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A Cultural Cornerstone



Tito Herrera for The New York Times

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PANAMA CITY'S future and past intersect at Casco Viejo, the time-worn colonial district that has become the cultural cornerstone of the city. Despite being home to the presidential palace (and the former dictator [Manuel Noriega](#)), its bullet-scarred buildings and cobblestone streets were once deemed unsafe for residents of this Central American financial hub, let alone visitors.

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Panama City

Then, about a decade ago, things started looking up. The mossy warren of Spanish colonial houses was designated a [Unesco](#) World Heritage site in 1997, helping to staunch the spread of the city's glassy office towers and condominiums. A special tourist police force was established in 2005, putting an end to a rash of muggings.

And now, with the help of government money, cheap real estate and the area's haunting architectural beauty, Casco Viejo seems poised to become a kind of South Beach-style hotbed of cafes, hotels and nightclubs.

Even if you've never been to [Cuba](#), Casco Viejo also conjures up your most romantic notion of [Havana](#): dilapidated stone buildings, massive cathedrals and balconies with bougainvillea pouring over the railings. But for every narrow alley, there is a skeleton of a once-glorious building, with the light of the blue Pacific pouring through the hollow windows and trees growing out of the roofless shell and crumbling chimney.

It may not look like it, but each is in a stage of restoration, in the process of becoming a luxury apartment building, or a nightclub or a hotel. But you don't have to wait to see the area's future. Between those colonial shells are structures that are already drawing expatriates, artists and tourists.

The most impressive of them is the [Canal House](#) (Calle 5A and Avenida A; 507-228-1907; www.canalhousepanama.com), a tiny boutique hotel with an old-world wraparound veranda, exposed brick walls, sleek hardwood floors, plush beds, and palm plants gracing every corner. Rooms start at \$155.

There are also new [art](#) galleries like the tiny [Karavan Gallery](#) (Calle Tercera; 507-228-5161), which carries an impressive selection of Panamanian folk art and intricate wood sculptures and jewelry — displayed in a bright space more suited for a modern art exhibit.

But it's not until dark that Casco really comes alive. With streets now safer, locals and foreigners pour into Plaza Bolivar or nightclubs like **Platea** (507-228-4011; www.scenaplatea.com) — a dimly lit space where people drink mojitos and sway to the sound of live jazz.

Just this summer saw the opening of the **Indigo Lounge & Bazaar** (Avenida Central, San Felipe; 507-228-1822; www.indigopanama.com), a Buddha Bar-inspired nightclub that's half Moroccan lounge and half open-air patio dining.

But for now, Casco Viejo's past still pushes up against its future. Trendy outdoor bars like **Ego Café** (Plaza Bolivar and Calle 3; 507-262-2045) stand cheek by jowl with street food vendors selling crunchy mango in peppery vinegar sauce.

“Casco has so much opportunity right now,” said Matt Landau, an American who moved to the district three years ago and runs Los Cuatro Tulipanes (www.loscuatrotulipanes.com), an apartment rental agency. “You can't help but be impressed with this place.”

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