

NHL Arbitration Study

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Introduction

The purpose of this study is to help further understand NHL Arbitration and its impact on the RFA Market. This includes aiming to put on a value on Arbitration rights & requests as well understanding the impact it may have on a Player's relationship with his Club and vice versa. Additionally, it look to uncover insights on the relationship between player on-ice statistics and arbitration status.

Background/Acknowledgements

The data used is all RFA's and Arbitration filings from the 2019 offseason to the 2023 offseason. All contract data is courtesy of CapFriendly and gameplay related data from HockeyReference. My goal is for this to create value for your organization while creating a relationship that will allow me to further understand the NHL Free Agent Market and how industry view and leverage information like this for their organization's advantage.

High Level Overview

In this section we will focus on this difference **between** Arbitration eligible players who request a hearing versus those who do not. Right away we can see players, regardless of position, who request arbitration see a significant raise in Cap Hit % from their previous contracts compared to players who are eligible and do not request a hearing. Both forwards and d-men who requested see ~0.08% more than "forgoers" and forwards see nearly an average of 2.0% lift which would equate to ~\$1.75 million dollars using next year's expected cap of 87.7MM. We can use the third & fourth views to get more a more granular view and see that a majority of the triangles (requester) are slightly above circles in similar locations and similar color, indicating a higher raise with relatively the same GP and point production. One area that really highlights the advantage of the requester is we see a handful of "bluer" triangles to the left of handful of more red circles telling us that requesters have less GP and smaller production but see the same, if not higher Cap Hit changes than "forgoers".

