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The New Grad Job Squeeze

*What's Driving Underemployment—and
What Comes Next*

In the past few years, the job market has been shaped by a steady stream of difficult headlines: slower hiring, more selective employers, and waves of layoffs—some tied to rapid advances in artificial intelligence. Taken together, these trends have created a more uncertain and competitive environment for job seekers across industries. Even experienced professionals with years in the workforce are finding it takes longer to land new roles and that it requires more persistence than it once did.

For recent graduates, the challenge is even more pronounced. Entering the job market for the first time, many are discovering that the traditional pathway from degree to full-time employment is no longer as straightforward as it once seemed. Roles labeled “entry-level” often come with experience requirements, while true early-career opportunities have become harder to find. As hiring slows and companies prioritize efficiency, fewer organizations are investing in training new talent from the ground up.

As a result, many graduates are widening their search or stepping into positions outside their field of study simply to gain income and stability. With student loan payments resuming after the standard six-month grace period, the pressure to secure any form of employment, rather than the “right” employment, has intensified. This shift has led to a growing number of young professionals starting their careers in roles that may not fully utilize their skills or long-term goals.

This trend, often described as underemployment, carries longer-term implications. Early career choices can influence future opportunities, earning potential, and professional development. It can also create a sense of frustration for graduates who expected a clearer transition from education to career. Many feel as though they’ve done everything right by earning their degree and building their resume, yet still find themselves struggling to gain traction in the job market.

So, what options do recent graduates have in this environment? Below, we explore practical strategies and alternative pathways that can help new grads navigate a challenging job market and begin building momentum in their careers.

Get Your Resume Reviewed Professionally

A resume is a document that helps recruiters and hiring managers understand the value you bring and the skills you can offer to a company. At its core, it’s essentially a marketing tool that summarizes your experience, achievements, and capabilities within one or two pages. Because it serves as a company’s first impression of you as a candidate, your resume should be well-polished and thoughtfully structured to align with the role you’re applying for.

However, knowing which skills to highlight and how to present your experience using the right language can be challenging, especially for new grads. Adding another layer of complexity, your

resume often isn't first reviewed by a person. Many companies rely on AI and Applicant Tracking Systems (ATS) to filter applications, meaning your resume needs to include the right keywords and formatting to make it through these systems before it ever reaches a recruiter.

This is why new grads can benefit from having their resumes reviewed by a professional. Most universities offer career center services that both current students and alumni can access. These centers typically provide resume reviews, mock interviews, career advising, job search support, and networking opportunities. With their guidance, you can better tailor your resume to fit the expectations of a specific role or industry.

In some cases, the format itself may need to change. For certain career paths—such as academic roles, scientific and medical fields, or grant and fellowship applications—a Curriculum Vitae (CV) is preferred. Unlike a resume, a CV allows for a more detailed overview of your academic background, research, and publications. With the right support and direction, you can help ensure your materials are aligned with what employers in your target field are actually looking for.

Utilize Your Network

Networking is an important tool for building relationships, learning from industry peers, and identifying new career opportunities. At its best, it provides a way to gain insight, ask thoughtful questions, and stay connected to what's happening within your field.

However, with platforms like LinkedIn, networking can sometimes feel transactional. It's become common for new grads to send large volumes of cold messages in hopes of landing a job. While outreach can be effective, relying solely on volume often leads to surface-level interactions that don't result in meaningful connections.

A more effective approach is to focus on quality over quantity. Building relationships through more intentional, thoughtful conversations—especially with people you've met in person or share something in common with—can lead to stronger, more lasting connections.

LinkedIn can still play a valuable role in this process. For example, reaching out to second-degree connections or individuals within your existing network can make conversations feel more natural and relevant. These connections might include alumni from your university, friends of parents, members of shared organizations like fraternities or sororities, or people you've met at career fairs, internships, or industry events. Starting from a place of shared context can make it easier to build rapport and have more productive conversations.

Use AI, But Smartly

The class of 2026 is the first graduating class to have had access to AI tools throughout most of their college experience, following the release of ChatGPT in late 2022. As a result, many in this class are already comfortable using AI for tasks like coursework, idea generation, and research.

However, overreliance on AI can backfire in the hiring process. In recent years, recruiters have raised concerns that heavy use of AI, particularly for drafting and tailoring resumes, can lead to applications that sound overly similar. In some cases, it can also result in experience being overstated or described in ways that don't hold up in interviews.

