Introduction

In recent years, professional sports teams have been much more willing to spend aggressively on young players who have shown strong production at their position. One specific front office trend that has become more popular (especially in the MLB and NHL) is extending a young player as soon as they have one excellent season in their respective league. In years past, it was much more common for teams to wait to pay the player until they proved they could replicate the success that they had across multiple seasons. This report uses specific examples from professional football, baseball, and hockey to investigate the cause(s) of this trend of early extensions.

Recency Bias

Naturally, the recency of success may be the reason that these contract extensions happen. Recency bias is the tendency to weigh the most recent piece of information too heavily compared to previous data. In the context of contract extensions, recency bias occurs when a front office values a player's most recent season too heavily in comparison to the other seasons of their professional career. This can be seen when a player is in the final year of their contract, typically referred to as a contract year. If a player performs well in their contract year, they will often be paid as though they have been a superstar every season, regardless of whether or not they performed well in previous seasons.

Examples of Aggressive Contract Extensions

One example of recency bias occurred during the last NFL offseason in the contract negotiations of quarterback Sam Darnold. A former 1st round selection of the New York Jets in 2018, Sam Darnold massively struggled in his first few seasons in the NFL. After bouncing around the league for a few seasons, Darnold had a breakout season in 2024 with the Minnesota Vikings, throwing for over 4,000 yards and 35 touchdowns. Despite this being his only good season in the NFL, the Seattle Seahawks gave Darnold a 3-year, $100.5 million contract during this past offseason. Although Darnold has been strong so far in 2025, it remains to be seen whether or not he can succeed in big games at the end of the season, something he did not do in Minnesota.

One of the most aggressive contract extensions in the NHL's history was given to Edmonton Oilers center Leon Draisaitl after the 2016-17 NHL season. This was a strong year for Draisaitl, who scored just under a point per game (77 points) across the 82-game regular season. Despite this being his only good season in the league, the Oilers gave Draisaitl an 8-year, $68 million contract through the 2023-2024 season. After just one good season, Draisaitl received an 8-year contract at one of the highest average annual earning (AAV) values in the league. Fortunately for the Oilers, this has worked out very well for them: Draisaitl continued his strong play throughout the entire contract, and the Oilers extended him again through the 2031-2032 NHL season.

Other Front Office Motivations

Of course, there are other factors that contribute to the aggression that these front offices act with. It is imperative to get ahead with star player contracts in order to save money. If a player continues to do well before an extension is put in place, their price continuously increases. Keeping young talent, especially at each sport's most important positions, is important for the success of the entire franchise.

In sports like baseball, small market teams are at a natural disadvantage when it comes to extending their star players. They do have arbitration years for players on their rookie contracts, but many small market franchises cannot compete with the large spenders for star players that they develop within their own organization. This motivates many of these MLB teams to take a massive gamble on their players. After the young player shows their talent at the professional level, even if they only play a few games, the organization will offer a decently sized extension that buys out the years of arbitration but keeps the player with the organization for multiple seasons. This risk may be necessary for some teams, making it tough to accurately measure recency bias in baseball negotiations.

Sources

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