Arbitration Rights

Cap Hit Changes by Arbitration Rights Status



Arbitration Leverage Points

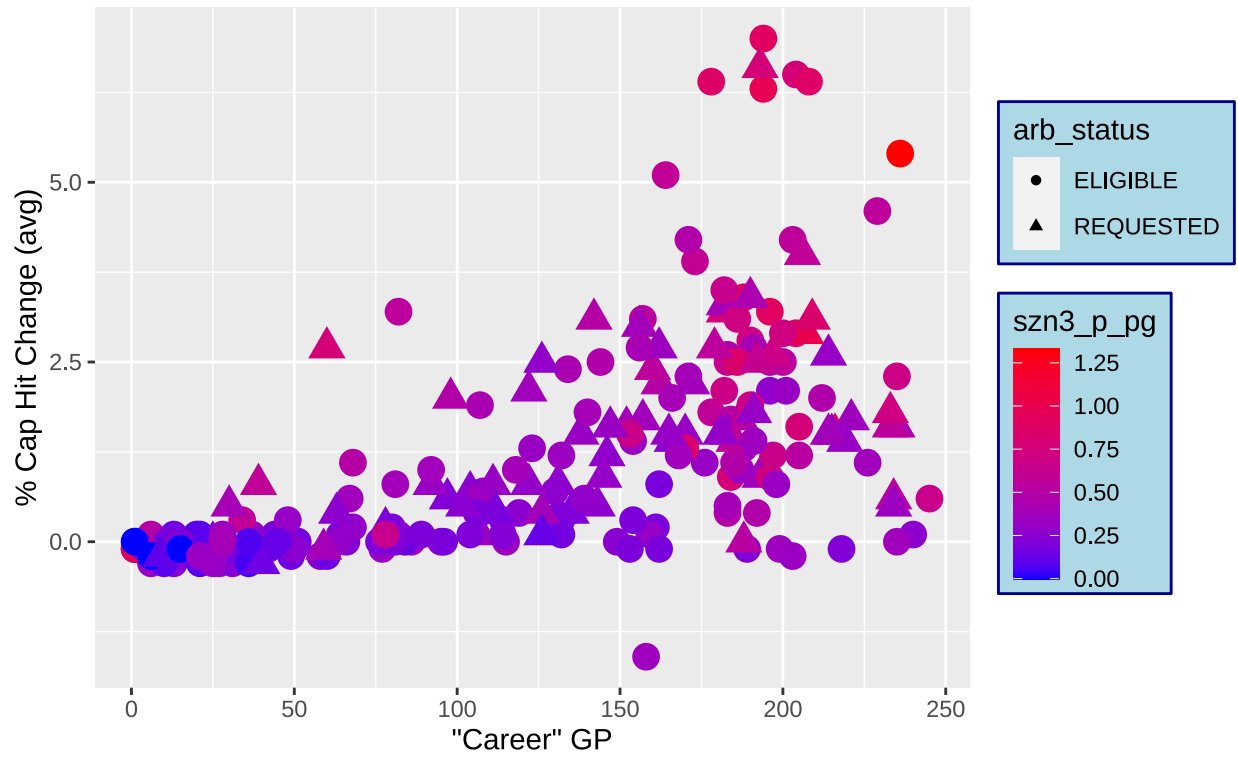
Cap Change and Production

| Arbitration Status | % Cap Hit Change (avg) | Avg Pts per Game (Platform) | Avg Pts per Game (Career)* |
|--------------------|------------------------|-----------------------------|----------------------------|
| D | | | |
| REQUESTED | 1.61 | 0.30 | 0.28 |
| RFA (no rights) | 1.55 | 0.26 | 0.26 |
| ELIGIBLE | 0.86 | 0.23 | 0.22 |
| F | | | |
| RFA (no rights) | 1.74 | 0.38 | 0.38 |
| REQUESTED | 1.53 | 0.44 | 0.41 |
| ELIGIBLE | 0.92 | 0.38 | 0.36 |

*Career stats up to 3 seasons then rolling 3 seasons

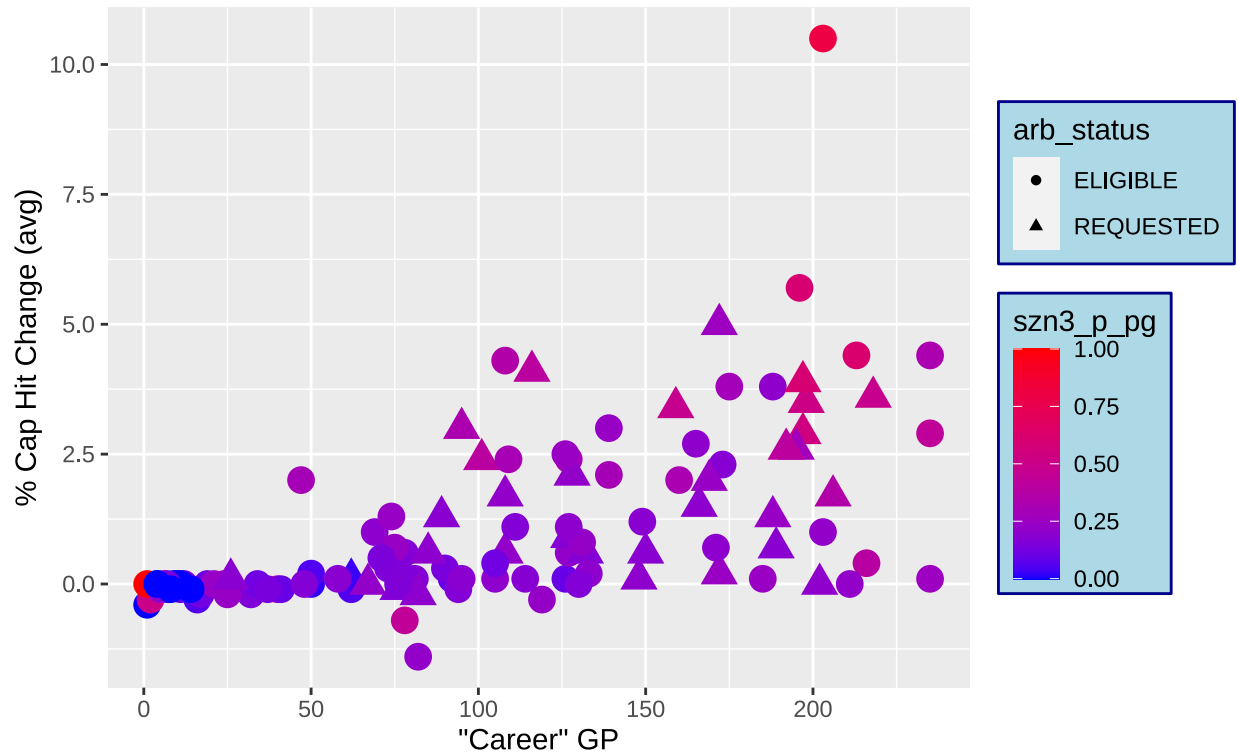
Arbitration Rights

Cap Hit Changes vs. Career GP & Point Production (Forwards)



