1%		
Brookdale Senior Living		45,100	439,274
Cogdell Spencer		105,804	453,899
HCP		136,053	2,882,963
Health Care REIT		35,300	1,203,730
LTC Properties		21,011	429,675
Nationwide Health Properties		25,054	644,890
Omega Healthcare Investors		49,600	769,792
Ventas		44,388	1,325,426
			8,149,649
HOTEL	3.8%		
Host Hotels & Resorts		328,038	2,752,239
INDUSTRIAL	4.6%		
AMB Property Corp.		66,290	1,246,915
EastGroup Properties		5,487	181,181
ProLogis		239,310	1,928,838
			3,356,934
MORTGAGE	0.6%		
MFA Financial		59,600	412,432
OFFICE	13.3%		
BioMed Realty Trust		81,646	835,238
Boston Properties		75,314	3,592,478
Brandywine Realty Trust		49,485	368,663
Kilroy Realty Corp.		47,528	976,225
Liberty Property Trust		65,200	1,502,208
Mack-Cali Realty Corp.		76,622	1,746,982
SL Green Realty Corp.		33,136	760,140
			9,781,934

See accompanying notes to financial statements.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2009 (Unaudited)

		Number of Shares	Value
OFFICE/INDUSTRIAL	1.6%		
Highwoods Properties		36,400	$ 814,268
PS Business Parks		7,700	372,988
			1,187,256
RESIDENTIAL	10.8%		
APARTMENT	10.1%		
American Campus Communities		27,390	607,510
Apartment Investment & Management Co.		85,694	758,392
AvalonBay Communities		24,387	1,364,209
Camden Property Trust		19,200	529,920
Education Realty Trust		56,900	244,101
Equity Residential		93,249	2,072,926
Home Properties		23,122	788,460
UDR		99,976	1,032,752
			7,398,270
MANUFACTURED HOME	0.7%		
Equity Lifestyle Properties		14,400	535,392
TOTAL RESIDENTIAL			7,933,662
SELF STORAGE	6.0%		
Public Storage		48,560	3,179,709
Sovran Self Storage		33,400	821,640
U-Store-It Trust		75,200	368,480
			4,369,829
SHOPPING CENTER	15.7%		
COMMUNITY CENTER	6.9%		
Federal Realty Investment Trust		17,626	908,092
Inland Real Estate Corp.		56,300	394,100
Kimco Realty Corp.		113,524	1,140,916
Regency Centers Corp.		35,187	1,228,378
Weingarten Realty Investors		93,450	1,355,959
			5,027,445

See accompanying notes to financial statements.

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SCHEDULE OF INVESTMENTS (Continued)

June 30, 2009 (Unaudited)

		Number of Shares	Value
FREE STANDING	0.4%		
National Retail Properties		18,901	$ 327,932
REGIONAL MALL	8.4%		
Macerich Co.		37,886	667,173
Simon Property Group		107,247	5,515,713
			6,182,886
TOTAL SHOPPING CENTER			11,538,263
TOTAL COMMON STOCK (Identified cost $56,508,355)			