At the same time, AI is becoming more embedded in the workplace, and familiarity with these tools is increasingly expected. For job seekers, the goal shouldn't be to avoid AI altogether, but to use it thoughtfully. AI can be a helpful starting point for refining a resume or brainstorming ideas, but it's important to personalize and edit the output so it accurately reflects your voice and experience.

Beyond resumes, AI can support other parts of the job search process. It can be used to summarize company reports, analyze job descriptions to better understand what employers are looking for, or assist with interview preparation through mock questions and practice scenarios. When used well, it can help candidates prepare more efficiently and with greater confidence.

That said, it's important to approach AI outputs with a critical eye. These tools can produce inaccurate or repetitive information, so reviewing for accuracy and clarity is essential before using any content in an application or interview setting.

Explore Jobs in Other Cities

Upon graduation, many college graduates focus their job search on one of two places: their home state or the state where they attended school. These choices are often driven by familiarity, as well as proximity to friends and family.

However, in a more competitive job market, expanding your geographic search can open up additional opportunities. Grads may want to consider roles in cities that have seen meaningful job growth in recent years. According to ADP data, metros such as Birmingham, Alabama; Tampa–St. Petersburg, Florida; San Jose, California; and Columbus, Ohio have experienced strong job growth, while also ranking well in terms of wages and relative affordability.

While these locations may not be your first choice, starting your career in a different city can be a practical way to gain experience and build momentum. It's also worth remembering that your first job and the city it's in doesn't have to be permanent. Breaking into the workforce, even outside your preferred location, can create more flexibility and opportunity over time.

Build Skills That Employers Are Looking For

Even after completing a degree, continuing to build new skills is essential. There is often a gap between academic knowledge and what is required to succeed in a specific role, and closing that gap can make a meaningful difference in a competitive job market.

Today, many entry-level job postings include specific tools, certifications, or technical skills as preferred qualifications. As industries evolve—especially with the rapid advancement of AI—employers are placing greater emphasis on candidates who can demonstrate practical, job-ready abilities from day one. In many cases, a degree shows what you’ve learned, but skills show how you can apply that knowledge in a real-world setting.

One way to stay competitive is by pursuing certifications or training aligned with the roles you’re targeting, particularly if you notice certain qualifications appearing consistently across job descriptions. For example, roles like scrum master or agile coach often require familiarity with tools like Jira. Developing hands-on experience or earning a certification in a commonly used platform can help strengthen your application and signal initiative to employers.

A simple starting point is to review several job postings in your desired field and identify recurring skills or tools. Focusing your efforts there can help ensure that the time you spend upskilling is directly aligned with what employers are actually looking for.

Be Flexible to Different Jobs

In many cases, the first role you take after graduation may not look exactly like the one you had in mind. Rather than holding out for a single “ideal” position, it can be helpful to stay open to opportunities that build relevant experience in different ways.

If a full-time role isn’t immediately available, consider alternatives such as internships, contract work, part-time positions, or roles in adjacent fields. For example, someone interested in marketing might take on a content or social media role to develop practical experience while continuing their search.

These positions may not be permanent, but they can help you build skills, demonstrate initiative, and create a clearer path toward your long-term goals. Employers often value candidates who show adaptability and a willingness to learn, even if their experience doesn’t follow a perfectly linear path.

Early in your career, gaining experience and maintaining momentum can be more important than landing the “right” role right away. Using these opportunities as steppingstones can help position you for more targeted roles over time.



conclusion

For recent graduates, the transition from college to the workforce is no longer as straightforward or predictable as it once was. In today's environment, earning a degree does not guarantee an immediate path to full-time employment. As a result, many graduates are left navigating a job search that may take longer and look different than expected, creating uncertainty around what comes next.

Parents are likely nervous as well. As their young adult children begin earning income, managing expenses, and making decisions around debt and savings, they also begin to take on financial responsibilities for the first time. The choices made during this stage—much like early career decisions—can have lasting implications.

This creates a natural opportunity to bring financial guidance into the conversation. Establishing a strong foundation in financial literacy can help graduates navigate this next phase with greater confidence. Just as they are learning to adapt to a more complex job market, they are also learning to manage their financial lives independently.

This is the perfect moment to provide both support and structure. If you're a recent graduate unsure of your next steps, or a parent thinking about how to support your child through this transition, we encourage you to reach out to our team. We're here to help guide you through this phase and support the financial decisions that come with it.





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¹ Adieze, S. (2026, May 4). 2026 You've graduated. Now what? ADP Research. <https://www.adpresearch.com/2026-youve-graduated-now-what/>

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