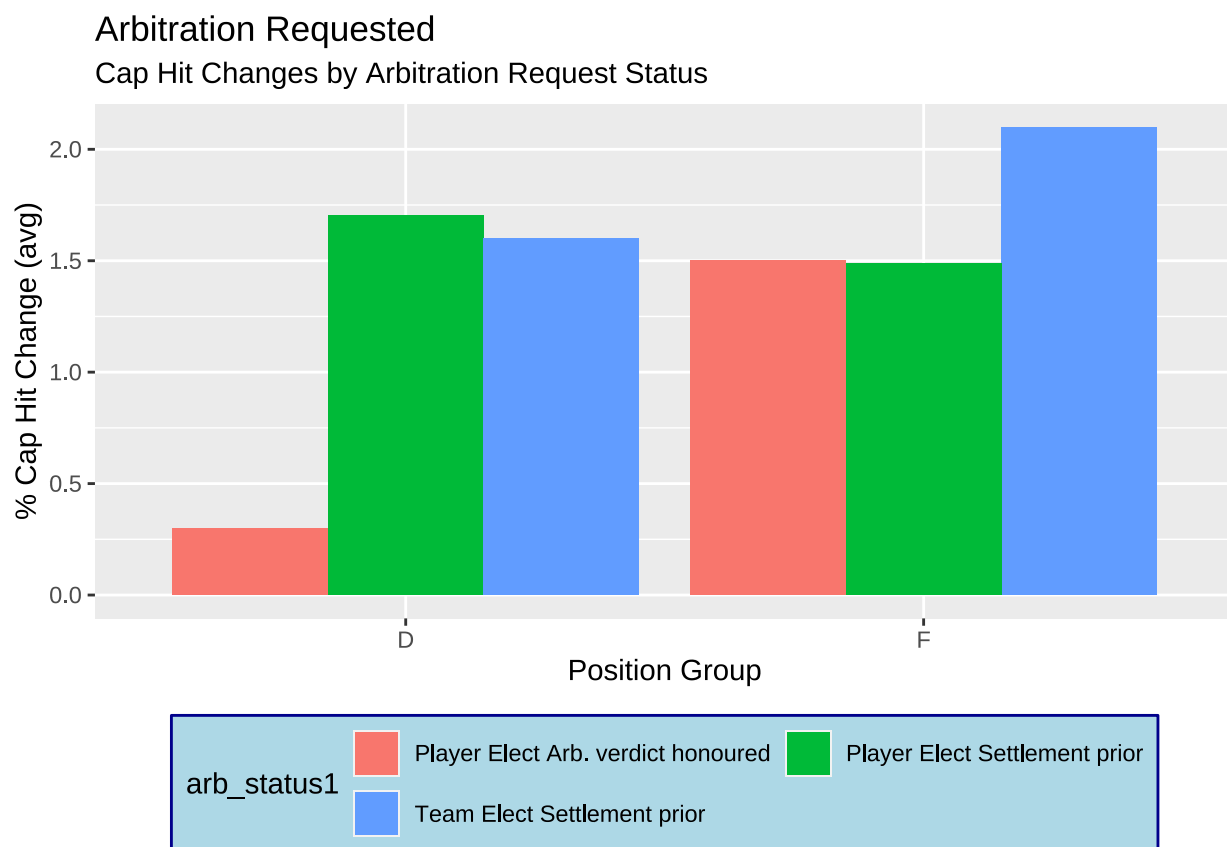
Arbitration Rights

Cap Hit Changes vs. Career GP & Point Production (Defense)



Arbitration Drilldown

We take the next step in the process in this section shifting our focus to when players exercise their rights and try to derive insights from the different outcomes after an arbitration request. First takeaway is 'settlement prior' is the same regardless of position averaging a 1.6% cap change between the two of them. The difference we see is forwards don't see much change when going through with the hearing while dmen only see a ~0.3% change on average when having a hearing. This bias could be attributed the "career" points per game variation where dmen going through with the hearing have .06 less points per game than players settling prior regardless of the party who elected for arbitration. The settlement and hearings outcomes being equal is a key takeaway and something to keep in mind as we explore retention in our final section. (Please excuse the appearance of the 2nd view)



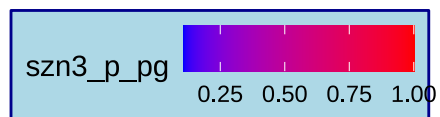
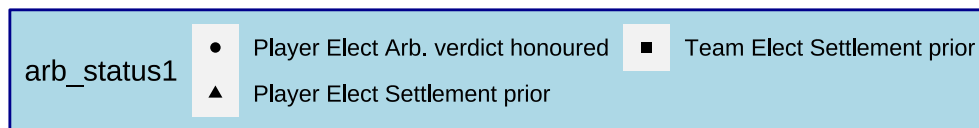
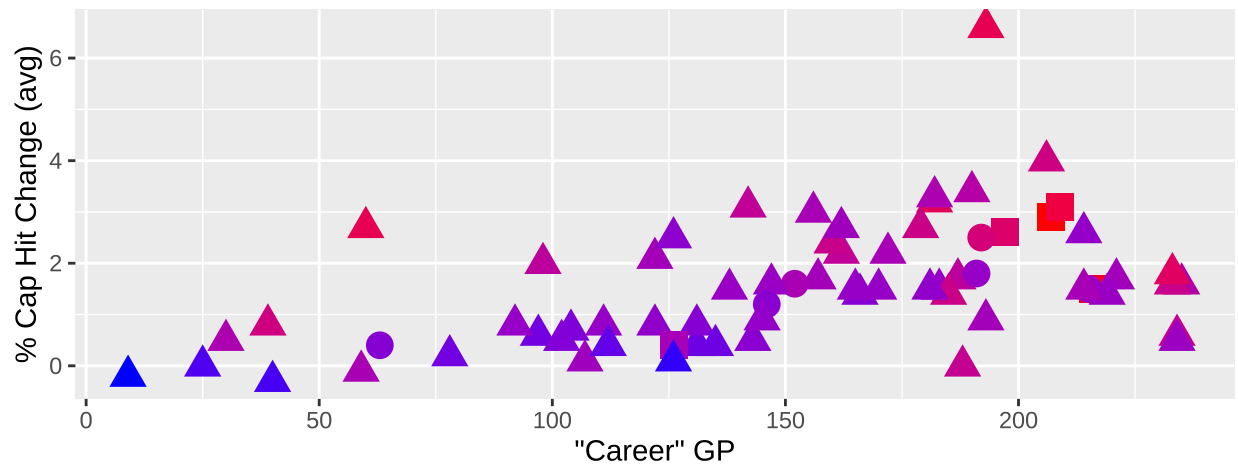
Arbitration Requested
Cap Change and Production

| Elected By Outcome | % Cap Hit Change (avg) | Avg Pts per Game (Platform) | Avg Pts per Game (Career) |
|------------------------------------|------------------------|-----------------------------|---------------------------|
| D - REQUESTED | | | |
| Player Elect Settlement prior | 1.70 | 0.31 | 0.28 |
| Team Elect Settlement prior | 1.60 | 0.21 | 0.28 |
| Player Elect Arb. verdict honoured | 0.30 | 0.20 | 0.22 |
| F - REQUESTED | | | |
| Team Elect Settlement prior | 2.10 | 0.74 | 0.76 |
| Player Elect Arb. verdict honoured | 1.50 | 0.39 | 0.37 |
| Player Elect Settlement prior | 1.49 | 0.42 | 0.38 |

*Career stats up to 3 seasons then rolling 3 seasons

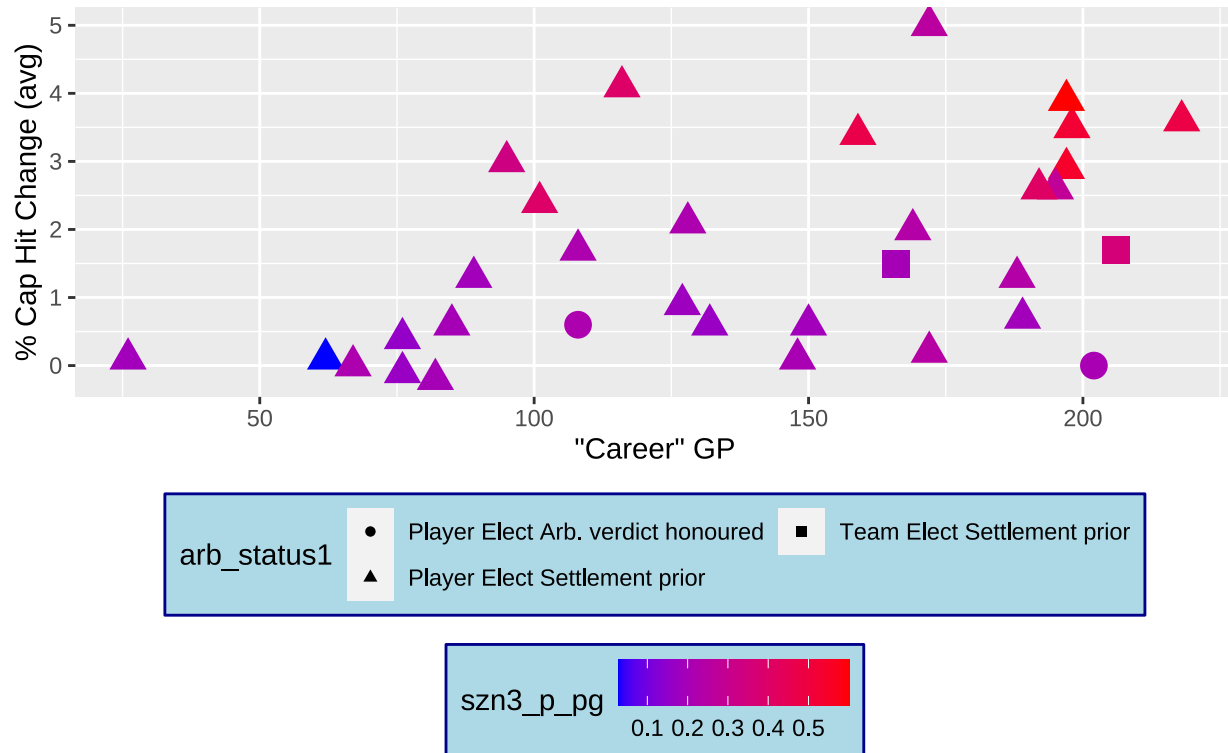
Arbitration Rights

Cap Hit Changes vs. Career GP & Point Production (Forwards)



Arbitration Rights

Cap Hit Changes vs. Career GP & Point Production (Defense)



Player Retention & Relationship Management

Finally we end with the consequences of electing or not to exercise one's Arbitration rights. The numbers in the views below do not encompass every player's "follow up" contract, but rather every player who had more than RFA expiry between 2019 and 2023 offseasons. For example, if an Arb. Eligible RFA went to market in 2021 and signed a deal past 2023 he will not be included, but a player who signed in 2019 and then again in 2021 would be. Looking high level we see an almost equal share of players that resigned with the same team at ~25%. The percent shares are also relatively the same when drill down into request type as well, but worth noting that player elected hearings that were completed had a 100% retention rate which would seem like the least likely to see that retention number.

Arbitration Rights

Retention History

| | |
|-------------------------|--------|
| Resigned with Same Team | resign |
| ELIGIBLE | |
| NO | 63 |
| YES | 197 |
| REQUESTED | |
| NO | 26 |
| YES | 76 |
| RFA (no rights) | |
| NO | 50 |

| | |
|--|--------|
| YES | 200 |
| Arbitration Rights Retention History | |
| Resigned with Same Team | resign |
| ELIGIBLE - ELIGIBLE | |
| NO | 63 |
| YES | 197 |
| REQUESTED - Player Elect Arb. verdict honoured | |
| YES | 8 |
| REQUESTED - Player Elect Settlement prior | |
| NO | 24 |
| YES | 63 |
| REQUESTED - Team Elect Settlement prior | |
| NO | 2 |
| YES | 5 |
| RFA (no rights) - RFA (no rights) | |
| NO | 50 |
| YES | 200 |

Conclusion & Next Steps

Obviously each case varies and comes with different dynamics between Player, Representation, and Management, but through the data lens it is safe to assume from a representation point of view Arbitration rights should be leveraged as much as possible. On the management side it should be weighed whether the risk of a hearing is worth the trouble instead of “giving in” to a player’s/rep’s request. Whether to hold out for a hearing should be looked at on a case by case bases, but could strain relationships and not create the incremental difference each side is looking for. To follow up on this study, I would like to study the retention that happens further down the line when players become UFA and have more options available most times. Additionally, include all arbitration HEARINGS that have occurred to see if there are trends we can discover from the arbitrator’s decisions.